2016 Results Announcement

31 December 2016

Bank of Ireland Group

Bank of Ireland Group

1 **2016 progress**

Richie Boucher, CEO

2 **Financial Results**

Andrew Keating, CFO

3 **Priorities for 2017 and beyond**

Richie Boucher, CEO

2016 Progress

Richie Boucher

Business Highlights

Continuing to deliver on strategic priorities

Customers	▶ Strength of our customer franchises reflected in our financial performance ▶ Continued to be the largest lender to the Irish economy; new lending of €6.7bn to personal and business customers in Ireland ▶ Growth in core loan books of €1.7bn ▶ Non-performing loans reduced by €4.1bn (34%), defaulted loans reduced by €3.7bn (35%)
Profitability	▶ All trading divisions contributing towards the Group's profitability ▶ Underlying profit of €1,071m; NIM of 2.19% (H1 2016: 2.11%, H2 2016: 2.27%) ▶ Operating expenses have remained flat for the last 3 half-year reporting periods on a constant currency basis ▶ Impairment charge (net) of 21bps
Capital	▶ Strong discipline on pricing and risk; priority is to generate and protect capital ▶ Organic capital generation of 130bps ▶ Transitional CET1 ratio of 14.2%; fully loaded CET1 ratio of 12.3% ▶ Aim to have a sustainable dividend is unchanged. First payment expected in 2018 in respect of financial year 2017

Underlying PBT of €1,071m

Bank of Ireland Group

	2015	2016
Total income	€3,272m	€3,105m
Net interest margin	2.19%	2.19%
Operating expenses Core Banking Platforms investment Levies and regulatory charges	(€1,746m) - (€75m)	(€1,747m) (€41m) (€109m)
Impairment charges (net)	(€296m)	(€178m)
Share of associates / JVs	€46m	€41m
Underlying profit before tax	**€1,201m**	**€1,071m**
Of which additional gains	*€237m*	*€171m*
Average EUR / GBP FX rates	*0.73*	*0.82*

- Total income of €3,105m;
  - Net interest income of €2,283m, lower than 2015 due primarily to FX translation impact of c.€90m, the impact of the low interest rate environment and lower liquid asset income
  - Other income of €842m includes business income of €621m which is in line with 2015
- NIM of 2.19%;
  - H1 2016: 2.11%, H2 2016: 2.27%
- Operating expenses of €1,747m in line with 2015 (including FX translation impact benefit of €46m)
- Focussed on tight cost control while continuing to invest in our businesses, infrastructure and people
- Impairment charges (net) of €178m, €118m (40%) lower than 2015, reflecting actions taken and ongoing improvements in asset quality

Core loan books growing; NPLs reducing

Bank of Ireland Group

	Dec 15	Dec 16
Customer loans (net)	€84.7bn	€78.5bn
Non-performing loans *Defaulted loans* *Probationary mortgages*	€12.0bn *€10.6bn* *€1.4bn*	€7.9bn *€6.9bn* *€1.0bn*
CET1 ratios Transitional Fully loaded	 12.9%[1] 11.3%	 14.2% 12.3%
Total capital ratio (Transitional)	17.5%[1]	18.5%
Closing EUR / GBP FX rates	0.73	0.86

- Core loan books[2] grew by €1.7bn in 2016;
  - New lending volumes of €13.0bn[3] in 2016
  - Customer loans (net) decreased by c.€6.2bn primarily due to FX translation impact of €5.4bn and redemptions of €2.6bn relating to;
    - Cash from defaulted loans (€1.1bn)
    - Low yielding ROI tracker mortgages (€1.1bn)
    - GB non-core business banking loans (€0.4bn)
- NPLs reduced by €4.1bn (34%) in 2016 to €7.9bn;
  - All asset categories reduced
  - Defaulted loans component of €6.9bn; down >60% from reported peak in June 2013
- Organic capital generation of 130bps

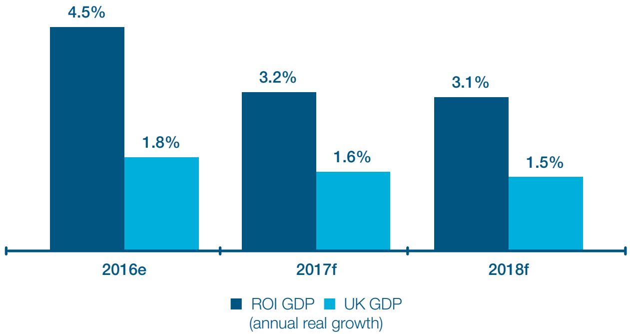
[1]Transitional CET1 ratio of 12.9% and Total capital ratio of 17.5% are the pro-forma ratios as at 1 Jan 2016 allowing for the impact of CRD IV phasing in 2016
[2]Core loan book growth excludes cash from defaulted loans, redemptions of low yielding ROI tracker mortgages and redemptions of GB non-core business banking loans
[3]Excludes portfolio acquisitions (2015 - €0.6bn; 2016 - €0.2bn)

Supportive economic backdrop

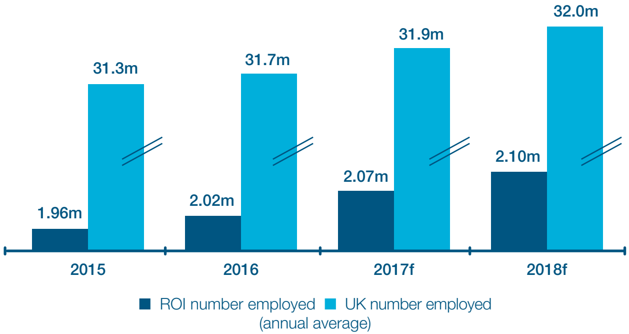
Continued growth expected in Irish and UK economies

Bank of Ireland Group

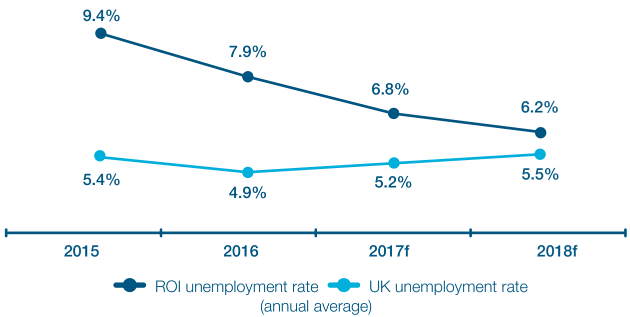
Irish and UK Economies are growing



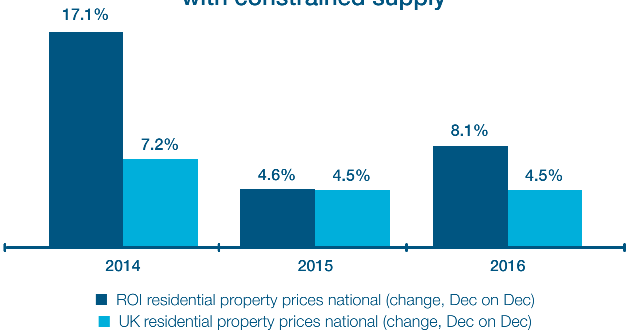
And creating jobs



Unemployment rate falling in Ireland, remains low in UK



Demand driven increases in house prices with constrained supply



Sources: Bank of Ireland Economic Research Unit, Central Statistics Office, Office for National Statistics, Nationwide

Benefitting from Irish growth with international diversification

Ireland
(~70% of total income)

- Sustainable market structure
- Retail and commercial bank; Ireland's only bancassurer
- #1 or #2 market positions across all principal product lines
- Strong commercial discipline on lending and deposit margins
- Continuing to benefit from and support economic growth in Ireland

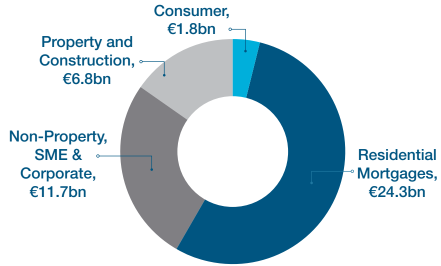
United Kingdom
(~20% of total income)

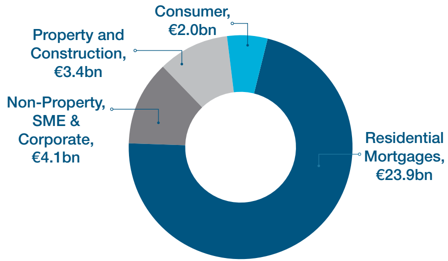
- BOI (UK) plc is a separately regulated, capitalised and self-funded business
- Universal banking offering in Northern Ireland
- Focussed predominantly on consumer sector
- Attractive partnerships including the Post Office and more recently the AA
- Commission based business model provides flexibility to adapt quickly to market developments

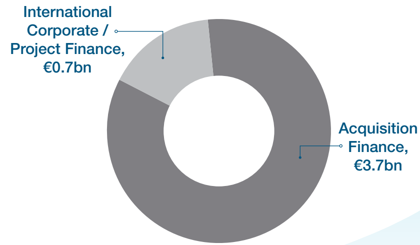
International
(~10% of total income)

- Mid market US / European Acquisition Finance business; strong 20+ year track record
- Good geographic and sectoral diversification. Provides attractive opportunities to deploy capital
- Generates attractive margins and fee income within disciplined risk appetite

Gross Customer loans at Dec 2016







Developing our customer channels, processes and propositions

We have made significant progress in transforming our customer franchises…

- Our branches are evolving into business development community hubs driving local commerce
- We are developing our infrastructure and processes to respond to an increasing customer preference for dealing through direct channels, which were c.50% of all sales units in 2016 (2015: c.30%)
- We are simplifying our propositions and have digitised over 100 customer journeys
- We are improving the customer experience with a significant re-configuration of our products and processes during 2016

From 50 Enterprise Towns in 2015...

...to over 160 locations in 2017

Replacing our Core Banking Platforms is the next step in building a customer-centric and efficient organisation

Customer Experience

- New platforms will provide an efficient, simplified and seamless customer experience
- 24/7 access with real-time updates available through all devices
- Personalised, interactive propositions supported by customer insights
- Simplified self service for customers
- Temenos partnership provides access to established innovation and research network

Distribution

- Omni-channel distribution platform
- Step change in analytical capabilities driving increased cross selling via tailored products and propositions
- Frontline teams identifying and delivering value in the community

Process and Cost Efficiencies

- Material efficiencies from proven ‘out-of-the-box’ solutions
- Flexible, robust platforms with an open architecture
- Significant improvement in time to market for new products and propositions
- Non customisation; easy to extend and upgrade
- Reduced costs to maintain and change

Core Banking Platforms Investment Programme

Bank of Ireland Group

Implementation plan for Core Banking Platforms

2016	2017	2018	2019	2020

Key Activities

- Implementing new system and data cleansing
- Launch to new customers
- Phased migration of existing accounts
- Decommissioning of legacy systems and activities

Programme

- Multi-year programme
- Investment with a CET1 ratio impact of c.35-45bps p.a. over the next 4 years
- Extensive planning process and due diligence completed
- >85% of customer accounts in scope
- Launch to new customers in H2 2018

Execution

- BOI Group in the lead with significant investment in new skills and capabilities
- Implementation partners with proven track record
- Adopting Temenos UniversalSuite; adapting BOI products and processes
- Phased build and phased migration
- Strong governance and board oversight

Outcome

- Critical enabler to achieving <50% cost income ratio target in medium term
- Structural reduction in costs from 2019 onwards
- Personalised, interactive propositions supported by customer insights driving increased cross selling opportunities
- Risk reduction from robust, flexible and industry leading platforms
- Enhanced business agility and efficiencies - easy to change, extend and upgrade
- Open architecture and API capability will enable new business and partnership models
- Strategic optionality

Core Banking Platforms investment will drive sustainable cost efficiencies and growth

Financial Results

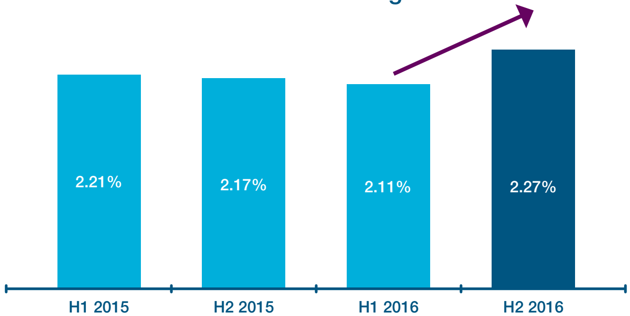
Andrew Keating

Focussed on growing sustainable profits

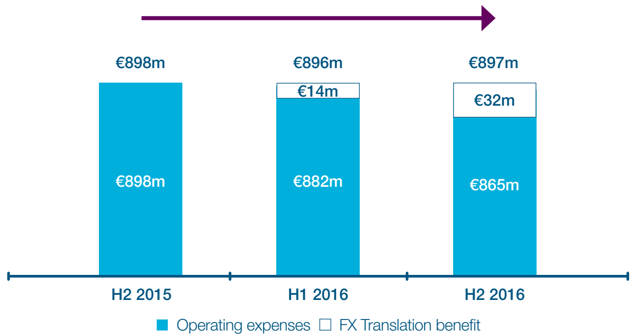
Through revenue growth, margin and cost discipline

Bank of Ireland Group

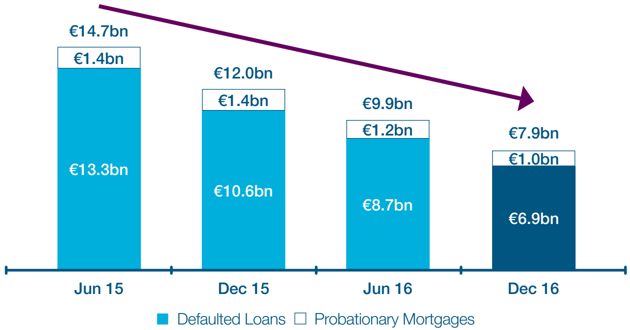
Net Interest Margin



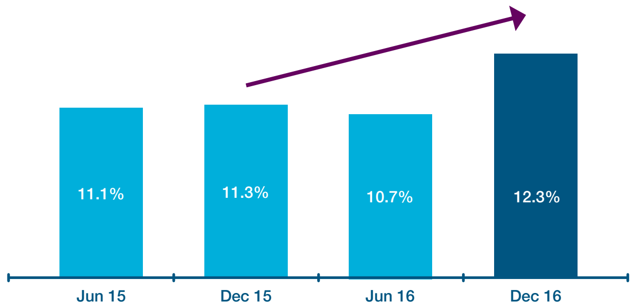
Operating expenses[1]



Non-performing loan volumes



Fully loaded CET1 ratio



[1]Operating expenses exclude Core Banking Platforms investment and Levies and regulatory charges. FX translation benefit of €46m in 2016 vs. 2015

Group Income Statement

Underlying profit before tax of €1,071m

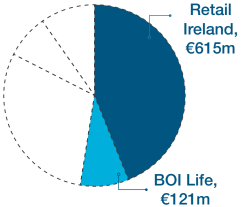
Bank of Ireland Group

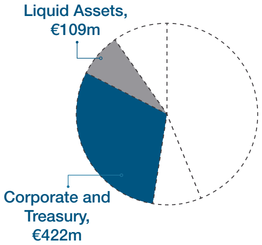
	2015 (€m)	2016 (€m)
Total income	3,272	3,105
Net interest income	*2,454*	*2,283*
Other income (net)	*828*	*842*
ELG fees	*(10)*	*(20)*
Operating expenses	(1,746)	(1,747)
Core Banking Platforms investment	-	(41)
Levies and regulatory charges	(75)	(109)
Operating profit pre-impairment	1,451	1,208
Impairment charges (net)	(296)	(178)
Share of associates / JVs	46	41
Underlying profit before tax	**1,201**	**1,071**
Of which additional gains	*237*	*171*
Statutory profit before tax	1,232	1,032
Underlying EPS	2.3c	2.3c

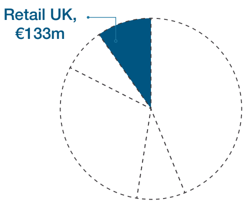
- Net interest income of €2,283m, lower than 2015 due primarily to FX translation impact of c.€90m, the impact of the low interest rate environment and lower liquid asset income
- Other income of €842m includes;
  - Business income of €621m in line with 2015
  - Additional gains of €171m (2015: €237m)
  - Other valuation items of €50m (2015: (€35m))
- All liabilities under the ELG scheme have matured or were replaced in 2016. No associated fees in 2017
- Operating expenses of €1,747m, in line with 2015 (including FX translation impact benefit of €46m). Focussed on tight cost control while continuing to invest in our businesses, products, processes and people
- Impairment charges (net) of €178m
- Underlying PBT of €1,071m includes additional gains of €171m

Divisional Analysis

All trading divisions are contributing to the Group's profitability







Retail Ireland

- Underlying PBT of €615m in Retail Ireland driven by higher operating profits and lower impairments
- Underlying PBT of €121m in Bank of Ireland Life has been positively impacted by changes in economic assumptions and investment variances
- Retail Ireland new lending up 9% to €4.8bn
- c.1 in every 4 new mortgages in 2016; c.1 in 5 market share of mortgage stock
- Continue to be number 1 business bank providing >50% of the flow of new business lending

Corporate & Treasury

- Underlying PBT of €531m including additional gains of €80m primarily reflecting the impact of bond sales
- Income on liquid assets reflects the low interest rate environment and includes gains from bond sales in 2016
- Corporate lending up 18% vs. 2015
- Acquisition Finance continues to deliver strong income within a disciplined risk appetite

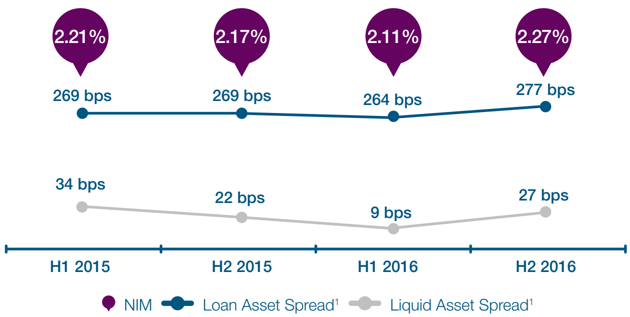
Retail UK

- Underlying PBT of £106m (€133m)
- New mortgage lending of £2.8bn in 2016 (2015: £3.3bn) reflecting our discipline in pricing and risk in H2 2016
- Long standing partnership with Post Office; partnership with AA on track after first 12 months
- Northern Ireland meeting business objectives; Northridge Finance continuing to perform well

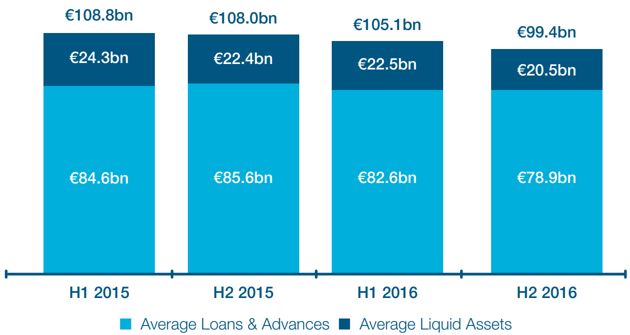
Net interest income

NIM benefitting from new lending and lower funding costs

Net interest margin drivers



Average interest earning assets



Net interest income - €2,283m

- Net interest income lower than 2015 due primarily to FX translation impact of c.€90m, the impact of the low interest rate environment and lower liquid asset income

NIM

- 2016 NIM of 2.19% (H1 2016: 2.11%, H2 2016: 2.27%) reflects;
  - Positive impact from new lending and strong commercial discipline on pricing
  - Maturity of expensive CoCo (€1bn; 10% fixed coupon) at end July 2016
  - Lower cost of deposit funding, offset by;
  - Continued impact of low interest rate environment
- Expect NIM to grow modestly from H2 2016 level through 2017

Average interest earning assets

- Reduced to €99.4bn in H2 2016. Reduction primarily due to FX translation impact

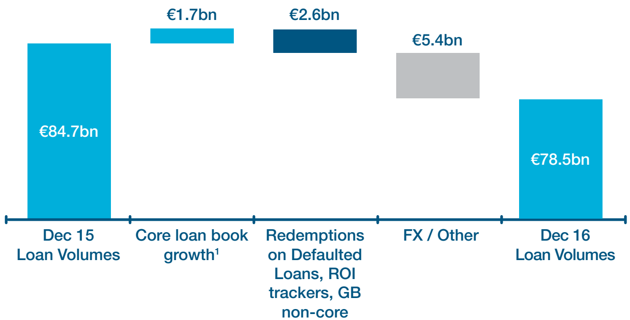
[1]Spread = Loan asset yield or Liquid asset yield less Group's average cost of funds

Loans and advances to customers

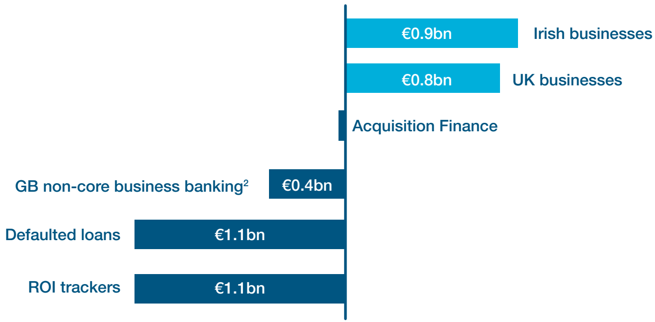
Continued growth in core loan books

Bank of Ireland Group

Group loan book movement in 2016



Net Lending Growth[3]



- Core loan books[1] grew by €1.7bn in 2016
- Customer loans decreased by c.€6.2bn to €78.5bn; primarily due to FX translation impact of €5.4bn and redemptions of defaulted loans, ROI tracker mortgages and GB non-core business banking loan books[2] (€2.6bn)
- New loan volumes of €13.0bn and acquisitions of €0.2bn in 2016. New lending[3] on a constant currency basis increased 1% vs. 2015;
  - Retail Ireland new lending up €0.4bn (9%)
  - Retail UK new lending of £4.1bn broadly flat vs. 2015. New mortgage volumes decreased reflecting our discipline in pricing and risk in H2 2016. Growth in consumer book reflects new partnership with AA
  - Corporate new lending up €0.3bn (18%) vs. 2015. Acquisition Finance new lending down €0.4bn with book remaining flat
- Redemptions of €14.1bn broadly in line with 2015
- We will maintain appropriate focus on risk and pricing

[1]Core loan book growth excludes cash from defaulted loans, redemptions of low yielding ROI tracker mortgages and redemptions of GB non-core business banking loans
[2]GB business and corporate loan books, which BOI is required to run down under its EU approved Restructuring Plan (2015 - £1.3bn; 2016 - £0.9bn)
[3]Excludes portfolio acquisitions (2015 - €0.6bn; 2016 - €0.2bn)

Other Income

Business income stable and in line with 2015

	2015 (€m)	2016 (€m)
Retail Ireland	331	319
Bank of Ireland Life	154	151
Retail UK	9	2
Corporate & Treasury	153	157
Group Centre and Other	(21)	(8)
Business Income	**626**	**621**
Additional gains	237	171
Other valuation items		
- CVA, DVA, FVA, other	*50*	*59*
- Economic assumptions - BOI Life	*4*	*35*
- Investment variance - BOI Life	*11*	*4*
- IFRS adjustment[1]	*(83)*	*(45)*
- FV move on CoCo	(17)	(3)
Other Income	**828**	**842**

Business income

- Includes fee income from customer activity in our Retail ROI, BOI Life, Retail UK and Corporate & Treasury divisions
- Business income stable and in line with 2015
- Retail Ireland business income fall in 2016 primarily due to the impact of new EU credit card interchange caps introduced in December 2015 and certain customer orientated initiatives

Additional gains and other valuation items

- Additional gains of €171m;
  - Sale of shares in Visa Europe (€95m)
  - Liquid asset portfolio rebalancing (€63m)
  - Sale of investment properties / other assets (€13m)
- Other valuation items (net) of €50m, reflecting;
  - Valuation / other adjustments on financial instruments
  - A gain of €35m in economic assumptions relating to Solvency II transitioning benefits/ BOI Life

[1]IFRS adjustment is fully offset in net interest income

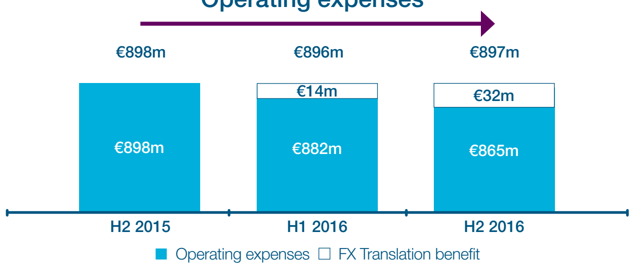
Operating Expenses, Core Banking Platforms Investment, Levies and Regulatory charges

Bank of Ireland Group

Focussed on cost control; continue to invest

	FY15	FY16
Total staff costs	894	877
Staff costs	*736*	*742*
Pension costs	*158*	*135*
Other costs	722	738
Depreciation	130	132
Operating Expenses	**1,746**	**1,747**
Core Banking Platforms investment	-	41
Levies and Regulatory charges	75	109
Total Operating Expenses	**1,821**	**1,897**
Cost / income ratio[1]	53%	58%

Operating expenses[2]



- Operating expenses of €1,747m;
  - Broadly flat in 2016 vs. 2015; FX translation benefit of €46m in 2016
  - Operating expenses have remained flat for the last 3 half-year reporting periods on a constant currency basis
  - Total staff costs of €877m in 2016 includes impact of Career and Reward framework
  - Other costs of €738m reflect appropriate investments in our businesses, products, processes and people
- Core Banking Platforms investment;
  - Investment in 2016 of c.€105m (CET1 ratio impact of 20bps) of which €41m charged to income statement
- Levies and regulatory charges;
  - Levies and regulatory charges include Irish Bank levy, SRF, DGS and other regulatory related fees
  - Expect levies and regulatory charges to be broadly similar in 2017
- Cost / income ratio[1] of 58%

[1]Cost / income ratio is calculated as operating expenses (excluding levies and regulatory charges) divided by total income. Total income included additional gains of €171m in 2016 (2015: additional gains of €237m)

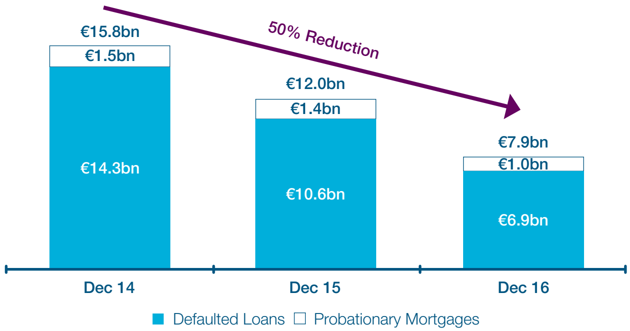
[2]Operating expenses exclude Core Banking Platforms investment and Levies and regulatory charges

Asset Quality

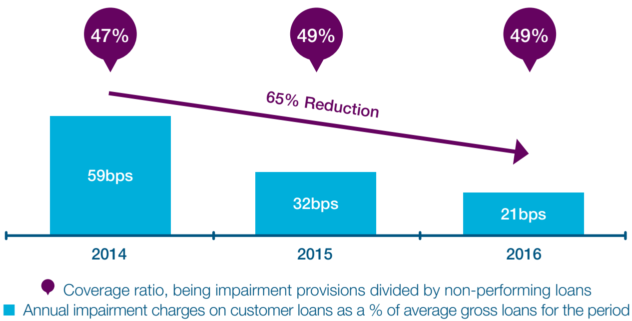
Non-performing loans and impairment charges

Significant reduction of €4.1bn (34%) in non-performing loans in 2016

Non-performing loans



Impairment charge on customer loans



Non-performing loans - €7.9bn

- €4.1bn reduction during 2016; 50% reduction in NPLs over last two years
- Reductions in all asset classes
- Defaulted loans component of €6.9bn; down >60% from reported peak in June 2013
- The reduction in NPLs reflects the Group's ongoing progress with resolution strategies and the positive economic environment
- Expect further reductions in 2017 and beyond; pace will be influenced by a range of factors

Impairment charge on customer loans

- Net impairment charge of 21bps for 2016
- NPL coverage ratio of 49%
- Net impairment charge for 2017 expected to be broadly similar to 2016 charge

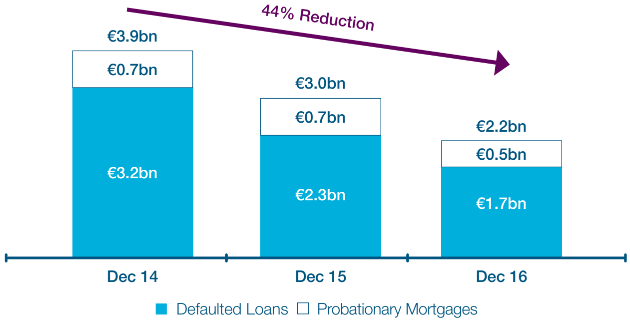
Note: Non-performing loans includes defaulted loans plus probationary mortgages

Non-performing loans by portfolio

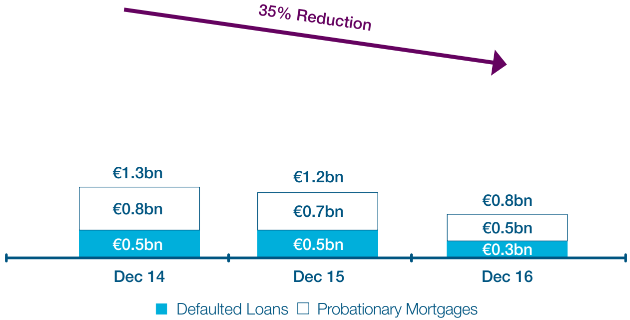
Reducing across all asset classes

Bank of Ireland Group

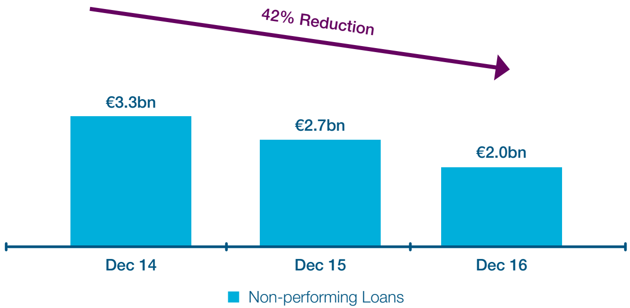
ROI Mortgages



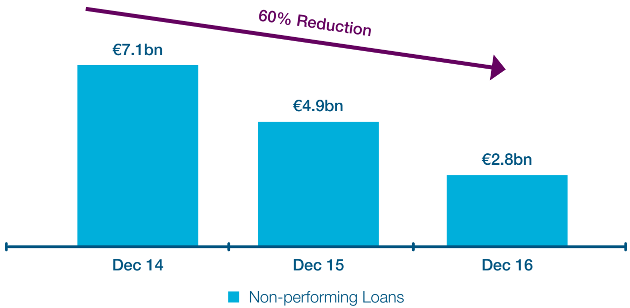
UK Mortgages



Non property SME and Corporate



Property and Construction



Note: Non-performing loans includes defaulted loans plus probationary mortgages

Funding & Capital

Balance Sheet

Capital and Liquidity available to support growth

Bank of Ireland Group

	Dec 15 (€bn)	Dec 16 (€bn)
Customer loans	85	78
Liquid assets	24	21
BOI Life assets	16	17
Other assets	6	7
Total assets	**131**	**123**
Customer deposits	80	75
Wholesale funding	14	14
BOI Life liabilities	16	17
Other liabilities	12	7
Stockholders' equity	8	9
Additional Tier 1 security	1	1
Total liabilities	**131**	**123**
TNAV	24.1c	24.7c
Closing EUR / GBP FX rates	0.73	0.86

Strong liquidity ratios

- Net Stable Funding Ratio – 122%
- Liquidity Coverage Ratio – 113%
- Loan to Deposit Ratio – 104%

Customer deposits – €75.2bn

- Customer deposits funding >95% of customer loans
- Predominantly sourced through retail distribution channels
- Ongoing shift from term deposits to current accounts due to the low interest rate environment

Wholesale funding – €14.4bn

- S&P upgrade to BBB in Jan 2017. Positive outlook from Moody's, Fitch and DBRS
- Strong liquidity position facilitated buyback of €0.9bn of expensive debt in 2016
- Monetary Authority borrowings of €3.4bn reflecting Group's usage of cost efficient long term funding facilities

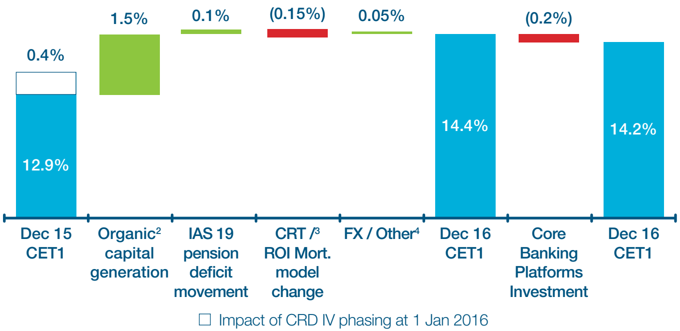
Other

- TNAV of 24.7c; attributable profit of 2.5c partially offset by movement in FX reserve of 1.3c and AFS reserve of 0.5c
- Reduction in Other liabilities primarily relates to repayment of Preferences Shares (€1.4bn), repayment of CoCo (€1.0bn) and movement on derivatives (€0.7bn)

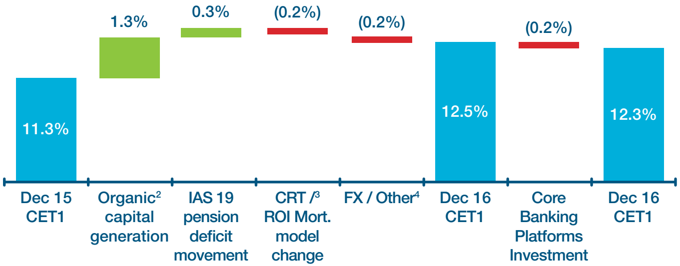
Capital

Strong organic capital generation

Transitional CET1 ratio[1] movement



Fully loaded CET1 ratio movement



- Strong organic capital generation in 2016; Robust capital ratios;
  - Transitional CET1 ratio of 14.2%
  - Fully loaded CET1 ratio of 12.3%
  - Transitional Total Capital ratio of 18.5%
- Transitional leverage ratio of 7.3%; Fully loaded leverage ratio of 6.4%
- IAS19 accounting standard defined benefit pension deficit of €0.45bn (Dec 15: €0.74bn)[5]
- Core Banking Platforms investment;
  - Investment in 2016 of c.€105m (CET1 ratio impact of 20bps) of which €41m charged to income statement
  - Expect investment with a CET1 ratio impact of c.35-45bps p.a. over the next 4 years with c.50% charged to income statement and c.50% capitalised
- Regulators have confirmed their preferred resolution strategy requires the establishment of a holding company;
  - Will be subject to shareholder approval
  - Further updates in due course

[1]The pro-forma CET1 ratio at 1 January 2017 is estimated at 14.0%, reflecting the phasing in of CRD IV deductions for 2017
[2]Organic capital generation consists of attributable profit, AFS reserve movements, the reduction in the DTA deduction (DTAs that rely on future profitability), movements in the Expected Loss deduction and RWA book size and quality movements. Transitional organic capital generation is 20bps higher due to the phasing impacts on AFS reserves and the DTA/Expected Loss deductions
[3]In December 2016, the Group executed a credit risk transfer (CRT) transaction while also revising its calculation of capital requirements under the IRB approach for its ROI mortgage non-defaulted loan portfolio in advance of the ECB's targeted review of internal models (TRIM)
[4]Relates primarily to FX and other regulatory deductions. Transitional CET1 also includes the positive impact from the removal of the sovereign filter
[5]Note that deficit clearing contributions of €0.1bn during 2016 do not impact fully loaded ratios

Capital Guidance and Distribution policy

Bank of Ireland Group

Minimum Regulatory Capital Requirements	▶ Pillar 2 requirements (P2R) ▶ Required to maintain a minimum CET1 ratio of 8% on a transitional basis from 1 January 2017 ▶ Includes a Pillar 1 requirement of 4.5%, a P2R of 2.25% and a capital conservation buffer for 2017 of 1.25% ▶ Pillar 2 guidance (P2G) ▶ Not disclosed in accordance with regulatory preference
Capital Guidance	▶ Expect to maintain a CET1 ratio in excess of 12% on a transitional basis and on a fully loaded basis by the end of the phase-in period ▶ Includes meeting applicable regulatory capital requirements plus an appropriate management buffer
Distribution Policy	▶ Aim is to have a sustainable dividend ▶ Expect to recommence at a modest level in H1 2018 in respect of financial year 2017 ▶ Prudently and progressively building, over time, to a payout ratio of around 50% of sustainable earnings ▶ Dividend level and rate of progression will reflect, amongst other things ▶ Strength of the Group's capital and capital generation; ▶ Board's assessment of growth and investment opportunities available; ▶ Any capital the Group retains to cover uncertainties; and ▶ Any impact from the evolving regulatory / accounting environments

Priorities for 2017 and beyond

Richie Boucher

Priorities for 2017 and beyond

Bank of Ireland Group

Customers	▶ Develop relationships with existing and new customers ▶ Leverage our strong retail and commercial franchises in Ireland ▶ Selective growth in the UK while closely monitoring the impact of the UK's decision to leave the European Union ▶ Avail of attractive lending opportunities across our International businesses ▶ Invest to deliver operational efficiencies, business growth and positioned to avail of strategic opportunities ▶ Continue to provide appropriate solutions to customers in financial difficulty
Profitability	▶ Further increase our sustainable profitability ▶ Disciplined revenue growth as credit demand and economic activity increase ▶ Maintain strong cost discipline whilst investing in our infrastructure, people and customer propositions ▶ Continue our progress on reducing non-performing loans while protecting capital
Capital	▶ Continue to effectively manage the developing regulatory environment ▶ Maintain capital ratios at levels to meet regulatory requirements plus appropriate buffers ▶ Progress towards sustainable dividend payments

Summary

Bank of Ireland Group

Operating in Strong Economies	Diversified Business Model	Generating and Protecting Capital
▶ Irish and UK economies have been strong and both have proven resilience ▶ Partnership based UK business model provides flexibility to adapt quickly to market developments ▶ International businesses provide attractive opportunities to deploy capital	▶ Strong retail & commercial franchises; Ireland's only bancassurer ▶ Chosen diversification by geography, asset classes and businesses underpinning commercial discipline ▶ Serving our customers financial requirements including banking, insurance and wealth management ▶ Comprehensive future facing investment being made in IT / Digital infrastructure and capabilities	▶ Experienced senior leadership team ▶ Proven track record of strong commercial pricing, risk and asset management discipline ▶ Core loan books growing and NIM expanding ▶ Reduced NPLs by over 60% since peak ▶ Strong organic capital generation over the past 3 years ▶ Dividend objective and capacity updated

Focussed on delivering sustainable returns for shareholders

Additional Information

Additional Information

Bank of Ireland Group

BOI Overview: Business profile

Ireland: Leading bank in a growing economy with a well structured market

Bank of Ireland Group

Comprehensive multi-channel distribution platform

- c.250 branches
- c.1,750 Self-service devices
- 74% of consumers are now digitally active
- 65% of transactions via mobile or tablet
- 700k service calls monthly / 24 x 7

	Consumer Banking	Wealth Management incl. New Ireland	Business Banking	Corporate Banking
Market leading positions	c.1 out of every 4 new mortgages in 2016	Life Assurance c.21% APE market share	#1 Business Bank >50% of new SME / Agri lending	#1 Corporate Bank >30% Corporate market share
Strong relationships with customers	c.1.7m Customers	c.500k Customers	c.200k SME Customers	>60% of banking relationships arising from new FDI in Ireland

BOI Overview: Business profile

Attractive international franchises provide diversification and further opportunities for growth

Bank of Ireland Group

Partnership based consumer banking franchise in UK

POST OFFICE Money

Trusted brand and established customer base

c.1.3m Savings Accounts	c.90k PO Mortgage customers	Retail FX	c.850k Cardholders
Focus on pricing agility and customer experience	Further rollout of origination platform to all distribution channels with programme on track for delivery in Q1 2017	Market leader with c.24% share c.1m Travel Money Cards sold in 2016	Investment in self-service solutions on mobile channel

More branches than other retail banks combined

c.11,500 Post Office branches	c.2,600 Post Office / BOI ATMs	Online	Mobile	Telephone	Strategic intermediaries

AA partnership continues to grow and strengthen

Focussed on a customer offering that combines our proven product development capability with the strength of the AA brand and its extensive and attractive membership base

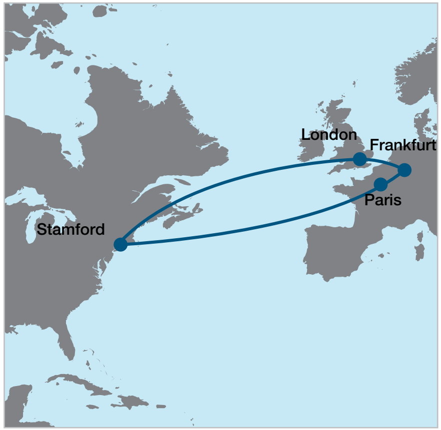
Full service bank in Northern Ireland

Northridge: Vehicle asset finance business

Corporate lending – focussed sector strategy

Acquisition Finance

- Well recognised lead arranger / underwriter
- European / US Business
- Focussed on mid-market transactions
- Expertise developed over c.20 years
- Profitable with strong asset quality
- c.€3.7bn of loan volumes



BOI Overview

Income Statement[1]

Bank of Ireland Group

	y/e Dec 12 (€m)	y/e Dec 13 (€m)	y/e Dec 14 (€m)	y/e Dec 15 (€m)	y/e Dec 16 (€m)
Total income	1,862	2,646	2,974	3,272	3,105
Net interest income	*1,755*	*2,133*	*2,358*	*2,454*	*2,283*
Other income	*495*	*642*	*653*	*828*	*842*
ELG fees	*(388)*	*(129)*	*(37)*	*(10)*	*(20)*
Operating expenses	(1,589)	(1,545)	(1,601)	(1,746)	(1,747)
Core Banking Platforms investment	-	-	-	-	(41)
Levies and regulatory charges[1]	(49)	(31)	(72)	(75)	(109)
Operating profit pre-impairment	224	1,070	1,301	1,451	1,208
Net impairment charges	(1,769)	(1,665)	(472)	(296)	(178)
Customer loans	*(1,724)*	*(1,665)*	*(542)*	*(296)*	*(176)*
AFS	*(45)*	-	*70*	-	*(2)*
Share of associates / JVs	46	31	92	46	41
Underlying (loss) / profit before tax	**(1,499)**	**(564)**	**921**	**1,201**	**1,071**
Non core items	(679)	44	(1)	31	(39)
Statutory (loss) / profit before tax	(2,178)	(520)	920	1,232	1,032
NIM	1.25%	1.84%	2.11%	2.19%	2.19%
Cost / income ratio	85%	58%	54%	53%	58%

[1]Figures as reported, with the exception of y/e Dec 13 which includes a €5m reduction in Operating expenses relating to IFRIC 21 adjustments

BOI Overview

Summary Balance Sheet

Bank of Ireland Group

	Dec 12 (€bn)	Dec 13 (€bn)	Dec 14 (€bn)	Dec 15 (€bn)	Dec 16 (€bn)
Customer loans[1]	93	85	82	85	78
Liquid assets	33	27	25	24	21
BOI Life assets	13	14	16	16	17
Other assets	9	6	7	6	7
Total assets	**148**	**132**	**130**	**131**	**123**
Customer deposits	75	74	75	80	75
Wholesale funding	39	27	20	14	14
Private Sources	*24*	*19*	*16*	*13*	*11*
Monetary Authority / TLTRO	*15*	*8*	*4*	*1*	*3*
BOI Life liabilities	13	14	16	16	17
Subordinated liabilities	2	2	2	2	1
Additional Tier 1 instruments	-	-	-	1	1
Other liabilities	10	7	8	10	6
Stockholders' equity	9	8	9	8	9
Total liabilities & Stockholders' equity	**148**	**132**	**130**	**131**	**123**
CET1 / Core Tier 1 Ratio[2]	11.1%	10.0%	12.3%	13.3%	14.2%
Total capital ratio[2]	12.1%	11.3%	15.8%	18.0%	18.5%
Loan to deposit ratio	123%	114%	110%	106%	104%

[1]Loans and advances to customers is stated after impairment provisions

[2]CET1 / Core Tier 1 and Total Capital ratios are stated under Basel II rules as amended for PCAR requirements for 2012 and under Basel III transitional rules for 2013 – 2016, all excluding 2009 Prefs

Income Statement

Divisional performance

Bank of Ireland Group

Year ended Dec 16	Underlying profit / (loss) before tax and additional gains (€'m)	Additional gains (€m)	Underlying profit / (loss) before tax (€m)
Retail Ireland	528	87	615
Bank of Ireland Life	121	-	121
Retail UK - €	128	5	133
Retail UK - £	*102*	*4*	*106*
Corporate & Treasury	451	80	531
Group Centre & Other	(328)	(1)	(329)
Group	**900**	**171**	**1,071**

Year ended Dec 15	Underlying profit / (loss) before tax and additional gains (€m)	Additional gains (€m)	Underlying profit / (loss) before tax (€m)
Retail Ireland	477	30	507
Bank of Ireland Life	103	-	103
Retail UK - €	193	-	193
Retail UK - £	*140*	-	*140*
Corporate & Treasury	476	161	637
Group Centre & Other	(285)	46	(239)
Group	**964**	**237**	**1,201**

Income Statement

Net interest income analysis

	H1 2015			H2 2015			H1 2016			H2 2016		
	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)
Ireland Loans	37.1	593	3.22%	36.8	589	3.17%	36.5	552	3.04%	36.0	554	3.07%
UK Loans	35.6	656	3.71%	36.4	661	3.60%	33.5	580	3.48%	30.2	475	3.13%
C&T Loans	11.9	253	4.31%	12.4	252	4.04%	12.6	253	4.05%	12.7	264	4.13%
Total Loans & Advances to Customers	**84.6**	**1,503**	**3.58%**	**85.6**	**1,502**	**3.49%**	**82.6**	**1,385**	**3.37%**	**78.9**	**1,293**	**3.26%**
Liquid Assets	24.3	148[1]	1.23%	22.4	115[1]	1.02%	22.5	92[1]	0.82%	20.5	78[1]	0.76%
Total Interest Earning Assets	**108.8**	**1,651**	**3.06%**	**108.0**	**1,617**	**2.97%**	**105.1**	**1,477**	**2.83%**	**99.4**	**1,371**	**2.74%**
Ireland Deposits	21.9	(48)	(0.44%)	22.0	(33)	(0.30%)	22.1	(26)	(0.24%)	21.9	(17)	(0.15%)
Credit Balances[2]	20.8	(1)	(0.01%)	22.4	(1)	(0.01%)	23.8	(1)	(0.01%)	25.3	(1)	(0.01%)
UK Deposits	25.9	(158)	(1.23%)	25.6	(161)	(1.25%)	24.6	(154)	(1.26%)	20.7	(111)	(1.07%)
C&T Deposits	8.8	(33)	(0.76%)	8.3	(27)	(0.65%)	7.7	(21)	(0.55%)	6.8	(14)	(0.41%)
Total Deposits	**77.5**	**(240)**	**(0.62%)**	**78.4**	**(223)**	**(0.56%)**	**78.2**	**(202)**	**(0.52%)**	**74.7**	**(143)**	**(0.38%)**
Wholesale Funding	18.1	(101)	(1.13%)	14.3	(72)	(1.00%)	13.6	(49)	(0.71%)	13.4	(32)	(0.47%)
Subordinated Liabilities	2.5	(91)	(7.34%)	2.4	(88)	(7.32%)	2.4	(91)	(7.72%)	1.5	(48)	(6.13%)
Total Interest Bearing Liabilities	**98.1**	**(432)**	**(0.89%)**	**95.1**	**(383)**	**(0.80%)**	**94.2**	**(342)**	**(0.73%)**	**89.6**	**(223)**	**(0.49%)**
IFRS Income Classification		(29)			(54)			(33)			(13)	
Net Interest Margin	**108.8**	**1,190**	**2.21%**	**108.0**	**1,180**	**2.17%**	**105.1**	**1,102**	**2.11%**	**99.4**	**1,135**	**2.27%**
Average ECB Base rate in the period			0.05%			0.05%			0.02%			0.00%
Average 3 month Euribor in the period			0.02%			(0.06%)			(0.22%)			(0.31%)
Average BOE Base rate in the period			0.50%			0.50%			0.50%			0.30%
Average 3 month LIBOR in the period			0.57%			0.58%			0.59%			0.41%

[1]Excludes any additional gains from portfolio re-configuration during the period
[2]Credit balances in H2 2016: ROI €18.7bn, UK €3.1bn and C&T €3.5bn

Income Statement

Other income analysis (net)

Bank of Ireland Group

	2015 (€m)	2016 (€m)
Retail Ireland	331	319
Bank of Ireland Life	154	151
Retail UK	9	2
Corporate and Treasury	153	157
Group Centre and Other	(21)	(8)
Business Income	**626**	**621**
Other gains		
VISA Europe share disposal	-	95
Liquid asset portfolio rebalancing	173	63
Sale of investment properties / other assets	64	13
Other Valuation items		
Financial instrument valuation adjustments (CVA, DVA, FVA) and other	50	59
Economic assumptions – Bank of Ireland Life	4	35
Investment variance – Bank of Ireland Life	11	4
Fair value movement on Convertible Contingent Capital Note (CCCN) embedded derivative	(17)	(3)
IFRS income classification	(83)	(45)
Other Income	**828**	**842**

Income Statement

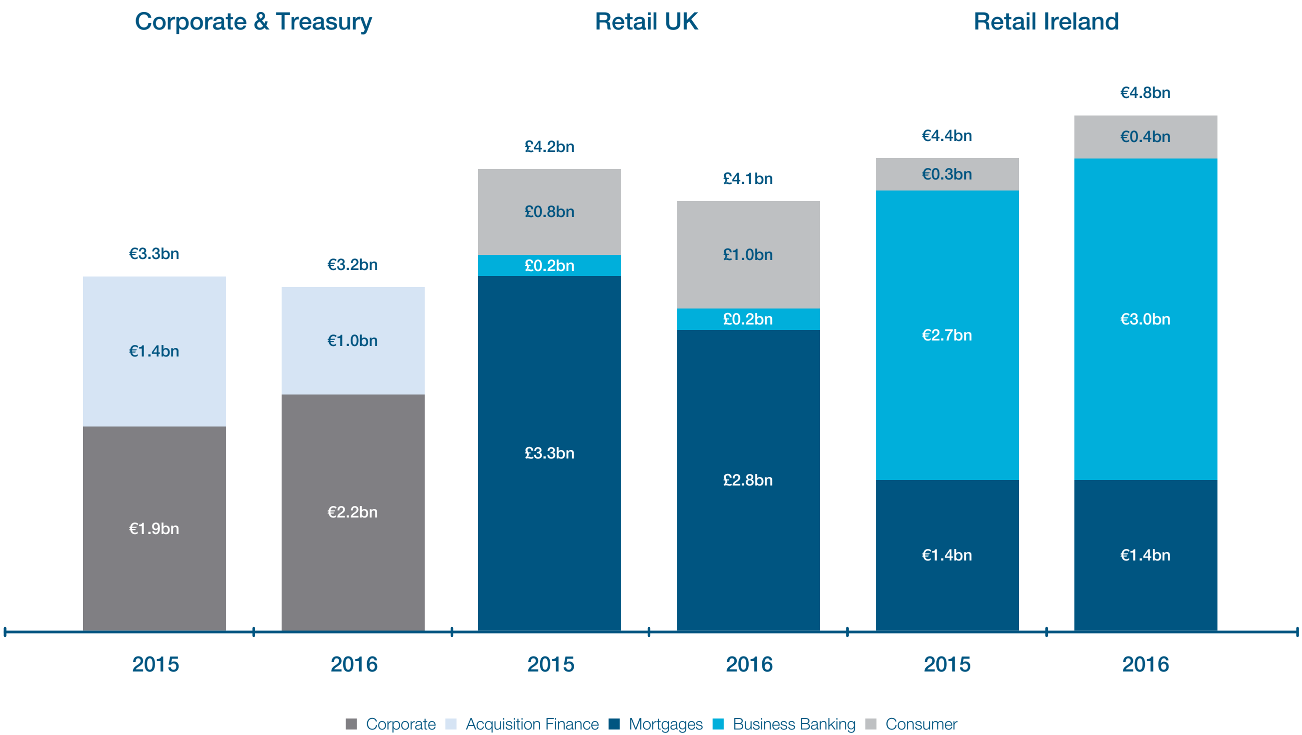
Non-core items

Bank of Ireland Group

	2015 (€m)	2016 (€m)
Gross-up for policyholder tax in the Life business	11	15
Gain arising on the movement in the Group's credit spreads	11	5
Investment return on treasury stock for policyholders	-	2
Impact of Group's pensions reviews (2010 and 2013)	4	-
Payments in respect of Career and Reward framework	(2)	-
Gain / (loss) on disposal / liquidation of business activities	51	(7)
Loss on liability management exercises	(1)	(19)
Cost of restructuring programme	(43)	(35)
Total non-core items	**31**	**(39)**

Loans and Advances to Customers

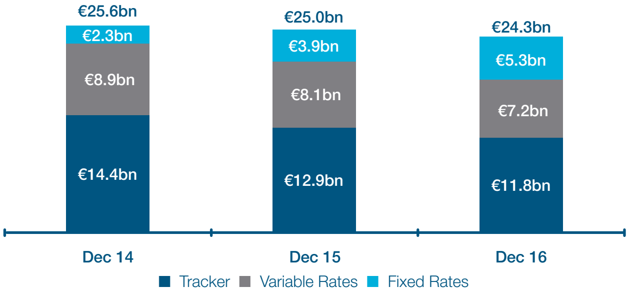
New business volumes



ROI Mortgages: €24.3bn

Bank of Ireland Group

ROI Mortgages (gross)



- Trackers reduced by €1.2bn since Dec 15; €2.6bn since Dec 14
- €11.0bn or 93% of trackers at Dec 16 are on a capital and interest repayment basis
- 76% of trackers are owner occupier mortgages; 24% of trackers are Buy to Let mortgages
- Loan asset spread on ECB tracker mortgages was c.48bps[2] in 2016, compared to Group net interest margin (including ECB trackers) of 219bps in 2016
- Average LTV of 72% on existing stock at Dec 2016 (Dec 15: 80%)
- Average LTV of 67%[3] on new mortgages in 2016 (Dec 15: 67%)[3]

Market share

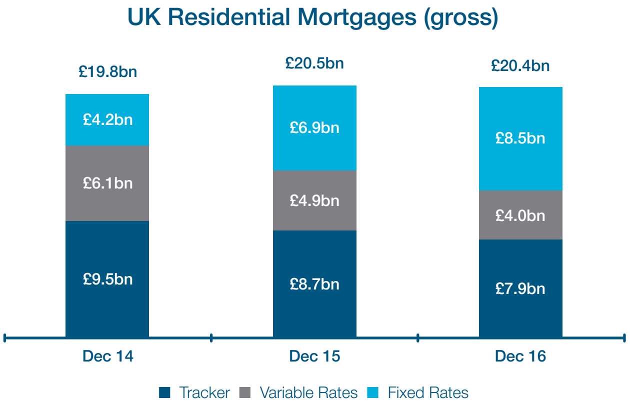
	2015	2016
New Lending Volumes[1]	€1.4bn	€1.4bn
Market share	29%	25%

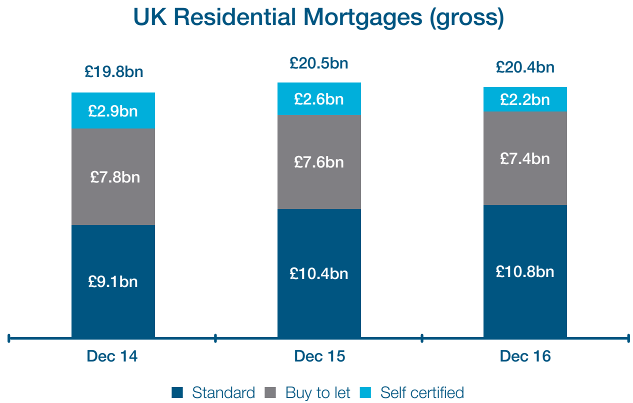
- We have a fixed rate led mortgage pricing strategy which provides value, certainty and stability to our customers and to the Group
- Fixed rate products accounted for c.75% of our new lending in 2016, up from c.30% in 2014
- BOI does not sell through broker channel in ROI
- c.70% of ROI customers who take out a new mortgage take out a life assurance policy through BOI Group
- c.50% of ROI customers who take out a new mortgage take out a general insurance policy through BOI Group with insurance partners

[1]Excludes mortgage portfolio acquisitions (2015 - €0.2bn; 2016 - €0.2bn)
[2]Average customer pay rate of 109bps less Group average cost of funds in 2016 of 61bps
[3]Note that the LTV on new business includes the impact of the acquired portfolios

UK Residential mortgages: £20.4bn/€23.9bn

Bank of Ireland Group





UK Residential Mortgages

- Average LTV of 62% on existing stock at 2016 (Dec 15: 63%)
- Average LTV of 71% on new UK mortgages in 2016 (Dec 15: 69%)

Asset Quality

Profile of customer loans[1] at Dec 16 (gross)

Composition (Dec 16)	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	**24.3**	**23.9**	**-**	**48.2**	**59%**
Non-property SME and corporate	**11.7**	**4.1[2]**	**4.2**	**20.0**	**24%**
SME	*8.8*	*1.9*	*0.0*	*10.7*	*13%*
Corporate	*2.9*	*2.2*	*4.2*	*9.3*	*11%*
Property and construction	**6.8**	**3.4**	**0.2**	**10.4**	**12%**
Investment property	*6.0*	*3.2*	*0.2*	*9.4*	*11%*
Land and development	*0.8*	*0.2*	*0.0*	*1.0*	*1%*
Consumer	**1.8**	**2.0**	**-**	**3.8**	**5%**
Customer loans (gross)	**44.6**	**33.4**	**4.4**	**82.4**	**100%**
Geographic (%)	54%	40%	6%	100%	

[1]Based on geographic location of customer

[2]Includes £0.9bn relating to GB business and corporate loan books, which BOI is required to run down under its EU approved Restructuring Plan (2015: £1.3bn)

Non-performing loans by portfolio

Non-performing loans reducing across all portfolios

Bank of Ireland Group

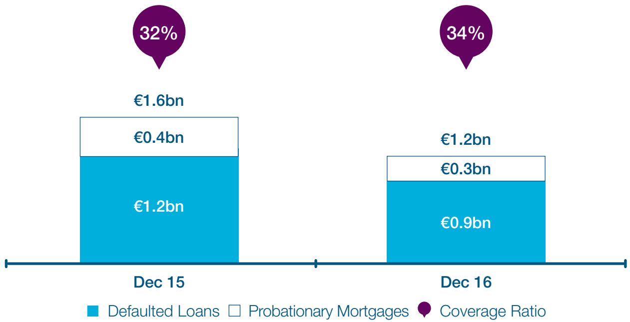
Composition (Dec 16)	Advances (€bn)	Non-performing loans (€bn)	Non-performing loans as % of advances	Defaulted loans (€bn)	Defaulted loans as % of advances	Impairment provisions (€bn)	Impairment provisions as % of non-performing loans	Impairment provisions as % of defaulted loans
Residential Mortgages	**48.2**	**3.0**	**6.3%**	**2.0**	**4.2%**	**1.0**	**33%**	**49%**
- Republic of Ireland	24.3	2.2	9.1%	1.7	6.9%	0.9	41%	54%
- UK	23.9	0.8	3.5%	0.3	1.4%	0.1	9%	23%
Non-property SME and Corporate	**20.0**	**2.0**	**9.8%**	**2.0**	**9.8%**	**1.1**	**55%**	**55%**
- Republic of Ireland SME	8.8	1.5	17.0%	1.5	17.0%	0.8	54%	54%
- UK SME	1.9	0.2	7.6%	0.2	7.6%	0.1	53%	53%
- Corporate	9.3	0.3	3.5%	0.3	3.5%	0.2	63%	63%
Property and construction	**10.4**	**2.8**	**27.3%**	**2.8**	**27.3%**	**1.7**	**61%**	**61%**
- Investment property	9.4	2.1	22.7%	2.1	22.7%	1.2	57%	57%
- Land and development	1.0	0.7	69.6%	0.7	69.6%	0.5	73%	73%
Consumer	**3.8**	**0.1**	**2.7%**	**0.1**	**2.7%**	**0.1**	**94%**	**94%**
Total loans and advances to customers	82.4	7.9	9.6%	6.9	8.4%	3.9	49%	56%

Composition (Dec 15)	Advances (€bn)	Non-performing loans (€bn)	Non-performing loans as % of advances	Defaulted loans (€bn)	Defaulted loans as % of advances	Impairment provisions (€bn)	Impairment provisions as % of non-performing loans	Impairment provisions as % of defaulted loans
Residential Mortgages	**52.9**	**4.2**	**7.9%**	**2.8**	**5.2%**	**1.3**	**31%**	**47%**
- Republic of Ireland	25.0	3.0	12.2%	2.3	9.3%	1.2	39%	52%
- UK	27.9	1.2	4.1%	0.5	1.6%	0.1	9%	22%
Non-property SME and Corporate	**21.0**	**2.7**	**13.0%**	**2.7**	**13.0%**	**1.4**	**53%**	**53%**
- Republic of Ireland SME	9.3	2.0	21.9%	2.0	21.9%	1.1	52%	52%
- UK SME	2.4	0.3	11.1%	0.3	11.1%	0.1	51%	51%
- Corporate	9.3	0.4	4.6%	0.4	4.6%	0.3	59%	59%
Property and construction	**13.4**	**4.9**	**36.8%**	**4.9**	**36.8%**	**3.0**	**61%**	**61%**
- Investment property	11.4	3.2	28.5%	3.2	28.5%	1.7	53%	53%
- Land and development	2.0	1.7	84.8%	1.7	84.8%	1.3	76%	76%
Consumer	**3.3**	**0.2**	**4.1%**	**0.2**	**4.1%**	**0.1**	**105%**	**105%**
Total loans and advances to customers	90.6	12.0	13.2%	10.6	11.6%	5.9	49%	56%

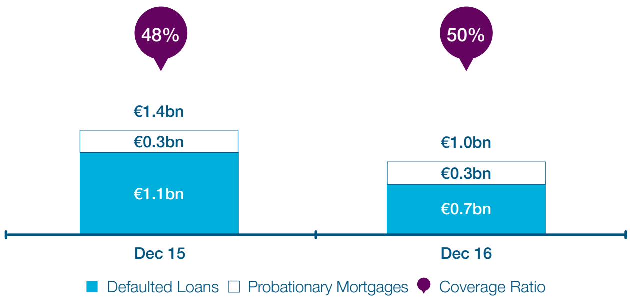
ROI Mortgages: €24.3bn

Bank of Ireland Group

Owner Occupied Non-performing loans



Buy to Let Non-performing loans



Portfolio Performance

- Reduced NPLs[1] by €0.8bn to €2.2bn in 2016
- Defaulted loans component of €1.7bn; down 57% since reported June 2013 peak
- Continued trend of probationary mortgages returning to performing status
- €22.6bn or 93% of mortgages at Dec 16 are on a capital and interest repayment basis (Dec 15: 91%)
- Impairment credit of €141m in 2016 reflects ongoing improvement in portfolio performance
- Coverage ratio of 41% (Dec 15: 39%)
- 94% of mortgage accounts are in the up to date book; 9 out of 10 accounts in forbearance are meeting the terms of their arrangement

Industry Comparison

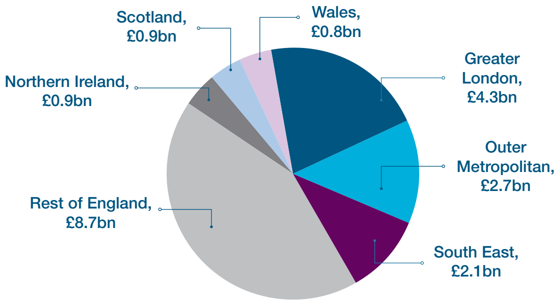
- BOI OO arrears (3.07%) at 34% of industry level[2] (Dec 15: 43%); BOI BTL arrears (7.65%) at 41% of industry level[3] (Dec 15: 56%)
- BOI OO arrears >720 days reducing and at 31% of industry level[4] (Dec 15: 37%); BOI BTL arrears >720 days reducing and at 32% of industry level[5] (Dec 15: 43%)

[1] Non-performing loans includes defaulted loans plus probationary mortgages (i.e. primarily mortgages that were previously defaulted but which are no longer defaulted at the reporting date; the mortgages are awaiting the successful completion of a 12 month probation period)
[2] At September 2016, BOI owner occupier arrears level (based on number of accounts >90 days in arrears) was 3.07% compared to 8.90% for industry excl BOI
[3] At September 2016, BOI buy to let arrears level (based on number of accounts >90 days in arrears) was 7.65% compared to 18.65% for industry excl BOI
[4] At September 2016, BOI owner occupier arrears (based on number of accounts >720 days in arrears) was 1.70% compared to 5.51% for industry excl BOI
[5] At September 2016, BOI buy to let arrears (based on number of accounts >720 days in arrears) was 4.16% compared to 12.93% for industry excl BOI

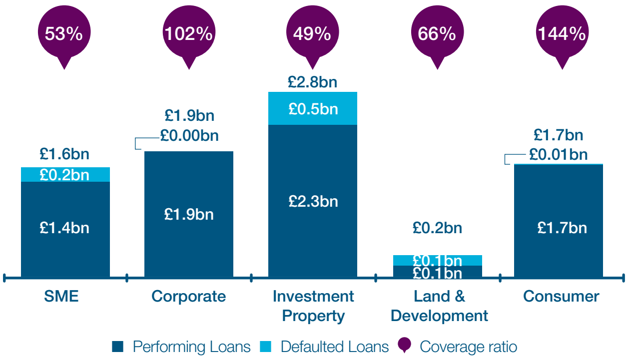
UK Customer Loans £28.6bn (€33.4bn)

Bank of Ireland Group

UK Mortgages – £20.4bn



Other UK Customer Loans – £8.2bn



UK Mortgages Analysis

- Total UK mortgages of £20.4bn; (NPLs[1] - 3%; Defaulted loans - 1%)
  - Average LTV of 62% on total book
  - Average LTV of 71% on new mortgages
- UK mortgage book continues to perform in line with industry averages[2]
- 87% of mortgages originated since 2010 are standard owner occupier mortgages
- BTL book is well seasoned with 84% of these mortgages originated pre 2009
- Average balance of Greater London mortgages is c.£196k. 89% of these mortgages have an average LTV <70%

Other UK Customer Loans Analysis

- Other UK loans exposure of £8.2bn; Defaulted loans of £0.8bn with strong coverage ratios. Investment Property defaulted loans have decreased by 65% in the last 2 years
- Performing loans of £7.4bn;
  - SME: broad sectoral diversification with low concentration risk
  - Corporate: specialist lending teams in Acquisition Finance, Project Finance, and Corporate lending through a focussed sector strategy
  - Investment Property: Retail (53%), Office (12%), Residential (16%) Other (19%)
  - Consumer: largest segment is asset backed motor financing of £1.0bn (56%). Book also includes Post Office / AA branded credit cards and personal loans

[1]Non-performing loans includes defaulted loans plus probationary mortgages (i.e. primarily mortgages that were previously defaulted but which are no longer defaulted at the reporting date; the mortgages are awaiting the successful completion of a 12 month probation period)

[2]Data published by the Council Mortgage Lenders (CML) for September 2016 indicates that the proportion (1%) of the UK mortgage book in default remains aligned to the UK industry average of 1%

Asset Quality

Available for Sale Financial Assets

Bank of Ireland Group

Carrying Value	ROI €bn	UK €bn	France €bn	Other €bn	Dec 16 €bn	Dec 15 €bn
Sovereign bonds	2.3	0.6	0.7	1.6	5.2	**5.7**
Senior debt	-	-	0.2	1.5	1.7	**1.5**
Covered bonds	0.3	0.7	0.6	1.9	3.5	**2.2**
Subordinated debt	0.3	-	-	-	0.3	**0.3**
Asset backed securities	-	0.1	-	-	0.1	**0.4**
Total	**2.9**	**1.4**	**1.5**	**5.0**	**10.8**	**10.1**
AFS Reserve	0.4	-	-	-	0.4	**0.5**

Portfolio

- The Group held €10.8bn of AFS financial assets at Dec 2016; the Group also held an additional €1.9bn of Irish Government bonds in a HTM portfolio
- AFS Reserve - €0.4bn (HTM: €0.1bn). AFS reserve reduced by €0.1bn in 2016, primarily due to bond sales during the period
- In the AFS portfolio the Group holds NAMA subordinated bond – €0.3bn nominal value, valued at 98% (Dec 15 – 96%). Separately, BOI holds €0.5bn of NAMA senior bonds (Dec 15: €1.4bn)
- Weighted average credit rating of the AFS portfolio is A+ to AA-; weighted average credit rating of the HTM portfolio is A
- Of the total bond portfolio, <3% is sub investment grade and 91% is rated BBB+ or higher

Other exposures

- Supra-national - €1.3bn
- Belgium - €0.7bn
- Spain - €0.6bn
- Sweden - €0.5bn
- Netherlands - €0.4bn
- Canada - €0.3bn
- Italy - €0.3bn
- Norway - €0.3bn
- Other - €0.6bn (all less than €0.15bn)

Capital

CET1 ratios

Bank of Ireland Group

	Transitional ratio (€bn)	Fully loaded ratio (€bn)
Total equity	**9.4**	**9.4**
Less Additional Tier 1	(0.8)	(0.8)
Deferred tax[1]	(0.2)	(1.2)
Pension deficit	0.2	-
Available for sale reserve[2]	(0.1)	-
National filters	(0.1)	-
Intangible assets and goodwill	(0.6)	(0.6)
Other items[3]	(0.6)	(0.6)
Common Equity Tier 1 Capital	**7.2**	**6.2**
Credit RWA	42.5	42.5
Operational RWA	4.6	4.6
Market, CVA and other RWA[4]	3.7	3.6
Total RWA	**50.8**	**50.7**
Common Equity Tier 1 ratio	**14.2%**	**12.3%**

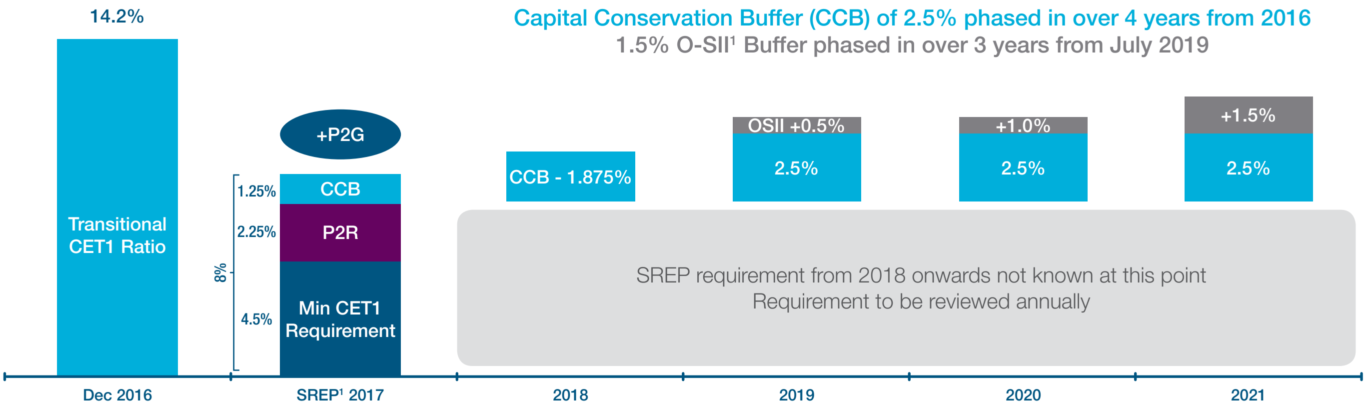
CRD-IV phasing impacts

- Deferred tax asset – certain DTAs are deducted at a rate of 20% for 2016, increasing annually at a rate of 10% thereafter
- Pension deficit – addback is phased out at 60% in 2016, increasing by 20% per annum thereafter
- Available for sale reserve – unrealised losses and gains are phased in at 60% in 2016, increasing by 20% per annum thereafter
- The pro-forma CET1 ratio at 1 January 2017 is estimated at 14.0%, reflecting the phasing in of CRD IV deductions for 2017

[1]Deferred tax assets due to temporary differences are included in other RWA with a 250% risk weighting applied
[2]The Group previously opted to maintain its filter on both unrealised gains or losses on exposures to central governments classified in the 'available for sale' category. In accordance with ECB regulation 2016/445 on the exercise of options and discretions, this filter was removed from 1 October 2016. The reserve is recognised in capital under fully loaded CRD IV rules
[3]Other items – the principle items being the cash flow hedge reserve, expected loss deduction, securitisation deduction and 10%/15% threshold deduction
[4]Other RWA includes RWA relating to non-credit obligations / other assets and RWA arising from the 10/15% threshold deduction

Regulatory Capital Requirements

Supervisory Review and Evaluation Process (SREP[1]) requirement



Minimum Regulatory Capital Requirement

- Pillar 2 requirements (P2R)
  - Required to maintain a minimum CET1 ratio of 8% on a transitional basis from 1 January 2017
  - Includes a Pillar 1 requirement of 4.5%, a P2R of 2.25% and a capital conservation buffer for 2017 of 1.25%
  - The CBI (ROI) and FPC (UK) have set the countercyclical buffer (CCyB)[2] at 0%
- Pillar 2 guidance (P2G) is not disclosed in accordance with regulatory preference

Capital Guidance

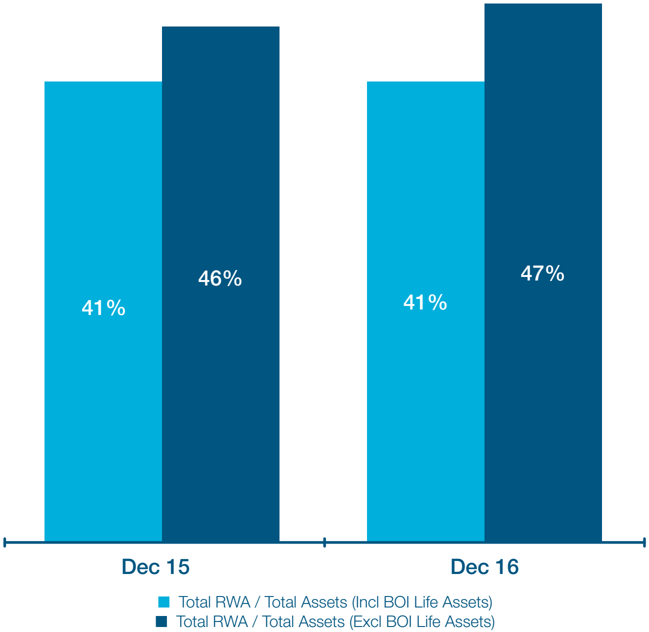
- Expect to maintain a CET1 ratio in excess of 12% on a transitional basis and on a fully loaded basis by the end of the phase-in period
- Includes meeting applicable regulatory capital requirements plus an appropriate management buffer

[1]SREP and O-SII requirement are subject to annual review by the Single Supervisory Mechanism (SSM) and the Central Bank of Ireland (CBI) respectively
[2]CCyB is subject to quarterly review by Central Bank of Ireland (ROI) and Financial Policy Committee (UK)

Risk weighted assets (RWA)

Bank of Ireland Group

RWA Density[1]



Customer lending Avg. Credit Risk Weights[2/3]

(Based on regulatory exposure class)

	EAD[4] (€bn)	RWA (€bn)	Avg. Risk Weight
ROI mortgages	24.8	8.4	34%
UK mortgages	23.2	4.6	20%
SME	18.0	13.1	73%
Corporate	11.2	11.7	105%
Other Retail	4.6	2.9	63%
Total customer lending	**81.8**	**40.7**	**50%**

- Average risk weight on ROI mortgage portfolio increased to 34% (Dec 15: 27%) following IRB model approach changes in December 2016
- Average risk weight on SME increased to 73% (Dec 15: 70%) and Corporate increased to 105% (Dec 15: 101%). This reflects the impact of the credit risk transfer of €2.9bn of SME / Corporate loans in December 2016 at below average risk weights[3]
- IRB approach accounts for:
  - 77% of credit EAD (Dec 2015: 75%)
  - 82% of credit RWA (Dec 2015: 81%)

[1]RWA density calculated as Total RWA / Total balance sheet assets
[2]Sourced from the Group's Pillar III disclosures. EAD and RWA include both IRB and Standardised approaches and comprises both non-defaulted and defaulted loans. Some Standardised exposure classes per the Pillar III have been reclassified to align with the categories outlined in the table
[3]Securitised exposures which include the credit risk transfer transaction executed in December 2016 are excluded from the above table
[4]Exposure at default (EAD) is a regulatory estimate of credit risk consisting of both on balance exposures and off balance sheet commitments

Ordinary stockholders' equity and TNAV

Bank of Ireland Group

Movement in ordinary stockholders' equity

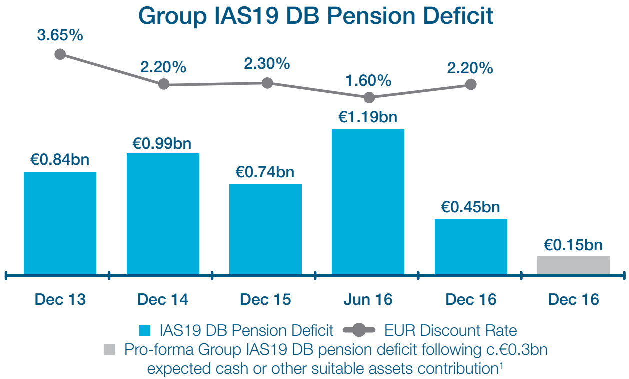
	2015 (€m)	2016 (€m)
Ordinary stockholders' equity at beginning of period	**7,392**	**8,308**
Movements:		
Profit attributable to stockholders	940	793
Distribution on other equity instruments – additional tier 1 coupon	-	(73)
Dividends on preference stock	(257)	(8)
Available for sale (AFS) reserve movements	(81)	(169)
Remeasurement of the net defined benefit pension liability	91	167
Foreign exchange movements	255	(419)
Cash flow hedge reserve movement	(45)	(4)
Other movements	13	2
Ordinary stockholders' equity at end of period	**8,308**	**8,597**

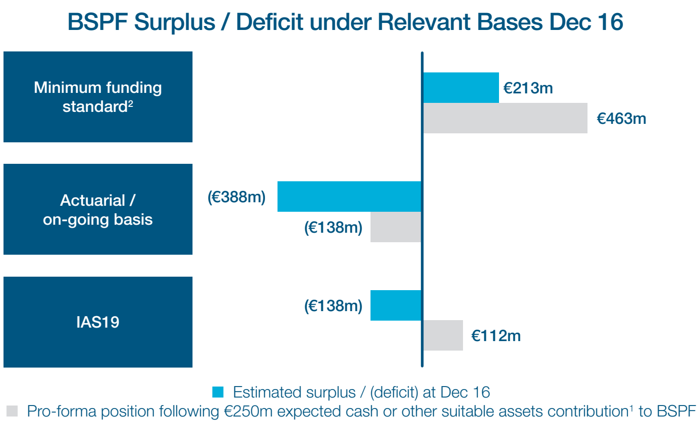
Tangible net asset value

	Dec 15 (€m)	Dec 16 (€m)
Ordinary stockholders' equity at end of period	**8,308**	**8,597**
Adjustments:		
Intangible assets and goodwill	(509)	(625)
Own stock held for benefit of life assurance policyholders	11	11
Tangible net asset value (TNAV)	**7,810**	**7,983**
Number of ordinary shares in issue at the end of the period	**32,363**	**32,363**
TNAV per share (€ cent)	**24.1c**	**24.7c**

Defined Benefit Pension Schemes

Bank of Ireland Group





- IAS19 requires that the rate used to discount DB pension liabilities be selected by reference to market yields on high quality corporate bonds with a corresponding duration. However, only a small number of such AA Euro corporate bonds exist at the c.21 year duration and those bonds tend to be relatively illiquid
- Group IAS19 DB pension deficit of €0.45bn at Dec 16 (€0.74bn at Dec 15)
- Primary drivers of the movement in deficit were;
  - Positive asset returns. The BSPF[3] assets returned +7.7%
  - c.€100m of additional deficit reducing contributions
  - Long term ROI inflation rate expectation decreasing from 1.6% to 1.55%, offset by
  - Euro and UK AA discount rates decreased from 2.3% to 2.2% and 3.8% to 2.55% respectively
  - Long term UK RPI inflation rate expectation increasing from 3.3% to 3.4%
- The Pension Review programmes of 2010 and 2013 resulted in significant restructurings of scheme benefits, which were accepted by staff and unions through individual member consent;
  - In return for the liability reduction achieved through these programmes, the Group agreed to increase its support for the schemes by making matching contributions
  - There remains a further c.€300m of asset contributions expected to be made between 2017 and 2020, these contributions have no impact on Fully Loaded CET1
  - Allowing for the remaining asset contributions, the overall Group IAS 19 deficit would have been c.€0.15bn at Dec 16
- In addition to the IAS19 accounting valuation, the funding position of the main BSPF scheme is also shown under the Minimum Funding Standard basis and the Actuarial / on-going basis

[1]Does not impact Fully Loaded CET1 ratios
[2]The MFS surplus includes the new 2016 Pension Authority requirement to hold additional Risk Reserves
[3]BSPF (Bank Staff Pensions Fund) represents approx. 75% of the overall Group DB liabilities

Defined Benefit Pension Schemes

Bank of Ireland Group

- The Group has developed a framework for pension funding and investment decision-making as part of its long-term plan
- Management of the Group's sponsored DB pensions position involves a multi-year programme, categorised into 3 broad areas. Activity in these areas includes:

1 Reduce Liabilities

- 2007 DB Pension Schemes closed to new members and hybrid scheme introduced
- Pensions Review 2010 and 2013 - shared solutions with DB members - successfully executed and extended to smaller schemes in 2014 and 2015
- A Defined Contribution ('DC') scheme was introduced in 2014 for new hires and the existing hybrid scheme closed to new members
- An enhanced transfer value exercise completed for BSPF scheme in H2 2016 which will result in a reduction in liabilities of c.€92m and a reduction in the IAS19 deficit of c.€4m

2 Increase Assets

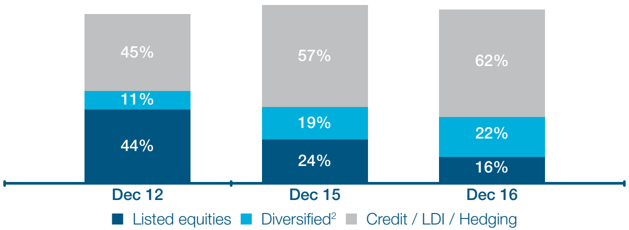
- >€850m of asset contributions made since 2010; further c.€300m expected to be made across Group DB schemes between 2017 and 2020
- BSPF asset returns of c.9.6% p.a. were achieved over 3 years to end Dec 16 despite market volatility

3 Improve correlation between assets and liabilities

- Group has continued to support Trustees in diversifying asset portfolios away from listed equity into other return-seeking but potentially less volatile asset classes e.g. increased allocation to private equity, infrastructure and commercial real estate
- Group supported the trustees of BSPF scheme in their decision to extend the level of euro and sterling interest rate and inflation hedging to 60% of assets (completed in Q3 2016) and supported a further proposal to increase euro interest rate and inflation hedging to 75% in Dec 16 (completed in Feb 17)
- Group has also supported the Trustees of the BOI Group UK scheme in their decision to extend the level of interest rate and inflation hedging to 60% (completed during 2016)

- Continuing programme to further match asset allocation with the evolving nature and duration of liabilities

Mix of BSPF DB Pension Scheme Assets (%)[1]



Estimated Group Asset, Liability & Deficit Sensitivities[3]

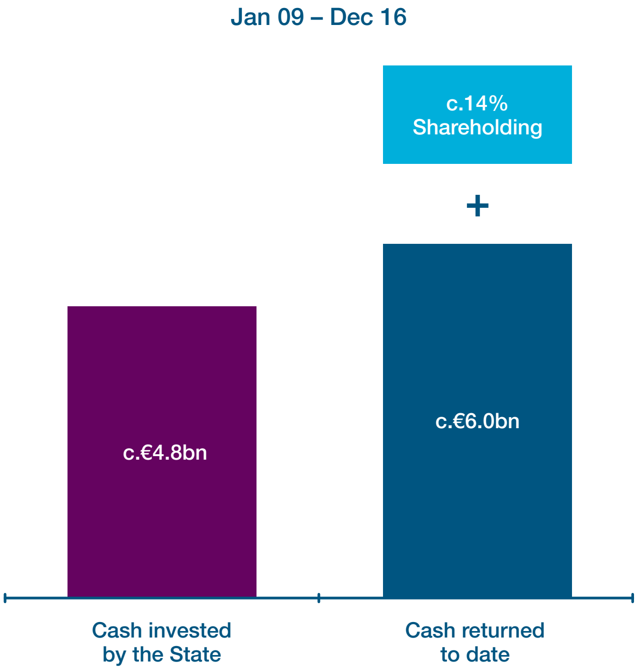
(post implementation of increased interest rate and inflation hedging in Feb 17)

	Dec 15	Feb 17
Sensitivity of Group deficit (net assets and liabilities) to a 0.25% decrease in interest rates	€281m	€132m
Sensitivity of IAS19 liabilities to a 0.10% decrease in long term inflation	(€100m)	(€100m)
Sensitivity of assets to a 5% fall in global equity markets with allowance for other correlated diversified asset classes	(€128m)	(€124m)

[1]Graphs shows BSPF asset allocation
[2]Diversified category includes infrastructure, private equity, hedge funds and property
[3]The table only shows the estimated impact of individual assumption changes

Reimbursing and rewarding taxpayers support

Bank of Ireland Group



- From 2009 - 2011, c.€4.8bn cash invested by the State
  - Cumulative c.€6bn cash returned to the State
  - State continues to hold valuable c.14% equity shareholding
- State Aid completely repaid in 2013
- Irish State's risk exposure to Group liabilities covered under the Eligible Liabilities Guarantee eliminated
- In 2016, the Group paid taxes of €263m to the Irish State and collected taxes of €858m on behalf of the Irish State

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Forward-Looking statement

This document contains certain forward-looking statements with respect to certain of the Bank of Ireland Group's (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 charges, 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. Such risks and uncertainties include, but are not limited to, the following:

- geopolitical risks which could potentially adversely impact the markets in which the Group operates;
- uncertainty following the UK vote to exit the EU as to the nature, timing and impact of a UK exit, could impact the markets in which the Group operates including pricing, partner appetite, customer confidence and demand, and customers' ability to meet their financial obligations and consequently the Group's financial performance, balance sheet, capital and dividend capacity;
- concerns on sovereign debt and financial uncertainties in the EU and the potential effects of those uncertainties on the financial services industry and on the Group;
- general and sector specific economic conditions in Ireland, the United Kingdom and the other markets in which the Group operates;
- the ability of the Group to generate additional liquidity and capital as required;
- property market conditions in Ireland and the United Kingdom;
- the potential exposure of the Group to credit risk and to various types of market risks, such as interest rate risk and foreign exchange rate risk;
- the impact on lending and other activity arising from the emerging macro prudential policies;
- the performance and volatility of international capital markets;
- the Group's ability to address weaknesses or failures in its internal processes and procedures including information technology issues, cyber-crime risk, equipment failures and other operational risk;
- the effects of the Irish Government's stockholding in the Group (through the Ireland Strategic Investment Fund) and possible changes in the level of such stockholding;
- changes in applicable laws, regulations and taxes in jurisdictions in which the Group operates particularly banking regulation by the Irish and United Kingdom Governments together with the operation of the Single Supervisory Mechanism and the Single Resolution Mechanism;
- the impact of the continuing implementation of significant regulatory and accounting developments such as Basel III, Capital Requirements Directive (CRD) IV, Solvency II, the Recovery and Resolution Directive and IFRS 9;
- the potential impact of certain ECB initiatives including its thematic review of internal models termed Targeted Review of Internal Models (TRIM);
- the exercise by regulators of powers of regulation and oversight in Ireland and the United Kingdom;
- the exposure of the Group to conduct risk such as staff members conducting business in an inappropriate or negligent manner;
- the introduction of new government policies or the amendment of existing policies in Ireland or the United Kingdom;
- the outcome of any legal claims brought against the Group by third parties or legal or regulatory proceedings more generally, that may have implications for the Group;
- the development and implementation of the Group's strategy, including the Group's ability to achieve its targets and ambitions on net interest margins and total operating expenses;
- the inherent risk within the Group's life assurance business involving claims, as well as market conditions generally;
- potential further contributions to the Group sponsored pension schemes if the value of pension fund assets is not sufficient to cover potential obligations;
- the Group's ability to meet customers' expectations in mobile, social, analytics and cloud technologies which have enabled a new breed of 'digital first' propositions, business models and competitors;
- failure to establish availability of future taxable profits, or a legislative change in quantum of deferred tax assets currently recognised; and
- difficulties in recruiting and retaining appropriate numbers and calibre of staff.

Nothing in this document should be considered to be a forecast of future profitability or financial position and none of the information in this document is or is intended to be a profit 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.