

Bank of Ireland Mortgage Bank
Country by Country Reporting 2018

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Bank of Ireland Mortgage Bank
Country by Country Reporting

for the year ended 31 December 2018

Country by Country Reporting Schedule

Basis of preparation

The disclosures contained in this report have been prepared pursuant to the country-by-country reporting (CBCR) requirements for specified institutions¹ under the Capital Requirements Directive (CRD IV) which have been transposed into Irish legislation as Regulation 77 of Statutory Instrument 158 of 2014.

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

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

Bank of Ireland Mortgage Bank is required to comply with Regulation 77 and this report fulfils that obligation.

Bank of Ireland Mortgage Bank prepared its financial statements for the year ended 31 December 2018² under the historical cost convention, modified to include the fair valuation of certain financial instruments, in accordance with the Companies Act 2014, the Asset Covered Securities Acts 2001 to 2007 (the 'ACS Acts') and Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

In the disclosures that follow:

1. Country of establishment is defined as the geographical location of the business unit booking the transaction.
2. Turnover comprises net interest income, dividend income, net fees and commission income, net trading income and other operating income.
3. The number of employees on a full time equivalent basis is shown as the average for the year.
4. The tax paid numbers disclosed under CRD IV refer to corporation tax only.
5. Tax charge includes current corporation tax expense but not deferred taxes or any provisions for uncertain tax liabilities.
6. Public subsidies are defined to be direct support by the government. They do not include any central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission mechanism. Moreover, schemes in line with the European Commission's guidance on State Aid are not considered public subsidies in the context of CBCR. Furthermore, general tax incentives do not fall within the definition of public subsidy for the purposes of CBCR.

¹ Credit institutions and Investment firms.

² Copies of Bank of Ireland Mortgage Bank's Annual Report for the year ended 31 December 2018 can be obtained from the Group's website at www.bankofireland.com or from the Group Secretary's Office, Bank of Ireland, 40 Mespil Road, Dublin 4, Ireland.

Principal undertakings

Name	Principal Activities	Country of Establishment
Bank of Ireland Mortgage Bank	Mortgage lending and issuing mortgage covered securities	Ireland

Turnover, profit before taxation, taxation and employees (year ended 31 December 2018)

Country of establishment	Turnover €m	Profit before tax €m	Taxation paid €m	Taxation charge €m	Average FTEs
Ireland	326	342	-	-	5

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

As disclosed in note 16 of its Annual Report for the year ended 31 December 2018, Bank of Ireland Mortgage Bank has a deferred tax liability of €9 million (2017: asset €34 million) which includes

an amount of €nil (2017: €36 million) in respect of tax losses which are available to relieve future profits from tax.

The current tax asset of €6 million at 31 December 2018 (2017: €13 million) represents tax losses that have been surrendered to other Group companies. In these cases, payments equal to the tax value of the losses surrendered will be received from these companies.

Public subsidies

No public subsidies were received by Bank of Ireland Mortgage Bank during the year ended 31 December 2018.

Auditor's Report

Independent Auditor's Report to the Directors of Bank of Ireland Mortgage Bank

Opinion

We have audited the accompanying Country-by-Country (CBC) financial information of Bank of Ireland Mortgage Bank (the 'Company' or 'BOIMB') for the year ended 31 December 2018 pursuant to Statutory Instrument 158, European Union (Capital Requirements) Regulations, 2014 (the 'Regulations') which is required to be audited by Regulation 77 of those Regulations. The CBC financial information set out on pages 1 to 2 in the Bank of Ireland Mortgage Bank CBC report (collectively the 'CBC financial information'), is prepared in accordance with management's basis of preparation as set out in the basis of preparation on page 1.

In our opinion, the CBC financial information for the year ended 31 December 2018:

- is prepared in all material respects in accordance with the basis of preparation set out on page 1; and
- discloses the items of CBC financial information required to be published, having applied the relevant principles of Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), Companies Act 2014 and Regulation 77 of the European Union (Capital Requirements) Regulations, 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the CBC financial information section of our report. We are independent in accordance with the ethical requirements that are relevant to our audit of the CBC financial information, including the Code of Ethics for Members issued by the Institute of Chartered Accountants in Ireland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – basis of preparation

In forming our opinion on the CBC financial information, which is unmodified, we have considered the adequacy of the disclosure made on pages 1 to 2 concerning the definitions applied by the Company to the items of CBC financial information required to be published. Regulation 77 of the European Union (Capital Requirements) Regulations, 2014 does not set out definitions of the items of CBC financial information to be disclosed. The Company has applied definitions, as applicable, to the items of CBC financial information which are consistent with the definitions of those items in accordance with FRS 101 and of those items in the Company's annual statutory financial statements.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or

there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date when the CBC financial information is available for use. We have nothing to report in these respects.

Responsibilities of the Directors for the CBC financial information

The Directors are responsible for the preparation and fair presentation of the CBC financial information in accordance with the basis of preparation described on page 1 of the BOIMB CBC report, the appropriateness of that basis of preparation, and for such internal control as the Directors determine is necessary to enable the preparation of the CBC financial information that is free from material misstatement, whether due to fraud or error. In preparing the CBC financial information, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the CBC financial information

Our objectives are to obtain reasonable assurance about whether the CBC financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the CBC financial information.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

Our report is made solely to the Company's Directors, as a body, in accordance with our engagement letter to provide a report pursuant to Regulation 77 of Statutory Instrument 158, European Union (Capital Requirements) Regulation, 2014. Our audit work has been undertaken so that we might state to the Company's Directors those matters we are required to state to them in an auditor's report on CBC financial information and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Patricia Carroll.

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