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Bank of Ireland Mortgage Bank
Country by Country Reporting



**Bank of
Ireland**

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).

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:

- Name(s), nature of activities and geographical location;
- Turnover;
- Number of employees on a full time equivalent basis (FTE);
- Profit or loss before tax;
- Tax on profit or loss; and
- 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 2020² 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 and

Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

In the disclosures that follow:

- Country of establishment is defined as the geographical location of the business unit booking the transaction.
- Turnover comprises net interest income, net fee and commission income and net trading income / (expense).
- The number of employees on an FTE basis is shown as the average for the year.
- The taxation paid numbers disclosed under CRD IV refer to corporation tax only.
- The tax charge represents the corporation tax expense / (credit) for the current year and excludes deferred taxes, adjustments in respect of the prior year and any provisions for uncertain tax liabilities.
- 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.

Principal undertakings

Name	Principal Activities	Country of Establishment
Bank of Ireland Mortgage Bank	Provision of Irish residential mortgages and the issuance of securities	Republic of Ireland

Turnover, profit before taxation, taxation and employees *(year ended 31 December 2020)*

Country of establishment	Turnover €m	Profit before tax €m	Taxation charge €m	Taxation paid €m	Average FTEs
Ireland	335	28	4	27	4

Public subsidies

No public subsidies were received by Bank of Ireland Mortgage Bank during the year ended 31 December 2020.

¹ Credit institutions and Investment firms.

² Copies of Bank of Ireland Mortgage Bank's Annual Report for the year ended 31 December 2020 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.

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 2020 pursuant to the 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 page 2 in the BOIMB 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 2.

In our opinion, the CBC financial information for the year ended 31 December 2020:

- is prepared in all material respects in accordance with the basis of preparation set out on page 2; 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), the 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)), including ISA (Ireland) 805. 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 have fulfilled our ethical responsibilities under and are independent of the Company in accordance with the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA). We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - basis of preparation

We draw attention to the disclosure made on page 2 of the BOIMB CBC report 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. As a result, the CBC Information may not be suitable for other purposes. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

The CBC financial information is compiled from the BOIMB financial statements for the year ended 31 December 2020, and prepared 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 auditing the CBC financial information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Company's financial statements for the year ended 31 December 2020 is appropriate. The Bank of Ireland Group plc (Parent) adopts a centralised approach to its assessment of going concern, particularly having regard to the Liquidity Management Agreement between the Parent and the Company, thus our work was performed in conjunction with the auditors of the Parent (Parent auditors).

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We used our knowledge of the Company, its Parent, the financial services industry, and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. In this regard we considered the Liquidity Management Agreement between the Company and its Parent, in which the Parent has responsibility for monitoring and overseeing the liquidity position of the Company and for ensuring at all times that the Company has sufficient liquidity to meet all obligations. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:
 - the availability of funding and liquidity for the Parent to enable it to continue to meet its obligations under the Liquidity Management Agreement with the Company in the event of a market wide stress scenario in which the global COVID-19 pandemic continues to unfold; and
 - the impact on regulatory capital requirements in the Parent entity and the Company in the event of an economic slowdown or recession.
- We considered whether these risks could plausibly affect the availability of financial resources for the Company in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Parent's financial forecasts and in particular in relation to their impact on its liquidity management responsibilities to the Company.
- We also benchmarked significant assumptions included in the Parent's downside scenarios relevant to liquidity and capital metrics insofar as they might impact on its liquidity arrangements with the Company. In particular, we considered sensitivities over the level of available financial resources indicated by the Parent's financial forecasts taking account of the impact of severe, but plausible, scenarios on these and assessing whether these downside scenarios applied consider reasonably possible outcomes. Based on the work we have performed, we have not identified any material uncertainty relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 requirements of the European Union (Capital Requirements) Regulations, 2014 relevant to preparing such CBC financial information, 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.

The purpose of our audit work and to whom we owe our responsibilities

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 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.

Patricia Carroll

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephens Green

Dublin 2

25 May 2021

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