Bank of Ireland Group plc (the "Group")

Interim Management Statement – Q1 2025 update

2 May 2025

Comment: Myles O'Grady, Bank of Ireland Group CEO:

"We had a very good start to the year, with performance and profitability in line with our expectations. Positive domestic economic conditions supported robust customer activity, with the core loan book growing in the quarter, notably our Irish mortgage book by 3.5% annualised. Deposits were strong at €103 billion, while Wealth AUM of €54.5 billion benefitted from net inflows of €0.5 billion. Asset quality remains robust. With strong business momentum, our guidance for the year remains unchanged.

Against a backdrop of global trade negotiations and potential impacts, the Group has updated its Irish economic forecasts, with GDP and employment growth of 3.5% and 1.8% respectively for 2025. Combined with the execution of the Group's strategy, this supports a positive outlook while remaining vigilant to potential risks associated with trade dislocation. From a position of strength and as a trusted partner, we continue to engage closely with our customers as they navigate the current environment.

The Group's differentiated business model in structurally attractive markets continues to generate high levels of capital. This allows us to support our customers, invest in our business, and deliver attractive shareholder returns."

Key highlights in Q1 2025

- Group performance in Q1 in line with expectations; 2025 guidance unchanged
- Strong capital position and generation; pro forma CET1 ratio of 15.9%[1] supported by net organic capital generation of 50bps and Basel IV benefit of 115bps
- Net interest income (-8% y/y) in line with expectations, primarily reflecting ECB rate cuts
- Total business income (including share of associates and JVs) +8% y/y
- Operating expenses +3% y/y
- Net lending €82.4bn stable in Q1; 2% annualised growth in core portfolios; continued strong Irish mortgage performance
- Group deposits €103.2bn stable in Q1; term migration dynamics as anticipated
- AUM of €54.5bn +10% y/y and stable vs end 2024; net inflows of €0.5bn in Q1
- Asset quality remains strong; NPE ratio 2.5% vs end 2024 2.2% and Q1 2024 3.2%
- Sustainable Finance lending now €15bn, meeting end 2025 target ahead of schedule

Macroeconomic developments

Domestic economic conditions remained supportive of our Irish franchises in Q1, with a robust labour market and growth in consumer activity and house prices. The number of people at work in the Irish economy is at a record high of 2.8 million and the unemployment rate of 4.1% in April remains close to all-time lows.

The Irish fiscal position remains strong (surplus anticipated again in 2025), whilst household disposable income growth and high savings rates are also supportive. Inflation remains relatively subdued in Ireland, with CPI at 2.0% y/y in March 2025. Trends in the Irish housing market remain constructive, with positive house price dynamics (+8% y/y in February) and demand well underpinned by demographics. On the supply side, housing completions are projected to increase to c.35-40k in 2025/26 from c.30k in 2024.

Reflecting recently emerging trade risks, our Economics Research Unit has this morning modestly revised down its projections for Irish GDP growth (average 2025 and 2026 of 3.6%, from 4.1% previously) and modified domestic demand growth (average 2025 and 2026 of 2.7%, from 3.4% previously). The revisions reflect both the limited tariffs-related impact, with a small fraction of goods exports directly affected, and indirect impacts through lower consumer and investment spending. The updated projections indicate that the domestic economy retains strong momentum, supported by public spending, favourable demographics, and jobs growth. The unemployment rate is expected to remain low at 4.5% in 2026. House prices are projected to rise 5% this year.

Income

Net interest income (NII) was 8% lower in Q1 vs the same period in 2024, in line with our expectations. The NII performance reflected lower average interest rates (average ECB deposit rate Q1 2025 2.8% vs Q1 2024 4.0%) and deleveraging within the portfolios we are exiting, partially offset by volume growth in both deposits and core loan portfolios, and the benefit of our structural hedge programme.

Business income, including share of associates and JVs, was +8% y/y in Q1. Our Wealth and Insurance division saw stable AUM of €54.5bn (€54.8bn end 2024), with net inflows of €0.5bn offset by market valuation declines of 2%. Valuation and other items in Q1 were -€27m.

Costs

Operating expenses have progressed in line with expectations, 3% higher y/y in Q1. The Group continues to maintain tight control over its cost base while managing inflation. In Q1, the Group accrued charges related to regulatory fees and levies of €105m, which represents most of the expected FY25 total.

Balance Sheet

Customer loan balances were €82.4bn compared to €82.5bn at December 2024. In Q1, the core loan book increased by €0.3bn, or 2% on an annualised basis. Exiting portfolios within our Corporate and Commercial division reduced by €0.4 billion whilst FX also had a negative impact of €0.1bn. By division, trends in net lending in Q1 were as follows:

- **Retail Ireland** net lending increased by €0.3bn, driven by continued strong growth in mortgage lending. Our mortgage market share of new lending was 37%.
- **Corporate and Commercial** net lending decreased by €0.5bn, primarily reflecting deleveraging within portfolios we are exiting of €0.4bn and lower SME and Corporate lending in Ireland of €0.2bn.
- **Retail UK** net lending increased by €0.2bn

Loan Balances (by division)	**Dec-24 (EUR billion)**	**Mar-25 (EUR billion)**
Retail Ireland	38.5	38.8
Retail UK	20.4	20.6
Corporate and Commercial Core	21.1	20.9
Corporate and Commercial Exiting	2.5	2.1

Our liquidity profile remains strong, supported by our retail franchise in Ireland. Customer deposits were €103.2bn at March 2025, €0.1bn higher in Q1. The movement reflects growth in Retail Ireland and Retail UK, partially offset by lower Corporate and Commercial volumes. Flow into term/other products in Ireland was €0.7bn in Q1 2025, in line with expectations.

Deposit trends	**Dec-24 (EUR billion)**	**Mar-25 (EUR billion)**
Total customer balances	103.1	103.2
Everyday Banking	81.7	81.9
(of which term/other)	*8.4*	*9.2*
UK deposits (EUR)	14.7	14.9
UK deposits (Stg£ equivalent)	*12.2*	*12.4*
Corporate deposits	6.7	6.4

The Group's liquid assets of €43.6bn were stable in Q1, while wholesale funding of €9.4bn reduced by €1.5bn following scheduled maturities. The Group successfully issued €0.6bn of AT1 securities in March, at a coupon of 6.125% and a reset spread of 363bps, the lowest ever credit spread for an Irish bank AT1.

At March 2025, the Group's liquidity coverage ratio was 203% (December 2024: 202%), the loan to deposit ratio was 80% (December 2024: 80%), and the net stable funding ratio 154% (December 2024: 155%).

Asset Quality

The Group's asset quality remained strong. The NPE ratio was 2.5% of gross customer loans at March 2025, vs. 2.2% in December 2024. Overall, the NPE ratio remains near historical lows and is 70bps lower y/y. The Group continues to focus on achieving further asset quality improvements through a combination of organic and inorganic activity.

Capital Position

The Group's pro-forma CET1 ratio at end March 2025 was 15.9%[1] (14.6% December 2024). The Group's capital performance in Q1 reflects net organic capital generation of 50bps, and the benefit from Basel IV of 115bps, partially offset by an ordinary dividend accrual and investment in RWA. The accrual of most of the FY25 regulatory fees and levies charge in Q1 is a seasonal headwind to organic capital generation. The Group's Total Capital ratio was 22.4% at end Q1.

RWAs at end March 2025 of €51.6bn (€55.3bn December 2024) primarily reflect the benefit of Basel IV implementation (-€3.7bn RWA).

€268m or 45% of our €590m share buyback programme, announced alongside our FY24 results, has been executed as at 30th April, with 25m ordinary shares repurchased at an average price of €10.91.

2025 guidance unchanged

- NII expected to be >€3.25bn, based on the Group's rate outlook[2]
- Business income (including share of associates and JVs) expected to be c.5% higher vs 2024
- Operating expenses expected to be c.3% higher vs 2024
- Levies and regulatory charges expected to be stable vs 2024 (€123m)
- Non-core items between €100-125m
- Subject to no material change in economic conditions or outlook, impairment charge expected to be low to mid 20bps. Macroeconomic scenarios impacting credit impairment are updated semi-annually, with the next update as part of the half-year credit impairment process
- 2025 adjusted RoTE of c.15%
- Strong net organic capital generation of 250 to 270bps expected (excluding the Basel IV benefit)
- The Group continues to remain vigilant to risks associated with trade dislocation

Analyst webcast

Management will host a webcast today at 08.30am BST. Access to the webcast can be gained through the link below. Please log in 5 minutes prior to the start time.

Please contact Group Investor Relations at investor.relations@boi.com if any issue with accessing this link

Bank of Ireland Q1 IMS Webcast

[1] *Pro-forma CET1 ratio of 15.9% reflects the inclusion of unaudited Q1 profits after an ordinary dividend accrual; the Group's reported CET1 ratio was 15.6%, reflecting the mechanical exclusion of residual Q1 profits in accordance with EBA Q&A 2023_6887*

[2] *The Group's NII guidance is based on an average 2025 ECB deposit rate of 2.18% (previously 2.25%)*

Ends

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Forward Looking Statement

This announcement 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, future payment of dividends, future share buybacks, 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, plans and objectives for future operations the potential impact from uncertainty around international trade and tariff policies, and the continued impact of regional conflicts particularly on certain of the above issues and generally on the global and domestic economies. 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, those as set out in the Risk Management Report in the Group’s Annual Report for the year ended 31 December 2024.

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