Bank of Ireland Group plc (the "Group")
Publishes Annual Results for the 12 months to 31st Dec 2017

26 Feb 2018

2017 Key Highlights:

- **Underlying profit of €1,078m**
- **Continued organic capital generation; fully loaded CET1 ratio of 13.8%; regulatory CET1 ratio of 15.8%**
- **Re-commencing dividends in respect of the 2017 financial year; dividend of 11.5 cents per share (€124m) has been proposed**
- **11% growth in New Lending to €14.1bn**
- **Largest lender to Irish economy; Growing market share in residential mortgages and largest market share in business banking**
- **New Irish mortgages; growth of 41% and market share increased to 27%; Strong commercial pricing discipline maintained**
- **Further significant improvement in asset quality; NPE ratio now at 8.3%. NPEs reduced by 31% to €6.5bn; Impaired loans reduced by 35%**
- **NIM of 2.29% for the period; an increase of 9bps from 2016**
- **Transforming our culture, technology and business models**
- **Committed to successful implementation of investments to replace Core Banking Platforms**
- **Reversals reduced the impairment charge to €15m (2bps)**
- **IFRS 9 transition adjustments reduce the fully loaded capital ratios by c.20bps on 1 Jan 2018**
- **Tracker charge of €170m classified as non-core**
- **Expect net loan book growth in 2018**
- **Expect NIM to be modestly lower than 2017, broadly in line with 2017 exit NIM of 2.24%**
- **Expect operating expenses will reduce in 2018 as an important step on our ambition to reduce our cost income ratio to below 50% over the medium term**
- **Expect the impairment charge for 2018 to be up to c.20 bps, reflecting the transition to IFRS 9 and a slower pace of impairment reversals**
- **Investor Day in June 2018 to expand further on strategic priorities and growth ambitions for the Group**

CEO Comment: Francesca McDonagh, Bank of Ireland, Group CEO, commented:

'In my first set of financial results as Group CEO, I am delighted to report that the Group had a strong performance in 2017. All trading divisions are profitable and have contributed to an underlying profit of €1,078 million for the year. In Ireland, we have grown our market share in residential mortgages and we have the largest market share in the business banking sector. We materially improved our asset quality, reducing our level of non-performing exposures by a further 31%. Our fully loaded CET 1 ratio has increased to 13.8% and we are re-commencing dividend payments to our shareholders for the first time in ten years'

Ireland – Leading bank in a growing economy:

- Ireland's leading retail and commercial bank, continuing to support and benefit from economic growth in Ireland
- #1 or #2 market positions across all principal product lines

- Customer focussed strategy is to deliver a brilliant experience to all of our customers as we transform our businesses by providing products and services which meet their financial requirements through easy, simple and accessible processes which align to their digital expectations
- Irish mortgage business performed strongly over the period with c.€2 billion of new residential mortgage lending in Ireland, an increase of 41% from 2016 with an increase in market share to 27% in 2017 compared to 25% in 2016; expect to re-enter the Irish mortgage broker market later in 2018, which will further support growth in our mortgage business.
- Largest market share in business lending; provided over 50% of new lending to the agricultural sector in Ireland
- Ireland's #1 corporate bank with new lending volumes of €3.6 billion during 2017, up 13% on 2016
- Significant support for housing development in Ireland and supporting 2 out every 3 FDI projects into Ireland
- Only bancassurer in the Irish market and our Bank of Ireland Life division saw sales volumes increase year on year by 10%, with a new business market share of 19%

Attractive UK and International franchises provide diversification and further opportunities for growth

- Long standing partnerships with Post Office and strategic intermediaries; recent partnership with AA continues to develop
- Continue to develop our broadly based customer financial services offering, providing a wide range of retail products including savings, mortgages, loans, credit cards and ATM facilities
- Continue to be #1 player in UK consumer foreign exchange
- Post Office / AA top 2 most trusted brands in the UK
- Northern Ireland business is a full service retail and commercial bank and is performing in line with our business objectives
- Northridge Finance performing well; acquired complementary car leasing and fleet management business, Marshall Leasing
- International Acquisition Finance delivered another strong performance during the year

Key Financial Highlights:

Group Income Statement

- Underlying profit of €1,078m
- NIM increased to 2.29% in 2017 primarily reflecting strong commercial discipline on pricing and further reductions in our cost of funding; NIM in 2018 is expected to be broadly in line with the exit NIM of 2.24%
- Other income of €801m includes sustainable business income of €662 million which increased by c.8% from 2016
- Operating expenses of €1,789m including FX benefit of c.€24m
- Core Banking Platforms investment in 2017 of €195m (CET1 ratio impact of c.40bps); €111m expensed to income statement
- Customer loan impairment charge of 2bps; Impairment charges (net) of €15m benefiting from reversals, particularly on the Irish mortgage book
- Non-core items include charge of €170m for Tracker Mortgage Examination

Balance Sheet and Capital

- Customer loans of €76.1bn reflecting new lending of €14.1bn, customer redemptions of €13.8bn, redemptions of impaired loans and GB non-core business banking loan book of €1.2bn and an FX translation impact of €1.5bn
- Customer deposits of €75.9bn account for 100% of Group funding, predominantly retail sourced
- Non-performing exposures (NPEs) of €6.5bn / 8.3% of customer loans: reflects a €2.9bn / 31% reduction during 2017
- Impaired loans of €4.0bn / 5.2% of customer loans: reflects a €2.2bn / 35% reduction during 2017; down 73% from reported peak in June 2013
- Strong liquidity ratios: Net Stable Funding Ratio - 127%, Liquidity Coverage Ratio - 136%, Loan to Deposit Ratio - 100%
- "Holdco" structure established in July 2017; Future senior and junior debt issuance for MREL purposes expected to be issued from "Holdco"; modest new MREL issuance expected
- Strong organic capital generation of 140bps in 2017; Robust capital ratios
    - Regulatory CET1 ratio of 15.8%
    - Fully loaded CET1 ratio of 13.8%
    - Regulatory Total Capital ratio of 20.2%
- Volatility in pension scheme deficit has materially reduced reflecting impact of interest rate and inflation hedging
- The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period. This includes meeting applicable regulatory capital requirements plus an appropriate management buffer
- As anticipated, the Group is re-commencing dividends in respect of the 2017 financial year; a dividend of 11.5 cents per share (€124m) has been proposed
- Expect that dividends will increase on a prudent and progressive basis and, over time, will build towards a payout ratio of around 50% of sustainable earnings

Ends

http://www.rns-pdf.londonstockexchange.com/rns/8882F_-2018-2-26.pdf

For further information log on to www.bankofireland.com/investor or contact:

Bank of Ireland

Andrew Keating	Group Chief Financial Officer	+353 (0)766 23 5141
Alan Hartley	Director of Group Investor Relations	+353 (0)766 23 4850
Pat Farrell	Head of Group Communications	+353 (0)766 23 4770

Forward-Looking Statement

This document contains forward-looking statements with respect to certain of the Bank of Ireland Group plc (the 'Company' or 'BOIG plc') and its subsidiaries' (collectively the 'Group' or 'BOIG plc 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, 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. 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 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.