

20 20

H1 2020 Credit Presentation

30 June 2020



**Bank of
Ireland**

Bank of Ireland Overview

H1 2020 Summary

Bank of Ireland H1 2020 Credit Presentation

H1 Performance

€669m

Underlying loss
before tax

- Total income reduced 13%; lower business income and valuation item movements
- Stable net interest income; NIM of 2.02%
- Strong cost discipline continues; costs reduced by further 3% vs. H1 2019
- Net lending growth €0.2bn including €1.3bn of revolving credit facilities; Irish mortgage market share increased to 25%

Asset Quality

€937m

IFRS 9
impairment charge

- Impairment charge of €937m, of which 60% relates to performing Stage 1 and Stage 2 loans; prudent and comprehensive approach
- Increased NPE ratio 5.8%; credit migration in Q2 and implementation of new Definition of Default regulatory framework
- Proven track record of working with customers to find sustainable solutions; diversified balance sheet across portfolios and geographies

Transformation

3%

Reduction in costs

- Cost reduction in each of past five reporting periods; 10% lower vs. H2 2017
- Launched new mobile app; strong progress against key milestones
- Further Wealth and Insurance digital platforms launched
- Impairment on intangible software assets €136m

Capital

13.6%

Fully loaded
CET1 ratio

- Strong capital position; fully loaded CET1 ratio 13.6%, regulatory CET1 ratio 14.9%
- Pre-impairment organic capital generation of 45bps
- Completed €675m AT1 transaction in Q2

Supporting our customers during COVID-19

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Customers

- Relationship Net Promoter Score (NPS) improved by 10 points from end 2019; reflecting actions taken to support customers
- Over 100k payment breaks approved for personal and business customers in Ireland and the UK
- Residential development lending fund increased by €0.4bn to €2bn to support homebuilding
- Additional €1bn in funding for green mortgages and loans launched through the Bank of Ireland Sustainable Finance Fund to support a green recovery
- Issued over 50% of all business loans under the government COVID-19 Working Capital Loan Scheme since launch
- Over £0.2bn of approved new lending to businesses in the UK through government guarantee schemes
- Ready to support €2bn Irish Credit Guarantee Scheme



Payment Breaks

Ireland ¹	Mortgages	Consumer	SME ²	Total
No. of accounts	21k	8k	13k	42k
Exposure	€3.1bn	€0.1bn	€2.8bn	€6.0bn
% of accounts	11%	4%	11%	9%
% of portfolio	13%	6%	30%	18%
UK ¹	Mortgages	Consumer	SME ²	Total
No. of accounts	23k	32k	8k	63k
Exposure	€3.3bn	€0.4bn	€0.4bn	€4.1bn
% of accounts	14%	10%	16%	11%
% of portfolio	15%	12%	15%	15%

- 105k / €10.1bn initial 3 month payment breaks approved in Ireland (€6.0bn) and the UK (€4.1bn)
- Proactively contacting customers with options at the end of initial 3 month payment break; of those customers contacted:
 - In Ireland, c.54% of mortgage accounts and c.62% of SME accounts have availed of a 3 month payment break extension with remainder resuming capital and interest payments³
 - In the UK, c.33% of mortgage accounts and less than 10% of consumer accounts have availed of a 3 month payment break extension with remainder resuming capital and interest payments⁴

¹ Total approved initial 3 month payment breaks as at 24 July 2020

² Includes retail business banking property exposures

³ Based upon 3 month expiration / responses from c.75% of Irish customers at 24 July 2020

⁴ Based upon 3 month expiration / responses from c.54% of UK customers at 24 July 2020

Enabling our colleagues and communities to thrive

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Colleagues

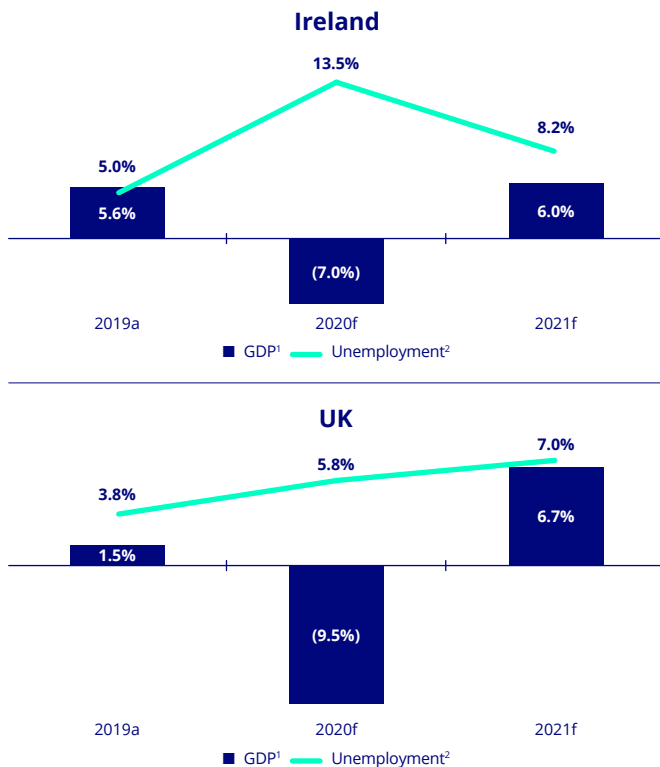
- Colleague engagement up 8 points since Q4 2019 to a high of 70%, surpassing the Global Financial Services benchmark for Engagement for the first time
- 87% of colleagues believe that the Group is quickly adapting to the changing ways of doing business; new ways of working established for H2 2020
- Launched Family Carers Ireland 'Caring Employers' Programme
- Allowance scheme for colleagues working in front line and on site locations was extended to July 2020
- Colleague supports include mental and physical wellbeing app, 24/7 health support line, and COVID-19 communications hub
- Over 119k learning courses completed by colleagues in H1 2020



Communities

- Proactive and regular engagement with Irish Government and state bodies to support re-boot of Irish economy
- Customers' view that Bank of Ireland 'cares about community' is a key driver of improvement in relationship NPS to June 2020
- ESG progress reflected in improved Sustainalytics ESG Risk Rating from 29.3 to 22.4
- Fast tracking of payments to more than 1,000 SME suppliers nationwide extended for the remainder of 2020
- Donated €1m in emergency funding for communities with urgent needs
- Launched €3m Begin Together campaign to improve financial, physical and mental wellbeing
- 'Best Bank in Ireland' Euromoney Awards for Excellence 2020

Economic activity has increased but uncertainties remain Bank of Ireland H1 2020 Credit Presentation



- Significant contraction in our core markets March – May 2020, but high frequency data points to an improving environment in Q2 2020
- Reopening of the Irish economy accelerated during Q2
- €7.4bn additional fiscal stimulus announced in July to provide further support towards economic recovery
- Irish government's response now c.€24bn / c.11% of GNI*
- Claimants of Pandemic Unemployment Payment down to 48% of peak; supportive of continued recovery in H2 2020
- Consumer spending, investment and exports will make positive contribution to Irish GDP growth in 2021
- Alert to risks such as a potential second wave and on-going Brexit uncertainties

Sources: Forecasts (July 2020) by Bank of Ireland Economic Research Unit; CSO; Department of Finance; Department of Employment Affairs and Social Protection; Department of Taoiseach; ONS

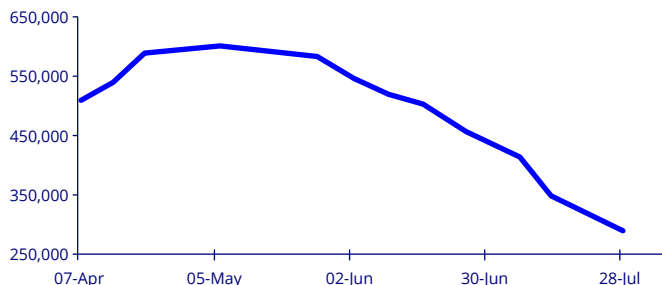
¹ Annual real growth

² Annual average rate

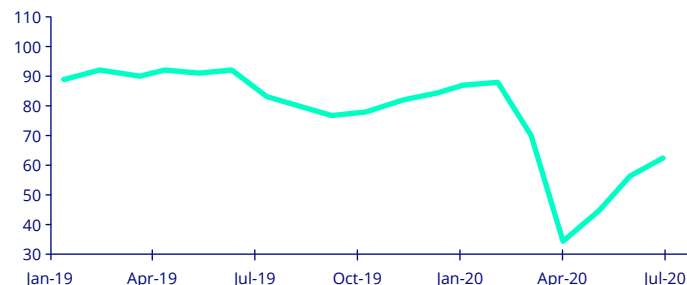
High frequency Irish data show improving trends

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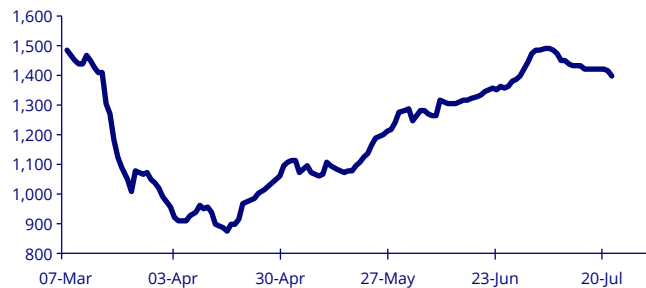
Number of Pandemic Unemployment Payment recipients; 52% below peak



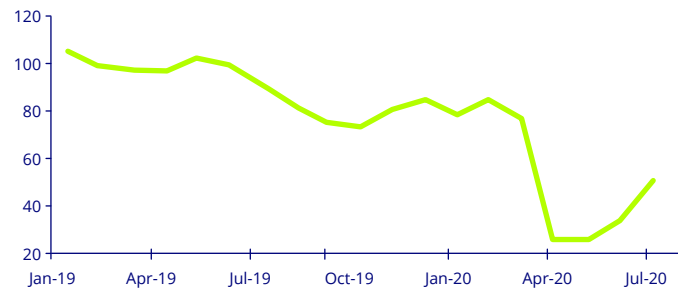
BOI Economic Pulse reflects the gradual reopening of Ireland's economy



Aggregate credit and debit card spend¹ (€m) is now broadly in-line with the pre-COVID level



Housing sentiment tracking higher



Sources: Dept. of Employment Affairs & Social Protection; Bank of Ireland Economic Pulse; Bank of Ireland Housing Pulse; Central Bank of Ireland

¹ Card spend data are presented on a 7 day moving sum basis

Operational Performance

H1 2020 Financials

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	H1 2019 (€m)	H1 2020 (€m)
Net interest income	1,069	1,079
Business income	311	266
Additional gains, valuation and other items	31	(123)
Total income	1,411	1,222
Operating expenses	(903)	(872)
Levies and Regulatory charges	(73)	(70)
Impairment of goodwill	–	(9)
Operating profit pre-impairment	435	271
Net Impairment gains / (charges)	(79)	(937)
Share of associates / JVs	20	(3)
Underlying profit / (loss) before tax	376	(669)
Non-core items	(61)	(153)
Profit before tax	315	(822)

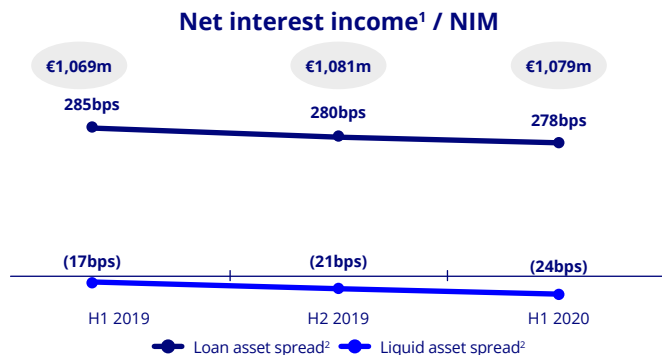
	H1 2019 (€m)	H1 2020 (€m)
Net interest margin (NIM)	2.16%	2.02%
Cost income ratio ¹	65%	66%
Underlying earnings per share	25.2c	(58.8c)

- Underlying loss before tax €669m
- Total income 13% lower; net interest income stable
- Business income 14% lower from reduced economic activity
- Falling equity markets and widening credit spreads impacting Wealth and Insurance valuations
- 3% reduction in operating expenses
- Net impairment charge €937m reflects:
 - IFRS 9 macro-economic outlook and model update €432m
 - Management adjustment related to payment breaks €184m
 - Actual loan loss experience €321m
- Non-core items include charges associated with:
 - Impairment of intangible asset €136m
 - Restructuring costs €27m

¹ See slide 54 for calculation

Stable net interest income

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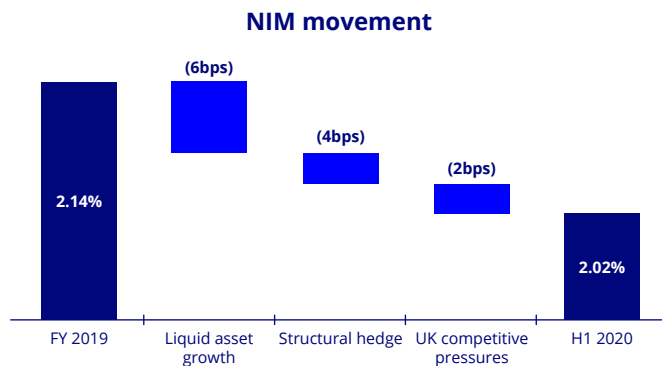


Stable net interest income / NIM 2.02%

- Net interest income benefitting from loan book growth since 2017 and reduced liability costs offsetting lower structural hedge income and UK competitive pressures
- NIM 2.02% is 12bps lower than FY 2019 reflecting:
 - Growth in liquid assets
 - Impact of low rate environment on structural hedge
 - Competitive pressure in the UK mortgage market
 - Strong commercial pricing discipline
- Q2 exit NIM 1.97%

Outlook

- FY 2020 NIM to be c.1.95% primarily reflecting:
 - Lower new lending volumes
 - Growth in liquid assets
 - Impact of low rate environment on structural hedge
- Net interest income in 2020 to be c.5% lower than 2019



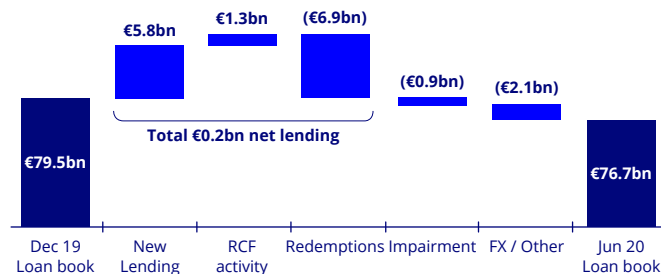
¹ Excludes IFRS income classifications which are included in NIM calculation

² Spread = Loan asset yield or Liquid asset (excl. NAMA bonds) yield less Group's average cost of funds

Net lending growth of €0.2bn

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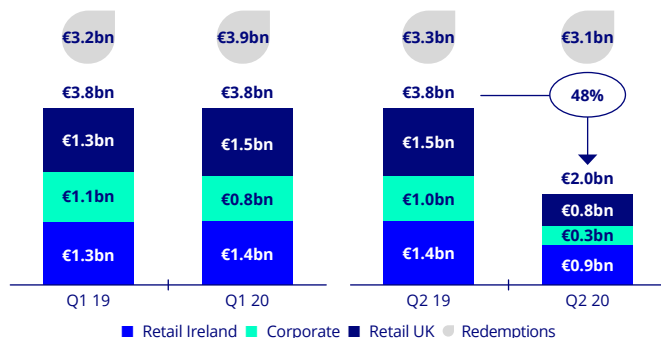
Group loan book movement



Net lending growth of €0.2bn in H1 2020

- New lending €5.8bn decreased by 19% vs. H1 2019¹:
 - Retail Ireland new lending €2.3bn, (14%) vs. H1 2019
 - Retail UK new lending €2.4bn, (18%) vs. H1 2019
 - Corporate new lending €1.1bn, (30%) vs. H1 2019
- Redemptions 7% higher vs. H1 2019 due to higher Corporate redemptions in Q1 2020
- RCF drawdown by Corporate customers in H1 2020 of €1.3bn
- Maintaining commercial discipline on risk and pricing

New lending² and redemptions by quarter



Reduced lending and economic activity in Q2 2020

- Q2 2020 new lending² 48% lower than Q2 2019
- Redemptions 7% lower than Q2 2019
- Irish mortgage applications 28% lower in Q2 2020 vs. Q2 2019
- Q2 2020 UK mortgage applications 32% lower than prior year

Outlook

- Improving outlook and government measures supportive
- 2020 gross new lending volumes expected to be c.70% of 2019 volumes

¹ On a constant currency basis

² Excluding revolving credit facilities

Lower business income from reduced economic activity Bank of Ireland H1 2020 Credit Presentation

	H1 2019 (€m)	H1 2020 (€m)
Wealth and Insurance	119	100
Retail Ireland	129	103
Retail UK	(11)	2
Corporate and Treasury	77	67
Group Centre and other	(3)	(6)
Business Income	311	266
Additional Gains	3	2
IFRS income classifications ¹	10	(16)
Valuation and other items	18	(109)
Other Income	342	143

14% decrease in business income

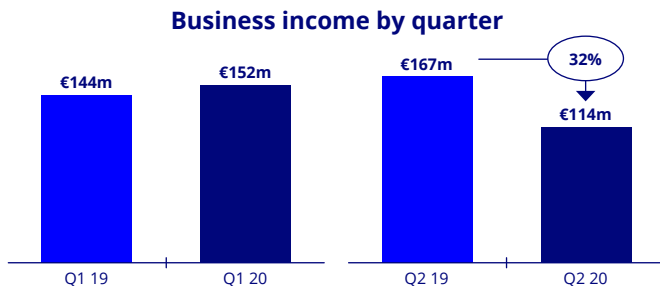
- 16% decrease in Wealth and Insurance:
 - New business sales (APE) decreased by 21% vs. H1 2019
 - Decrease in existing book income due to COVID-19 impact on returns and experience vs. 2019
- Retail Ireland 20% lower vs. H1 2019:
 - Reduced economic activity driving lower current account income
 - Decrease in FX income from reduced travel
 - Q2 card transactions 9% lower than Q1 2020
- Retail UK €13m increase due to lower commissions paid
- Corporate and Treasury income impacted by lower FX income

Valuation and other items (€109m)

- Falling equity markets and widening credit spreads relating to unit linked assets and bond portfolio valuations in Wealth and Insurance (€90m)
- Financial instruments valuation adjustments and other items (€19m)

Outlook

- Increased economic activity and accelerated reopening
- 2020 business income to be 20%-30% lower than 2019

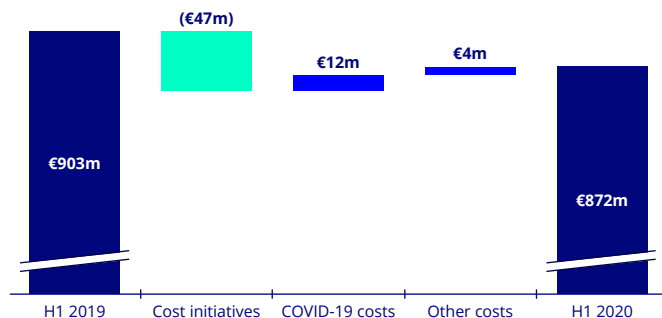


¹ IFRS income classifications include c.€6m of interest income in H1 2020 on 'life loan mortgage products' which on transition to IFRS 9 were mandatorily classified as FVTPL, with all income on such loans reported in 'net other income'. IFRS income classifications are fully offset in net interest income

Strong cost discipline – €31m / 3% reduction

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Cost Movement



Strong cost discipline – €31m / 3% reduction

- €31m / 3% net reduction after absorbing wage inflation of 2.6%
- Gross cost savings €47m:
 - Process efficiencies, organisational design and sourcing strategically (€21m)
 - Change demand reduction and efficiencies driving lower levels of investment spend and value for money savings (€26m)
- COVID-19 costs €12m, incremental expenditure managing response to the pandemic

Non-core items

- €136m charge included in non-core related to impairment of intangible assets:
 - Charge incurred on software assets, as no longer expected to provide future economic benefits
 - No impact on capital ratios
- €27m of charges related to business model restructuring

Outlook

- 2020 costs to be lower than 2019
- 2021 costs to be below previous guidance of €1.65bn

Non-core items	H1 2019 (€m)	H1 2020 (€m)
Impairment on intangible assets	–	(136)
Customer redress programme	(62)	(7)
– Tracker Mortgage Examination	(55)	(7)
– Other programme	(7)	–
Cost of restructuring programme	(27)	(27)
Investment return on treasury stock held for policyholders	1	17
Other	27	–
Total non-core items	(61)	(153)

H1 2020 impairment charge €937m – prudent and comprehensive approach

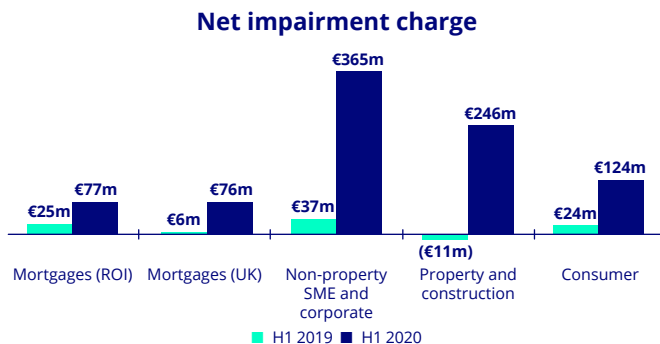
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	IFRS 9 models macro-economic update	Payment breaks	Actual loan loss experience
	€432m	€184m	€321m
H1 2020	<ul style="list-style-type: none"> Updated IFRS 9 models incorporating impact of Forward Looking Information (FLI) from latest macro-economic outlook Central scenario¹ assumes a deep downturn, gradual recovery and an orderly Brexit Reduced weighting towards upside scenario Will reflect mitigating impacts of government support schemes 	<ul style="list-style-type: none"> Management adjustment to reflect increased risk related to: <ul style="list-style-type: none"> Estimated rates of migration from payment breaks to forbearance / arrears Assessment of mortgages, consumer loans, higher impacted sectors at risk from COVID-19 impact 	<ul style="list-style-type: none"> Actual loan loss experience on Stage 3 loans: <ul style="list-style-type: none"> Property and construction €179m, includes €166m related to legacy investment property exposures Non-property SME and corporate €115m Mortgage and consumer portfolios €27m
2020 Outlook	<ul style="list-style-type: none"> A change in the macro-economic outlook would lead to a change in IFRS 9 expected credit loss 	<ul style="list-style-type: none"> H1 2020 impairment charge incorporates risk of credit migration of customers on payment breaks 	<ul style="list-style-type: none"> Actual loss experience in H2 will reflect timing of loan migration to Stage 3 and final payment break outcomes
	While uncertainties remain, subject to no further deterioration in the economic environment or outlook, 2020 impairment charge expected to be in a range of c.€1.1bn to €1.3bn		

¹ See slide 48 for 2020-2024 macro-economic assumptions used in IFRS 9 models

Impairment coverage increased to 2.7%

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Impairment loss allowance (ILA) by portfolio

	Dec-19		Jun-20	
	ILA (€m)	ILA % of gross loans	ILA (€m)	ILA % of gross loans
Mortgages ROI	369	1.6%	448	2.0%
Mortgages UK	63	0.3%	133	0.6%
Non-property SME and corporate	487	2.4%	818	4.0%
Property and construction	230	2.8%	455	5.6%
Consumer	159	2.8%	268	5.1%
Total	1,308	1.6%	2,122	2.7%
Stage 1 impairment coverage		0.2%		0.7%
Stage 2 impairment coverage		3.4%		3.4%
Stage 3 impairment coverage		31.5%		29.4%

Impairment coverage increased to 2.7%

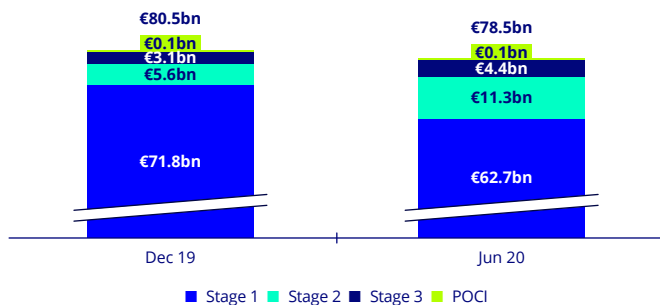
- Net impairment charge €888m¹ / 222bps (H1 2019: 21bps) on loans and advances to customers
- Increased impairment charge driven by:
 - Change in macro-economic outlook due to COVID-19
 - Estimated future credit migration related to payment breaks
 - Actual loan loss experience (€0.3bn) primarily in corporate and property portfolios, including €0.2bn on legacy property exposures
- 60% of impairment charge recognised on performing Stage 1 and Stage 2 loans
- ILA increased by €0.8bn to €2.1bn since Dec 2019, €0.5bn of increase on performing Stage 1 and Stage 2 loans
- Group impairment coverage increased from 1.6% to 2.7% at June 2020

¹ Net impairment charge €888m on loans and advances to customers, net impairment charge on other financial instruments €49m, total net impairment charge €937m

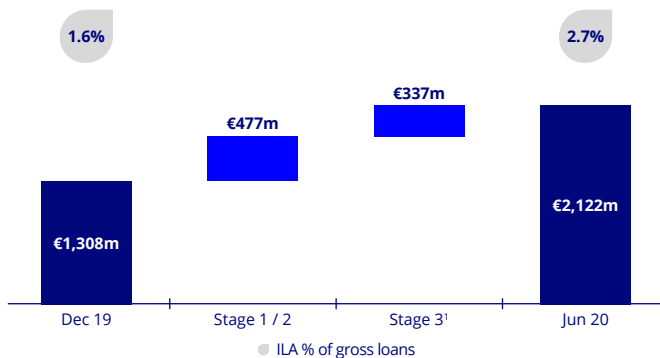
Macro-economic outlook increasing Stage 2 balances

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Gross loans by stage



ILA movement



Macro-economic outlook increasing Stage 2 loans

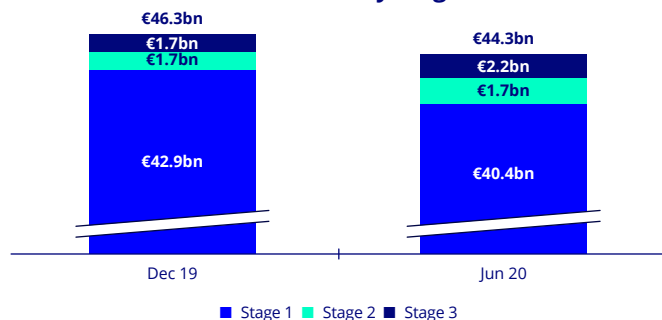
- €5.7bn increase in Stage 2 loans since Dec 2019 reflecting deteriorated macro-economic outlook:
 - Non-property SME and corporate portfolio Stage 2 loans increased €3.7bn
 - Property and construction Stage 2 loans increased €1.9bn
- Stage 3 loans of €4.4bn, increase of €1.3bn since Dec 2019:
 - €0.9bn increase from implementation of new Definition of Default; remainder from credit migration in corporate and property portfolios
- ILA increased by €0.8bn to €2.1bn since Dec 2019:
 - €0.5bn increase on performing loan books
 - €0.3bn increase in Stage 3 ILA from credit migration in Non-property SME and corporate and Property and construction portfolios

¹ Includes Purchased Other Credit Impaired (POCI)

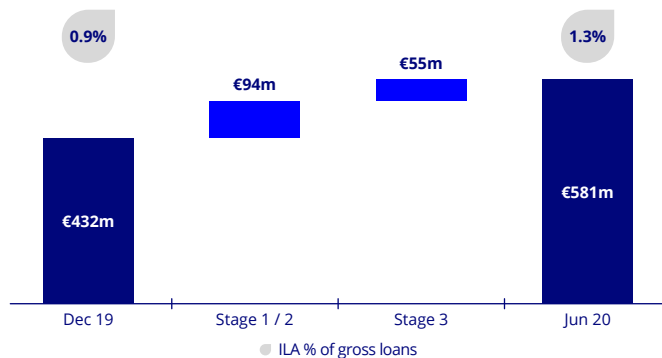
Residential mortgages

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Gross loans by stage



ILA movement



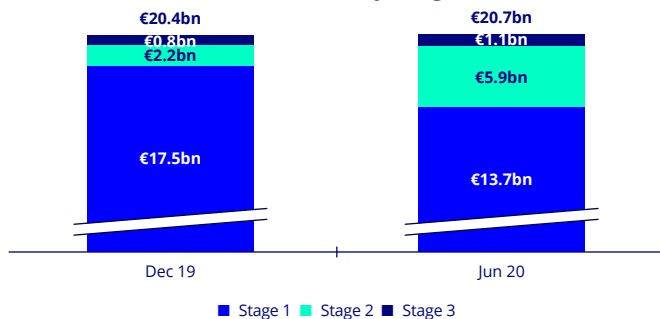
Residential mortgages

- Mortgage portfolios 57% of Group loan book
- ROI mortgage portfolio €22.9bn at June 2020:
 - Average LTV of 60% on stock
 - 81% of the portfolio has LTV <80%
- UK mortgage €21.5bn at June 2020:
 - Average LTV of 62% on stock
 - 82% of the portfolio has LTV <80%
- Implementation of new Definition of Default regulatory framework driving increase in stage 3 loans
- €149m impairment loss allowance increase largely on performing loans including management adjustment relating to payment breaks
- Impairment coverage increased from 0.9% to 1.3% at June 2020

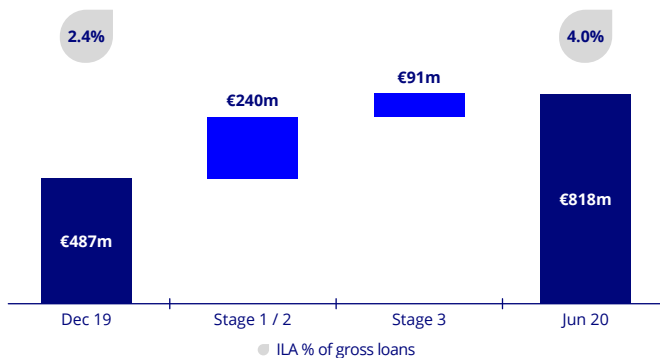
Non-property SME and corporate

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Gross loans by stage



ILA movement



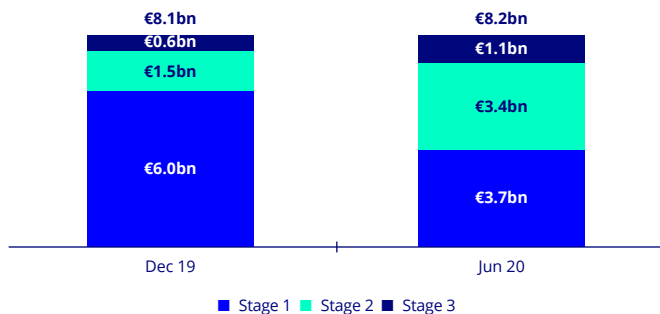
Non-property SME and corporate

- Non-property SME and corporate portfolio well diversified by geography and sector
- Predominantly secured portfolios; government measures providing additional support
- €3.7bn increase in Stage 2 loans since Dec 2019 reflecting macro-economic outlook on higher impacted sectors:
 - Wholesale and retail trade Stage 2 loans increased by €0.3bn to €0.6bn
 - Accommodation and food service activities Stage 2 loans increased by €0.7bn to €0.9bn
 - Acquisition Finance Stage 2 loans increased by €1.0bn to €1.3bn
- Increased impairment coverage across higher impacted sectors and portfolios:
 - Wholesale and retail trade exposures €2.5bn, impairment coverage 5.0% (3.3% Dec 2019)
 - Accommodation and food service activities exposures €1.7bn, impairment coverage 3.3% (1.6% Dec 2019)
 - Acquisition Finance exposures €4.8bn, impairment coverage 3.5% (1.4% Dec 2019)
- €240m / 73% of increase in ILA related to performing Stage 1 and Stage 2 loans
- Impairment coverage increased from 2.4% to 4.0% at Jun 2020

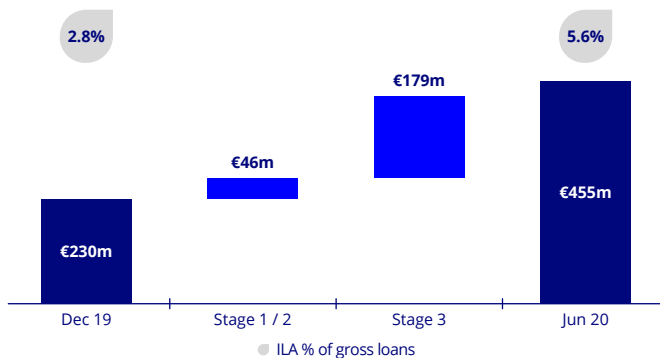
Property and construction

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Gross loans by stage



ILA movement



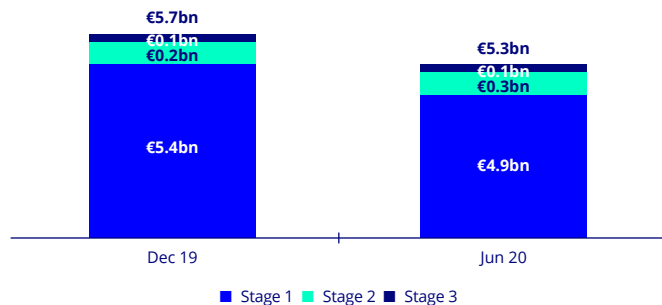
Property and construction

- 10% of Group loan book; €7.4bn Investment Property; €0.8bn Development lending
- >40% Investment property exposures in Dublin; 30% UK exposures
- Investment Property exposures largely Retail (37%), Office (33%), Residential (19%) and Other (11%); 75% of the book LTV <70%
- Development lending portfolio comprises exposures to active development sites
- Deterioration in macro-economic outlook driving stage migration including forecast decrease in commercial property prices
- Legacy investment property exposures driving €179m increase in Stage 3 ILA
- Impairment coverage increased from 2.8% to 5.6% at June 2020

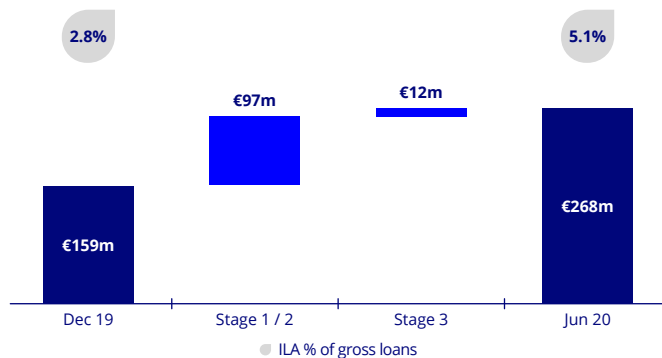
Consumer

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Gross loans by stage



ILA movement

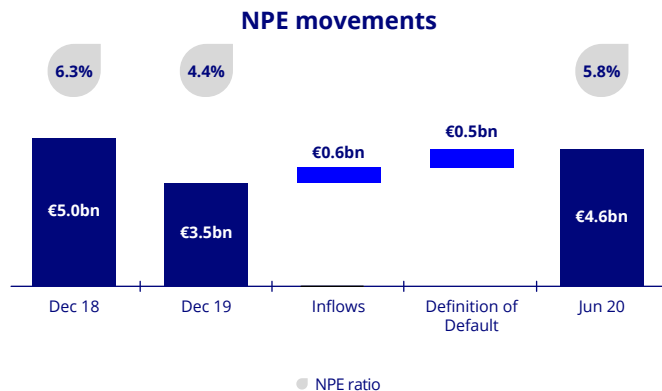


Consumer

- 7% of Group loan book; exit of UK Credit Cards in 2019
- €2.0bn Ireland consumer exposure; €0.8bn motor, €0.8bn consumer loans. €0.4bn credit cards
- €3.3bn UK consumer exposure; €2.1bn motor, €1.2bn consumer loans
- €109m impairment loss allowance increase largely on performing loans including management adjustment relating to payment breaks
- Impairment coverage increased from 2.8% to 5.1% at June 2020

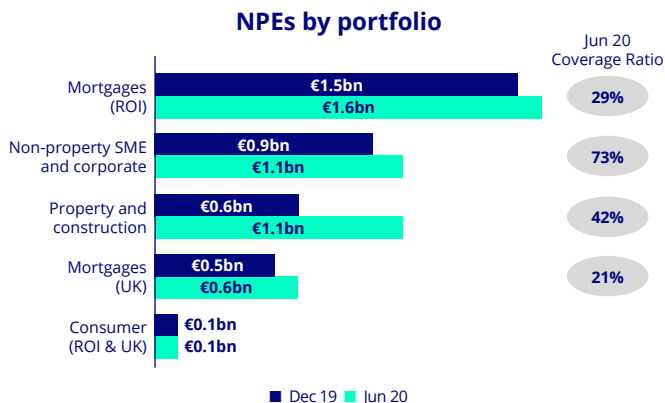
NPE ratio increase to 5.8%

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Non-performing exposures

- NPE ratio increased by 140bps to 5.8%
- €0.6bn inflows primarily from credit migration in Non-property SME and corporate, and Property and construction portfolios
- Implementation of new Definition of Default regulatory framework increased NPEs by €0.5bn
- No NPE transactions completed in H1 2020 due to market conditions
- Group NPE coverage ratio increased by 10% to 47% at Jun 2020



Outlook

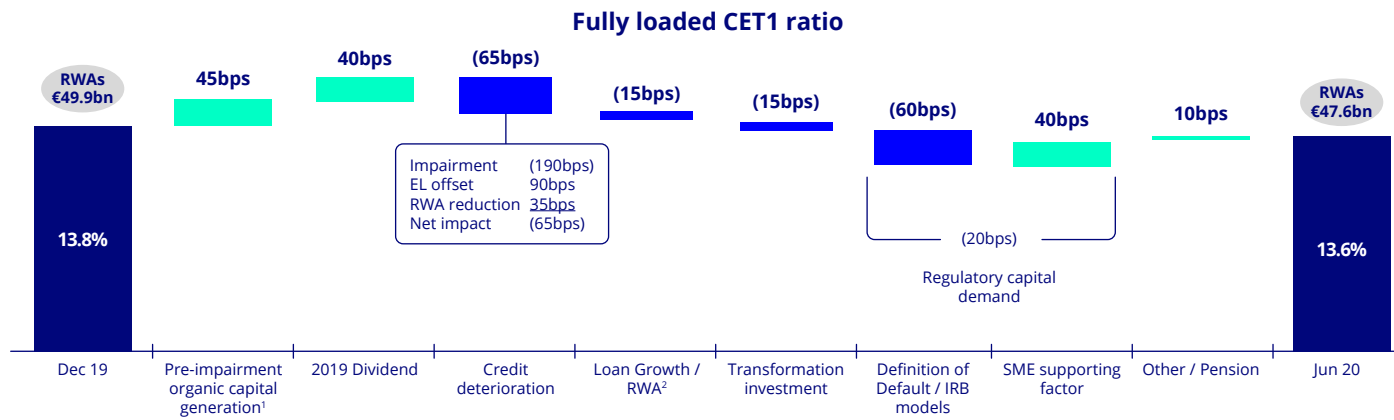
- Proven track record of working with customers to implement sustainable solutions; significantly below industry average for arrears management¹
- NPE transactions dependent on market conditions

¹ See slide 49

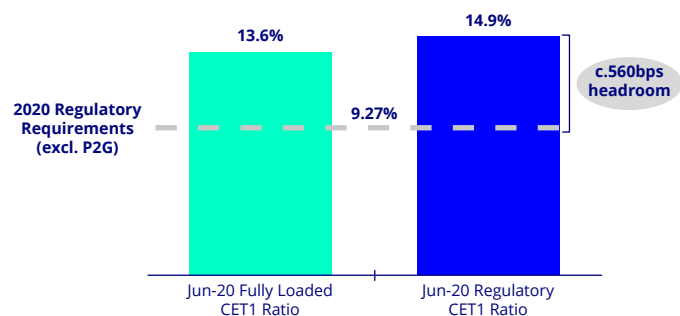
Capital & MREL

Strong capital position

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Headroom to 2020 CET1 regulatory capital requirements



Strong capital position

- Fully loaded CET1 ratio +10bps since Q1 2020
- Regulatory CET1 ratio +50bps since Q1 2020
- 2% reduction in RWA density

Outlook

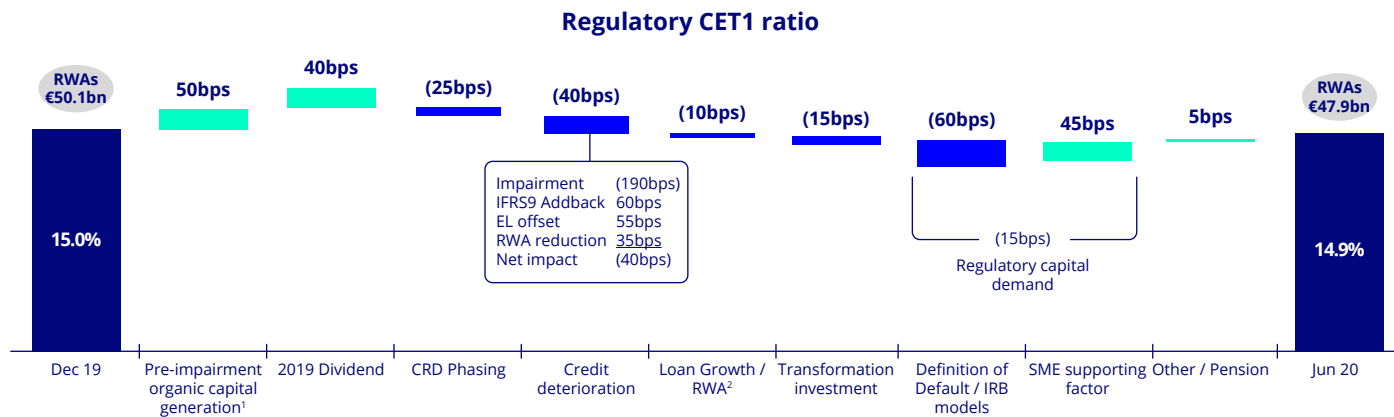
- 2020 regulatory CET1 ratio to remain above 13.5%
- No dividend deduction assumed for 2020

¹ Pre-impairment organic capital generation primarily consists of attributable profit excluding impairment and movements in regulatory deductions

² Loan Growth / RWA movements from net loan growth, changes in asset quality and book mix and movements in other RWAs

Regulatory Ratios

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Regulatory Capital Metrics	Dec 19	Jun 20
CET1 Ratio	15.0%	14.9%
<i>Tier 1 Items/ Instruments:</i>	1.3%	1.4%
Tier 1 Ratio	16.3%	16.3%
<i>Tier 2 Items/ Instruments:</i>	2.3%	2.4%
Total Capital Ratio³	18.6%	18.7%
Risk Weighted Assets	€50.1bn	€47.9bn
MREL Ratio	23.8%	24.4%
Leverage Ratio	7.1%	6.8%

CET1

- Movement in CET1 ratio broadly aligned with movement in fully loaded ratios with reduced impact of credit deterioration due to IFRS9 addback

Tier 1 & Total Capital

- No material change in Tier 1/ Tier 2 buckets pending further AT1 / Tier 2 issuance to meet increased Tier 1 / Tier 2 requirements following P2R composition change

MREL

- AT1 and senior debt issuance of c.€0.75bn during H1 2020
- MREL ratio of 24.4% based on RWA at Jun 2020

¹ Pre-impairment organic capital generation primarily consists of attributable profit excluding impairment and movements in regulatory deductions

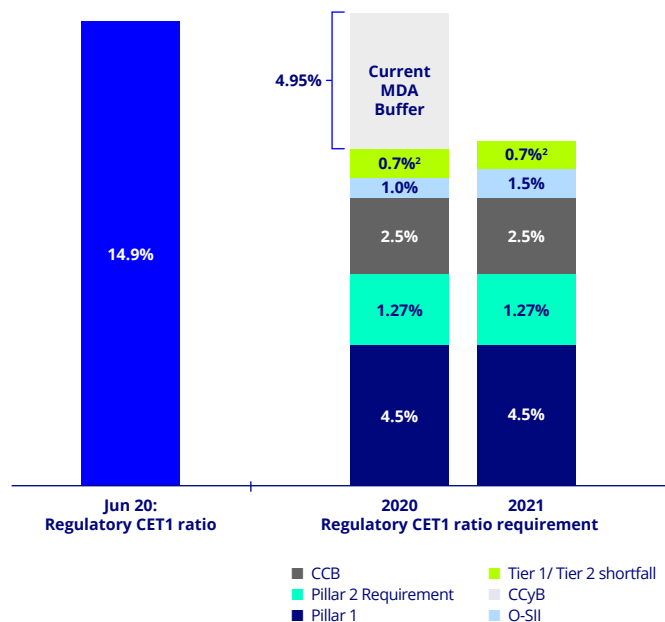
² Loan Growth / RWA movements from net loan growth, changes in asset quality and book mix and movements in other RWAs

³ Further to EBA Q&A 2017_3329 the calculation of the Total Capital ratio is stated after a prudent application of the requirements of Articles 85/87 of CRR. The application of the requirements of Articles 85/87 by SSM banks is under review by the ECB

Meaningful buffer to potential MDA¹ restrictions

Bank of Ireland H1 2020 Credit Presentation

Regulatory CET1 ratio vs MDA Threshold



- Regulatory CET1 ratio of 14.9% at June 2020
 - Continued phase-in of existing CRD IV transitional adjustments expected to consume c.25bps per annum to 2024
 - Previously guided 80bps impact of regulatory capital demand by end 2021 is now materially complete
- O-SII buffer expected to increase to 1.5% in July 2021
- June 2020 Regulatory CET1 ratio of 14.9% provides a buffer of c.4.95% to MDA threshold, pending further AT1/ Tier 2 issuance to meet increased Tier 1/ Tier 2 capital requirements following P2R composition change
- Further AT1/ Tier 2 issuance could increase distance to MDA threshold to c.5.6%

¹ The Maximum Distributable Amount is determined as a percentage of attributable profits earned in the period to which the buffer breach and MDA calculation pertains, and will vary depending on the extent of the breach of the CBR which is measured in quartiles (bottom quartile – 0%, second quartile – 20%, third quartile – 40% and top quartile – 60% of profits)

² Assumes static capital stack with no incremental AT1/ Tier 2 issuance

Regulatory Capital Requirements

Bank of Ireland H1 2020 Credit Presentation

Pro forma CET1 Regulatory Capital Requirements	2019	2020	2021
Pillar 1 – CET1	4.50%	4.50%	4.50%
Pillar 2 Requirement (P2R)	2.25%	1.27%	1.27%
Capital Conservation Buffer (CCB)	2.50%	2.50%	2.50%
ROI Countercyclical buffer (CCyB)	0.60%	0.00%	0.00%
UK Countercyclical buffer (CCyB)	0.30%	0.00%	0.00%
O-SII Buffer (<i>phase in July each year</i>)	0.50%	1.00%	1.50%
Systemic Risk Buffer – Ireland	–	–	–
Pro forma Minimum CET1 Regulatory Requirements	10.65%	9.27%	9.77%
Pillar 2 Guidance (P2G)	Not disclosed in line with regulatory preference		

Regulatory Capital Requirements

- The Group's 2020 regulatory CET1 requirement, excluding P2G, has reduced by 218bps, from 11.45% to 9.27%:
 - Pillar 2 Requirement (P2R): ECB announced change in composition of P2R of 2.25%, which reduced the Group's CET1 P2R by 98bps to 1.27%
 - Countercyclical Buffer (CCyB): the Financial Policy Committee UK (FPC) and the Central Bank of Ireland reduced the UK and ROI CCyB rates to 0% until at least Q1 2022, which reduced the Group's CCyB by c.120bps
- CET1 headroom of c.560bps to Dec 2020 regulatory capital requirements of 9.27%
- Regulatory total capital ratio of 18.7% provides headroom of c.495bps above total capital requirement of 13.75% pending further AT1 / Tier 2 issuance to meet increased Tier 1 / Tier 2 requirements following P2R composition change

Risk Weighted Assets (RWAs) / Leverage Ratio

Bank of Ireland H1 2020 Credit Presentation

Customer lending average credit risk weights – Jun 2020^{1,2} (Based on regulatory exposure class)

	EAD ³ (€bn)	RWA (€bn)	Avg. Risk Weight
ROI Mortgages	23.4	6.4	27%
UK Mortgages	22.0	4.1	19%
SME	17.0	11.7	69%
Corporate	10.5	10.3	98%
Other Retail	5.9	4.2	71%
Customer lending credit risk	78.8	36.7	47%

- IRB approach accounts for:
 - 67% of credit EAD (Dec 19: 69%)
 - 72% of credit RWA (Dec 19: 73%)
- Regulatory RWA has decreased from €50.1bn at Dec 2019 to €47.9bn at Jun 2020. The decrease is primarily due to net loan book growth being more than offset by application of revised SME supporting factor rules, reduction in RWA due to changes in asset quality and mix and FX movements

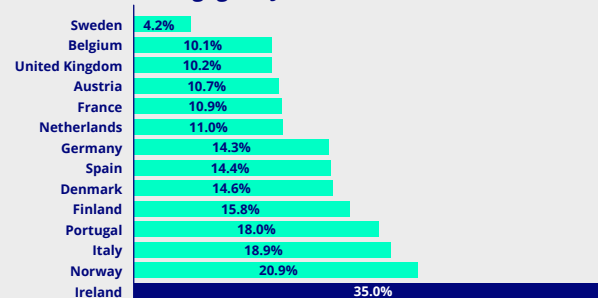
Leverage Ratio

- Fully Loaded Leverage Ratio: 6.3%
- Regulatory Leverage Ratio: 6.8%

EBA Transparency Exercise 2019

Country by Country Average IRB risk weights

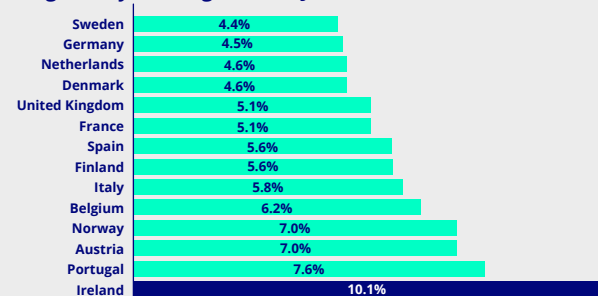
Residential Mortgages – Jun 2019



EBA Risk Dashboard Q2 2019

Country by Country Average Leverage ratio

Regulatory Leverage Ratio – Jun 2019



¹ EAD and RWA include both IRB and Standardised approaches and comprise both non-defaulted and defaulted loans

² Securitised exposures are excluded from the table (i.e. excludes exposures included in CRT executed in Nov 2017 and Dec 2019)

³ Exposure at default (EAD) is a regulatory estimate of credit risk exposure consisting of both on balance exposures and off balance sheet commitments

Capital and liquidity

Bank of Ireland H1 2020 Credit Presentation

	Dec 2019 (€bn)	Jun 2020 (€bn)
Customer loans	79	77
Liquid assets	27	29
Other assets	26	26
Total assets	132	132
Customer deposits	84	87
Wholesale funding	11	10
Shareholders' equity	10	9
Other liabilities	27	26
Total liabilities	132	132
TNAV per share	€8.21	€7.97
Closing EUR / GBP FX rates	0.85	0.91

	Dec 2019	Jun 2020
Liquidity Coverage Ratio	138%	149%
Net Stable Funding Ratio	131%	135%
Loan to Deposit Ratio	95%	89%

Liquidity

- Funding and liquidity remains strong from stable customer deposits and MREL issuance

Customer deposits: €86.5bn

- Growth of €2.5bn principally due to higher current account credit balances predominantly from the impact of COVID-19 restrictions and lower consumer spending

Wholesale funding: €9.5bn

- AT1 and senior debt issuance of c.€0.75bn during H1 2020
- MREL ratio of 24.4% based on RWA at Jun 2020

Leverage Ratio

- Fully Loaded Leverage Ratio: 6.3%
- Regulatory Leverage Ratio: 6.8%

Tangible Net Asset Value

- TNAV decreased to €7.97

Credit Ratings

Bank of Ireland H1 2020 Credit Presentation



Instrument Ratings

	Moody's			Fitch Ratings		S&P Global	
	BOIG	GovCo	BOIMB (ACS) ³	BOIG	GovCo	BOIG	GovCo
Investment Grade	Aaa	Aaa	Aaa ^C	AAA	AAA	AAA	AAA
	Aa1	Aa1	Aa1	AA+	AA+	AA+	AA+
	Aa2	Aa2	Aa2	AA	AA	AA	AA
	Aa3	Aa3	Aa3	AA-	AA-	AA-	AA-
	A1	A1	A1	A+	A+	A+	A+
	A2	A2 ^S	A2	A	A	A	A
	A3	A3	A3	A-	A-	A-	A- ^S
	Baa1	Baa1	Baa1	BBB+	BBB+	BBB+	BBB+
	Baa2 ^S	Baa2	Baa2	BBB	BBB	BBB	BBB
	Baa3 ^{T2}	Baa3	Baa3	BBB-	BBB-	BBB- ^S	BBB-
Sub Investment Grade	Ba1	Ba1	Ba1	BB+ ^{T2}	BB+	BB+	BB+ ^{T2}
	Ba2 ^{AT1}	Ba2	Ba2	BB	BB	BB ^{T2}	BB
	Ba3	Ba3	Ba3	BB-	BB-	BB-	BB-
	B1	B1	B1	B+	B+	B+	B+
	B2	B2	B2	B	B	B ^{AT1}	B
	B3	B3	B3	B-	B-	B-	B-
	(...)	(...)	(...)	(...)	(...)	(...)	(...)
^C Covered bond ^S Senior unsecured ^{T2} Tier 2 ^{AT1} Additional Tier 1							

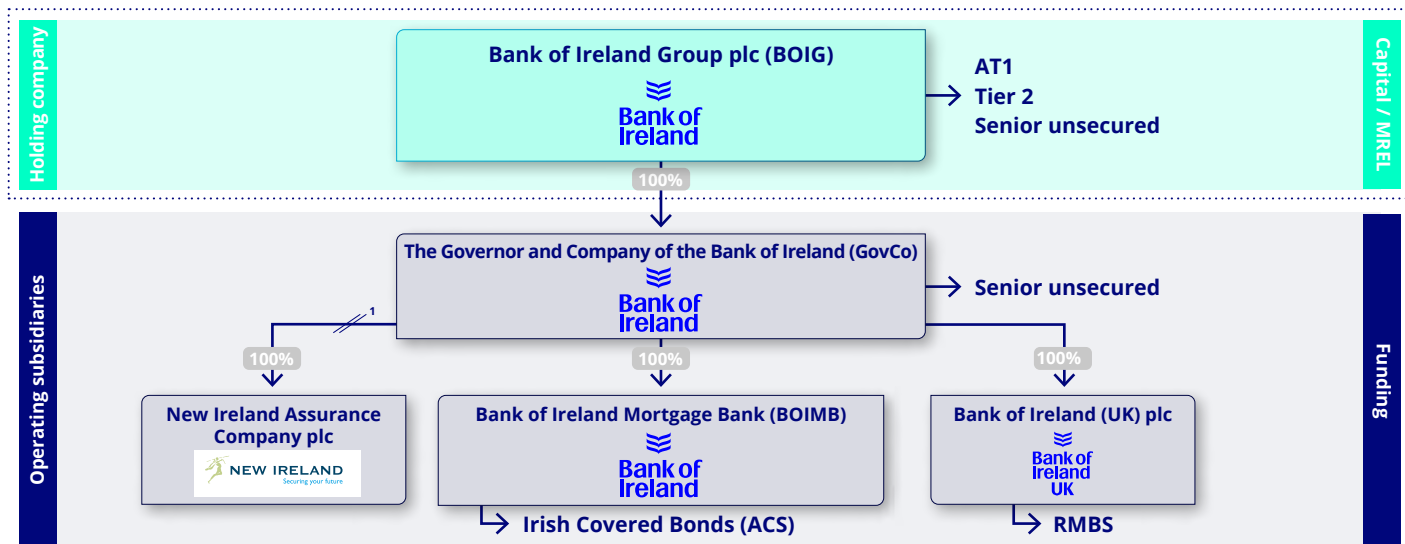
¹ Fitch rating in respect of BOIG 2.375% 10/2029

² BOIG (HoldCo) entity rating = BBB-

³ BOIMB is the Group's issuer of Irish Covered Bonds (ACS). Moody's has not yet assigned an issuer rating to BOIMB

Corporate Structure

Bank of Ireland H1 2020 Credit Presentation



- Preferred resolution strategy for the Group consists of a Single Point of Entry (SPE) bail-in strategy through the Group holding company (BOIG)
 - Transparent and well-defined resolution strategy in comparison to other jurisdictions
 - BOIG introduced on top of the existing group structure supporting an SPE preferred resolution strategy
 - No change to any of the Group's existing operating companies
- Bail-in at BOIG is the primary resolution tool. MREL requirements are expected to be met through junior and senior issuance from BOIG
- Losses are passed to BOIG by the write-down of intragroup assets. BOIG investors bear loss in accordance with the resolution² hierarchy. Resolution authorities required to apply the "No creditor worse off" principle in application of the bail-in tool
- Funding requirements may also continue to be met, as required, through the issue of Irish Covered Bonds (ACS) by Bank of Ireland Mortgage Bank, Residential Mortgage Backed Securities (RMBS) by Bank of Ireland (UK) plc and senior unsecured issuance by GovCo

¹ 100% shareholding via intermediate holding company

² Per Regulations 87 and 96 of the European Union (Bank Recovery and Resolution) Regulations 2015

Capital – Summary highlights

Bank of Ireland H1 2020 Credit Presentation

Capital

- MDA headroom increased by c.90bps to c.495bps in H1 2020; further AT1 / Tier 2 issuance would increase headroom
- Continued pre-impairment organic capital generation; regulatory change materially complete
- Strong capital position with fully loaded CET1 ratio of 13.6%, regulatory CET1 ratio 14.9%
- 2020 regulatory CET1 ratio to remain above 13.5%

Economy

- While uncertainties remain, accelerated economic activity is supporting improved outlook for 2020 lending and income vs. Q1 outlook
- €7.4bn additional fiscal stimulus announced in July to provide further support towards economic recovery. Irish government's response now c.€24bn / c.11% of GNI

Asset Quality

- Proven track record, over a sustained period, of working with customers to find sustainable solutions
- Subject to no further deterioration in the economic environment or outlook, 2020 impairment charge expected to be in a range of c.€1.1bn to €1.3bn

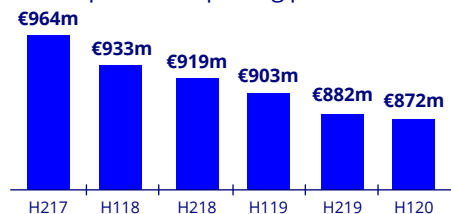
Outlook

Capturing all tactical and strategic opportunities to further reduce our cost base

Bank of Ireland H1 2020 Credit Presentation

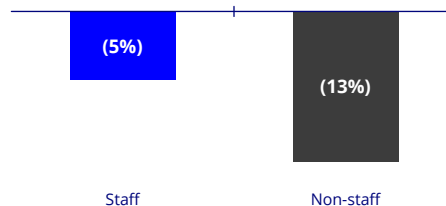
Consistent

- Costs reduced by 10% vs. H2 2017
- Costs have reduced during each of the past five reporting periods



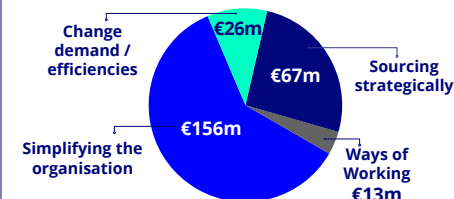
Broad-based

- Cost reduction broad based across staff and non-staff costs since 2017

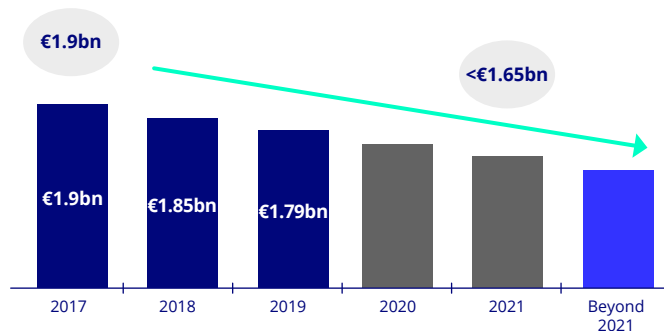


Efficient

- €262m in gross cost savings since FY 2017 created capacity to absorb investment in our people and infrastructure



Future focus



- 2021 costs now expected to be below previous guidance of €1.65bn
- Review underway to further reduce costs beyond 2021:
 - Continued investment in digital capabilities
 - Simplifying and automating customer journeys
 - Additional investment in business model restructuring
 - Enhanced property footprint, supported by modern and agile ways of working
- Guidance update to be provided at FY 2020

Strategic progress in Retail UK business with further restructuring required

Bank of Ireland H1 2020 Credit Presentation

Retail UK	H1 2018 ¹	H1 2019	H1 2020
Net interest income	£258m	£250m	£239m
Other income	(£16m)	(£6m)	£1m
Costs	(£155m)	(£147m)	(£136m)
Impairment	(£12m)	(£31m)	(£250m)
JV income	£15m	£14m	£1m
Underlying profit / (loss)	£90m	£80m	(£145m)
Cost income ratio	64%	60%	57%
Loan book	£24.2bn	£24.8bn	£24.5bn
Deposits	£19.0bn	£19.2bn	£19.5bn

¹ Excludes credit cards, exited 2019

- **Net interest income:** back book deleveraging, lower base rates and mortgage competition impacting NII; partial offset from actions taken on pricing of deposits and new lending
- **Other income:** commission mix enhanced; income increased £7m vs. H1 2019
- **Costs:** 7% cost reduction in H1 2020; 23% reduction since 2017
- **Asset quality:** Increased impairments from deteriorating macro-economic outlook; historic loan losses favourable to industry average
- **JV income:** no. 1 travel business (FRES) in UK; 2020 income impacted by COVID-19 and reduced travel
- **Loan book:** improving loan book mix; bespoke mortgage growth and legacy portfolio 30% lower

Strategic imperative to improve returns

- Protracted difficult market conditions necessitate further restructuring of our retail businesses in UK. A multi-year restructuring programme now commenced:

GB Retail restructuring

- A smaller balance sheet and higher margin business:
 - Run-down of lower margin and less profitable mortgages over time (UK mortgage loan book £19.6bn)
 - Grow bespoke mortgage business; c.150 brokers / £320m of new lending since launch
 - Leverage expertise in travel money and car finance
 - Smaller balance sheet will enable further funding cost reductions
 - Material reduction in cost base from smaller scale, efficiency and operating model

Northern Ireland Retail

- Strategic review recently commenced to assess options impacting:
 - £2.5bn of consumer, mortgage and business loans
 - £5.0bn of deposit and current accounts
 - c.200k consumer and business customers



Outlook

Bank of Ireland H1 2020 Credit Presentation

Profitability

- 2020 gross new lending volumes expected to be c.70% of 2019 volumes
- Net interest income in 2020 to be c.5% lower than 2019
- 2020 business income to be 20%-30% lower than 2019
- Costs will continue to reduce:
 - 2020 costs to be lower than 2019
 - 2021 costs to be below previous guidance of €1.65bn

Asset Quality

- While we expect economic recovery commencing in H2 2020, COVID-19 and Brexit are ongoing uncertainties
- Subject to no further deterioration in the economic environment or outlook, 2020 impairment charge expected to be in a range of c.€1.1bn to €1.3bn

Capital

- 2020 regulatory CET1 ratio to remain above 13.5%
- No dividend deduction assumed for 2020

Longer term impacts of COVID-19 on the economy and the Group's financial performance remain uncertain, our medium term targets should therefore no longer be considered current in these circumstances

Appendix

Appendix

Bank of Ireland H1 2020 Credit Presentation

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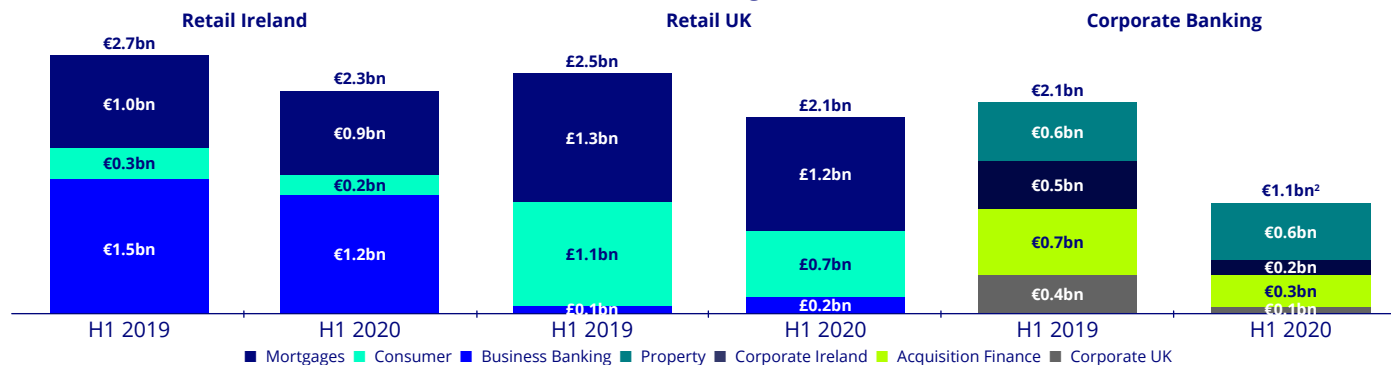
BOI Overview

Bank of Ireland H1 2020 Credit Presentation

Profile of customer loans¹ at Jun 20 (Gross)

Composition (Jun 20)	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	22.9	21.4	0.0	44.4	57%
Non-property SME and corporate	10.8	5.1	4.7	20.6	26%
<i>SME</i>	7.1	1.6	0.0	8.7	11%
<i>Corporate</i>	3.7	3.5	4.7	11.9	15%
Property and construction	5.3	1.9	1.0	8.2	10%
<i>Investment</i>	4.7	1.7	1.0	7.4	9%
<i>Development</i>	0.6	0.2	0.0	0.8	1%
Consumer	2.0	3.3	0.0	5.3	7%
Customer loans (gross)	41.1	31.7	5.7	78.5	100%
Geographic (%)	53%	40%	7%	100%	

Gross new lending volumes



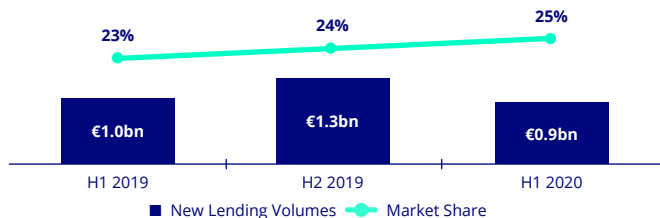
¹ Based on geographic location of customer

² Excludes revolving credit facilities

ROI Mortgages: €22.9bn

Bank of Ireland H1 2020 Credit Presentation

New Lending volumes and Market Share



Pricing strategy

- 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.94% of our new lending in H1 2020, up from c.30% in 2014

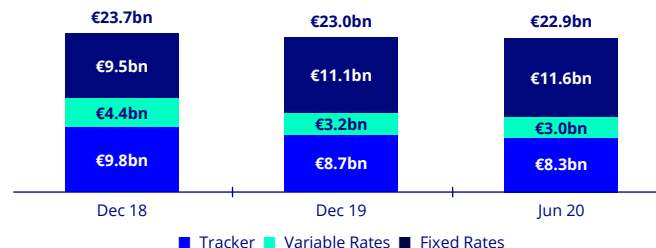
Distribution strategy – continued expansion into broker channel

- Establishing a large network of active brokers at a national level; brokers accounted for 30% of the market in H1 2020

Wider proposition

- 7 in 10 ROI customers who take out a new mortgage take out a life assurance policy through BOI Group
- 3 in 10 ROI customers who take out a new mortgage take out a general insurance policy through BOI Group with insurance partners

ROI Mortgages (gross)



LTV profile

- Average LTV of 60% on mortgage stock at Jun 2020 (Dec 19: 59%)
- Average LTV of 76% on new mortgages in H1 2020 (2019: 74%)

Tracker mortgages

- €7.9bn or 95% of trackers at Jun 2020 are on a capital and interest repayment basis
- 82% of trackers are Owner Occupier mortgages; 18% of trackers are Buy to Let mortgages
- Loan asset spread on ECB tracker mortgages was c.72bps¹ in H1 2020

¹ Average customer pay rate of 111bps less Group average cost of funds of 39bps

Income Statement

Net interest income analysis

Bank of Ireland H1 2020 Credit Presentation

	H2 2018			H1 2019			H2 2019			H1 2020		
	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 ¹	34.4	595	3.43%	34.2	582	3.43%	33.7	583	3.43%	33.4	561	3.38%
UK Loans	27.6	391	2.82%	27.5	377	2.76%	28.0	375	2.66%	28.5	356	2.52%
C&T	14.6	294	3.98%	15.8	314	3.99%	16.8	330	3.90%	17.4	324	3.74%
Total Loans and Advances to Customers	76.6	1,280	3.31%	77.5	1,273	3.31%	78.5	1,288	3.26%	79.3	1,241	3.15%
Liquid Assets	22.7	38	0.33%	22.9	33	0.29%	23.9	30	0.25%	26.6	16	0.12%
NAMA Sub Debt	0.1	2	5.24%	0.1	2	5.40%	0.1	2	5.26%	0.0	1	5.22%
Total Liquid Assets	22.8	40	0.35%	23.0	35	0.31%	24.0	32	0.27%	26.6	17	0.13%
Total Interest Earning Assets	99.4	1,320	2.63%	100.5	1,308	2.62%	102.5	1,320	2.56%	105.9	1,258	2.36%
Ireland Deposits	20.7	(8)	(0.08%)	20.7	(7)	(0.07%)	21.0	(5)	(0.05%)	21.3	(2)	(0.02%)
Credit Balances ²	32.8	3	0.02%	34.5	3	0.02%	36.6	6	0.03%	39.6	8	0.04%
UK Deposits	18.6	(88)	(0.94%)	18.3	(91)	(1.00%)	18.6	(103)	(1.09%)	18.7	(90)	(0.97%)
C&T Deposits	4.9	(9)	(0.37%)	5.1	(9)	(0.35%)	5.0	(9)	(0.34%)	4.7	(4)	(0.16%)
Total Deposits	77.0	(102)	(0.26%)	78.6	(104)	(0.27%)	81.2	(111)	(0.27%)	84.2	(88)	(0.21%)
Wholesale Funding ³	11.0	(52)	(0.94%)	10.3	(54)	(1.06%)	9.9	(62)	(1.24%)	9.7	(55)	(1.13%)
Subordinated Liabilities	2.1	(51)	(4.86%)	2.0	(49)	(4.85%)	1.5	(41)	(5.44%)	1.5	(34)	(4.61%)
Total Interest Bearing Liabilities	90.1	(205)	(0.45%)	90.9	(207)	(0.46%)	92.6	(214)	(0.46%)	95.4	(177)	(0.37%)
Other ⁴		(30)			(22)			(18)			(18)	
Net Interest Margin as reported	99.4	1,085	2.17%	100.5	1,079	2.16%	102.5	1,088	2.11%	105.9	1,063	2.02%
Average ECB Base rate			0.00%			0.00%			0.00%			0.00%
Average 3 month Euribor			(0.32%)			(0.31%)			(0.40%)			(0.31%)
Average BOE Base rate			0.70%			0.75%			0.75%			0.36%
Average 3 month LIBOR			0.82%			0.84%			0.78%			0.35%

¹ Includes average interest earning assets of c.€0.3bn in 2020 carried at FVTPL with associated FY20 interest income of c.€6m

² Credit balances in H1 2020: ROI €31.1bn, UK €3.8bn, C&T €4.7bn

³ Includes impact of credit risk transfer transactions executed in Dec 2016, Nov 2017 and Dec 2019

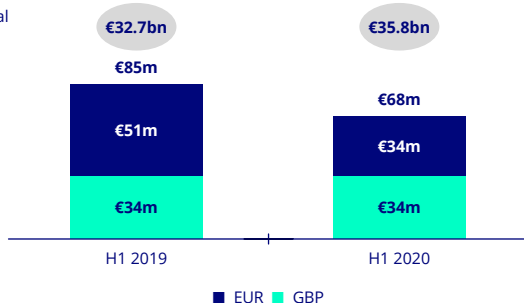
⁴ Includes IFRS 16 lease expense, interest on certain FVTPL items and adjustments that are of a non-recurring nature such as customer termination fees and EIR adjustments

Structural Hedge

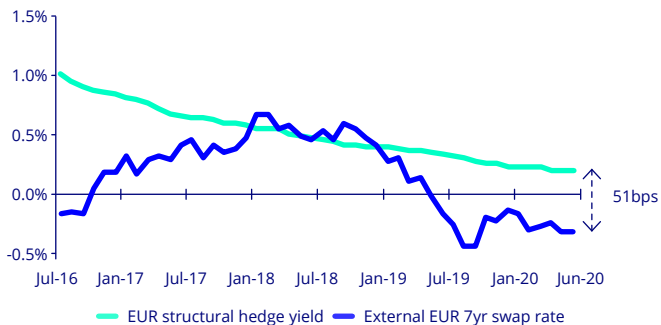
Bank of Ireland H1 2020 Credit Presentation

Interest income on structural hedge¹

Average structural hedge volume



EUR structural hedge



Overview

- Structural hedging is used to help mitigate volatility in earnings from interest rate movements
- Income from structural hedging has supported interest income as market rates have declined
- Average structural hedge volume in H1 2020 of €35.8bn (EUR 84%, GBP 16%):
 - c.75% of equity and credit balances hedged
 - Weighted average life of hedges is c.3.5 years
- c.15% of existing hedges are re-hedged annually
- Hedging of incremental growth in credit balances paused in H1 2020
- Interest income of €68m from structural hedge in H1 2020; c.6% of Group's net interest income (c.8% in 2019)
- Impact of lower interest rate environment incorporated in net interest income and NIM 2020 guidance

¹ Gross interest income from fixed leg of hedging swap

Interest Rate Sensitivity

Bank of Ireland H1 2020 Credit Presentation

The table below shows the estimated sensitivity of the Group's income (before tax) to an instantaneous and sustained 1% parallel movement in interest rates

Estimated sensitivity on Group income (1 year horizon)	Dec 19 (€m)	Jun 20 (€m)
100bps higher	c.210	c.250
100bps lower	(c.250)	(c.270)

The above sensitivities are based on certain simplifying assumptions such as:

- the assumption of a static balance sheet by size and composition;
- assets and liabilities whose pricing is mechanically linked to market / central bank rates are assumed to reprice accordingly; and
- the sensitivities should not be considered a forecast of future performance in these rate scenarios as they do not capture potential management action in response to unexpected changes in the interest rate environment.

Non-performing exposures by portfolio

Bank of Ireland H1 2020 Credit Presentation

Composition (Jun 20)	Advances (€bn)	Non-performing exposures (€bn)	Non-performing exposures as % of advances	Impairment loss allowance (€bn)	Impairment loss allowance as % of non-performing exposures
Residential Mortgages	44.4	2.2	5.0%	0.6	26%
– Republic of Ireland	22.9	1.6	6.9%	0.4	29%
– UK	21.4	0.6	3.0%	0.1	21%
Non-property SME and corporate	20.7	1.1	5.4%	0.8	73%
– Republic of Ireland SME	7.1	0.6	9.1%	0.4	66%
– UK SME	1.7	0.1	6.8%	0.1	57%
– Corporate	11.9	0.4	3.1%	0.3	89%
Property and construction	8.2	1.1	13.3%	0.5	42%
– Investment	7.4	1.1	14.4%	0.4	39%
– Development	0.8	0.0	4.0%	0.0	118%
Consumer	5.3	0.1	2.4%	0.3	208%
Total loans and advances to customers	78.5	4.6	5.8%	2.1	47%

Composition (Dec 19)	Advances (€bn)	Non-performing exposures (€bn)	Non-performing exposures as % of advances	Impairment loss allowance (€bn)	Impairment loss allowance as % of non-performing exposures
Residential Mortgages	46.3	1.9	4.2%	0.4	22%
– Republic of Ireland	23.0	1.5	6.3%	0.4	25%
– UK	23.2	0.5	2.1%	0.1	13%
Non-property SME and corporate	20.4	0.9	4.3%	0.5	55%
– Republic of Ireland SME	7.3	0.5	7.5%	0.3	54%
– UK SME	1.7	0.1	6.3%	0.0	46%
– Corporate	11.4	0.2	2.0%	0.1	60%
Property and construction	8.1	0.6	7.3%	0.2	39%
– Investment	7.2	0.6	7.7%	0.2	37%
– Development	0.9	0.0	3.8%	0.0	64%
Consumer	5.7	0.1	1.7%	0.2	159%
Total loans and advances to customers	80.5	3.5	4.4%	1.3	37%

Portfolio by stage

Bank of Ireland H1 2020 Credit Presentation

Composition (Jun 20)	Gross carrying amount (before impairment loss allowance)					Impairment loss allowance					ILA % of gross loans
	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	
Sectoral analysis by stage											
Residential Mortgages	40,435	1,680	2,199	3	44,317	105	41	435	-	581	1.3%
- Republic of Ireland	20,106	1,209	1,565	3	22,883	50	22	376	-	448	2.0%
- UK	20,329	471	634	-	21,434	55	19	59	-	133	0.6%
Non-property SME and corporate	13,686	5,899	1,047	27	20,659	154	220	437	7	818	4.0%
- Republic of Ireland SME	5,344	1,128	636	-	7,108	108	68	251	-	427	6.0%
- UK SME	1,074	497	106	1	1,678	6	22	37	-	65	3.9%
- Corporate	7,268	4,274	305	26	11,873	40	130	149	7	326	2.7%
Property and construction	3,684	3,426	1,027	60	8,197	12	82	345	16	455	5.6%
- Investment	3,470	2,834	993	60	7,357	11	58	330	16	415	5.6%
- Development	214	592	34	-	840	1	24	15	-	40	4.8%
Consumer	4,905	265	128	-	5,298	151	42	75	-	268	5.1%
- Motor Lending UK	1,954	83	22	-	2,059	13	8	10	-	31	1.5%
- Loans UK	1,216	41	36	-	1,293	106	17	30	-	153	11.8%
- Motor Lending ROI	767	-	21	-	788	6	-	8	-	14	1.8%
- Loans ROI	600	107	33	-	740	19	10	18	-	47	6.4%
- Credit Cards ROI	368	34	16	-	418	7	7	9	-	23	5.5%
Total	62,710	11,270	4,401	90	78,471	422	385	1,292	23	2,122	2.7%
Composition (Dec 19)	Gross carrying amount (before impairment loss allowance)					Impairment loss allowance					ILA % of gross loans
	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	
Sectoral analysis by stage											
Residential Mortgages	42,898	1,677	1,693	3	46,271	16	36	380	-	432	0.9%
- Republic of Ireland	20,610	1,133	1,289	3	23,035	7	22	340	-	369	1.6%
- UK	22,288	544	404	-	23,236	9	14	40	-	63	0.3%
Non-property SME and corporate	17,474	2,175	757	27	20,433	56	78	353	-	487	2.4%
- Republic of Ireland SME	5,799	1,011	495	-	7,305	33	39	225	-	297	4.1%
- UK SME	1,382	225	78	2	1,687	3	8	38	-	49	2.9%
- Corporate	10,293	939	184	25	11,441	20	31	90	-	141	1.2%
Property and construction	5,985	1,513	549	65	8,112	6	42	180	2	230	2.8%
- Investment	5,418	1,251	519	65	7,253	5	40	162	2	209	2.9%
- Development	567	262	30	-	859	1	2	18	-	21	2.4%
Consumer	5,421	206	100	-	5,727	64	32	63	-	159	2.8%
- Motor Lending UK	2,147	58	21	-	2,226	6	3	10	-	19	0.9%
- Loans UK	1,232	40	24	-	1,296	42	17	21	-	80	6.2%
- Motor Lending ROI	821	-	14	-	835	3	-	6	-	9	1.1%
- Loans ROI	681	74	30	-	785	9	6	19	-	34	4.3%
- Credit Cards ROI	540	34	11	-	585	4	6	7	-	17	2.9%
Total	71,778	5,571	3,099	95	80,543	142	188	976	2	1,308	1.6%

Non-property SME and corporate by stage^{1,2}

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Composition (Jun 20)	Gross carrying amount (before impairment loss allowance)					Impairment loss allowance					ILA % of gross loans
	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	
Sectoral analysis by stage											
Non-property SME and corporate											
– Manufacturing	3,013	1,305	117	–	4,435	24	46	45	–	115	2.6%
– Wholesale and retail trade	1,723	569	147	1	2,440	23	21	79	–	123	5.0%
– Administrative and support service activities	1,705	562	95	26	2,388	23	17	53	7	100	4.2%
– Accommodation and food service activities	783	889	105	–	1,777	12	14	33	–	59	3.3%
– Agriculture, forestry and fishing	1,347	202	119	–	1,668	17	9	29	–	55	3.3%
– Human health services and social work activities	766	620	68	–	1,454	11	42	34	–	87	6.0%
– Transport and storage	675	367	71	–	1,113	6	12	45	–	63	5.7%
– Other services	615	221	145	–	981	5	9	55	–	69	7.0%
– Professional, scientific and technical activities	462	176	14	–	652	6	7	6	–	19	2.9%
– Arts, entertainment and recreation	308	306	31	–	645	2	18	11	–	31	4.8%
– Financial and insurance activities	535	51	24	–	610	4	2	8	–	14	2.3%
– Real estate activities	397	118	73	–	588	10	4	28	–	42	7.1%
– Education	374	71	1	–	446	3	4	–	–	7	1.6%
– Other sectors	983	442	37	–	1,462	8	15	11	–	34	2.3%
Total	13,686	5,899	1,047	27	20,659	154	220	437	7	818	4.0%
Composition (Dec 19)											
Sectoral analysis by stage											
Non-property SME and corporate											
– Manufacturing	3,963	356	99	–	4,418	10	11	41	–	62	1.4%
– Wholesale and retail trade	2,031	327	129	1	2,488	8	10	63	–	81	3.3%
– Administrative and support service activities	1,987	142	67	25	2,221	7	5	39	–	51	2.3%
– Agriculture, forestry and fishing	1,523	127	94	1	1,745	7	5	29	–	41	2.3%
– Accommodation and food service activities	1,476	193	49	–	1,718	3	6	19	–	28	1.6%
– Human health services and social work activities	1,018	414	30	–	1,462	4	15	22	–	41	2.8%
– Transport and storage	902	137	46	–	1,085	3	5	34	–	42	3.9%
– Other services	778	98	123	–	999	2	7	51	–	60	6.0%
– Financial and insurance activities	662	14	19	–	695	1	–	6	–	7	1.0%
– Professional, scientific and technical activities	597	67	9	–	673	2	3	5	–	10	1.5%
– Real estate activities	435	90	60	–	585	3	5	27	–	35	6.0%
– Arts, entertainment and recreation	364	62	18	–	444	1	3	7	–	11	2.5%
– Education	426	8	1	–	435	1	–	1	–	2	0.5%
– Electricity, gas, steam and air conditioning supply	363	38	3	–	404	1	1	2	–	4	1.0%
– Other sectors	949	102	10	–	1,061	3	2	7	–	12	1.1%
Total	17,474	2,175	757	27	20,433	56	78	353	–	487	2.4%

¹ The Non-property SME and corporate portfolio is analysed by NACE code. The NACE code classification system is a pan-European classification system that groups organisations according to their business activities.

² Exposures to NACE codes totaling less than €400 million are grouped together as 'Other sectors'. The NACE codes reported in the table above can therefore differ period on period.

Forward Looking Information – macro-economic scenarios

Bank of Ireland H1 2020 Credit Presentation

30 June 2020	Republic of Ireland			United Kingdom		
	2020	2021	2022-2024	2020	2021	2022-2024
Downside – 30% scenario probability weighting						
GDP growth ¹	(12.0%)	5.7%	2.5%	(13.0%)	7.9%	1.6%
GNP growth ¹	(14.0%)	6.9%	2.1%	n/a	n/a	n/a
Unemployment rate ²	14.8%	10.9%	7.5%	9.5%	7.9%	6.3%
Residential property price growth ³	(10.0%)	(5.0%)	(0.7%)	(10.0%)	(5.0%)	(0.7%)
Commercial property price growth ³	(14.0%)	(9.0%)	(0.3%)	(15.0%)	(9.0%)	(0.3%)
Central – 50% scenario probability weighting						
GDP growth ¹	(8.3%)	6.1%	2.7%	(9.3%)	8.8%	1.8%
GNP growth ¹	(11.6%)	7.3%	2.3%	n/a	n/a	n/a
Unemployment rate ²	13.0%	8.2%	4.8%	7.3%	6.0%	4.5%
Residential property price growth ³	(10.0%)	(1.0%)	1.0%	(10.0%)	(2.0%)	1.0%
Commercial property price growth ³	(14.0%)	(2.0%)	0.7%	(15.0%)	(3.0%)	1.0%
Upside – 20% scenario probability weighting						
GDP growth ¹	(5.0%)	8.5%	2.9%	(6.0%)	10.7%	2.2%
GNP growth ¹	(7.0%)	9.7%	2.5%	n/a	n/a	n/a
Unemployment rate ²	9.8%	6.2%	4.5%	6.3%	4.2%	4.0%
Residential property price growth ³	(7.0%)	1.0%	1.7%	(7.0%)	(1.0%)	2.0%
Commercial property price growth ³	(10.5%)	0.0%	1.8%	(11.5%)	(0.5%)	1.8%

¹ Annual growth rate

² Average yearly rate

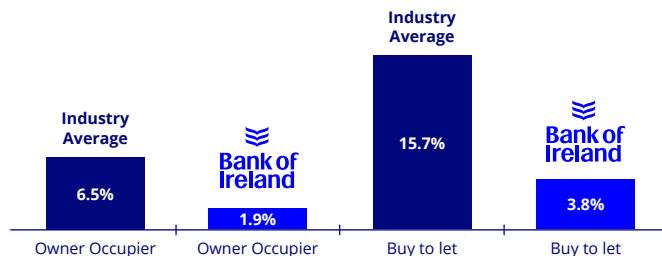
³ Year-end figures

ROI Mortgages

Bank of Ireland H1 2020 Credit Presentation

Continued proactive arrears management

>90 days arrears¹



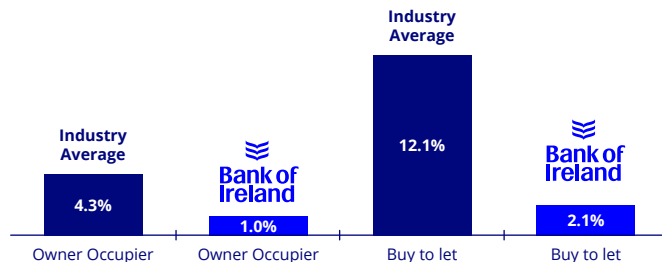
>90 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (29% of industry average) and Buy to Let (24% of industry average)

>720 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (23% of industry average) and Buy to Let (17% of industry average)

>720 days arrears¹

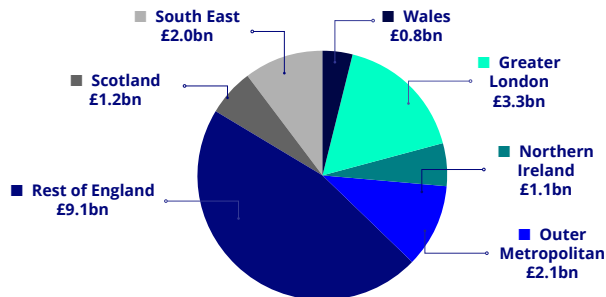


¹ As at March 2020, based on number of accounts, industry average excluding BOI

UK Customer Loans £29.1bn (€31.7bn)

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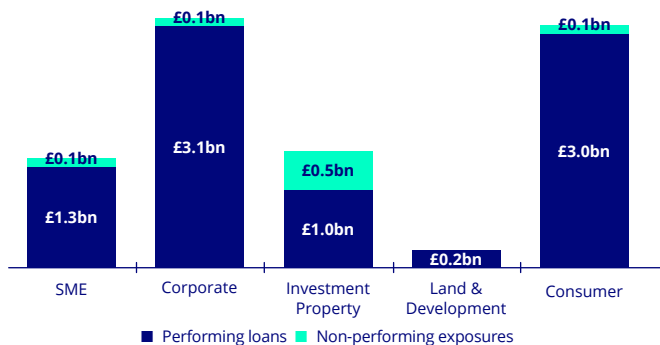
UK Mortgages – £19.6bn



UK Mortgages Analysis – £19.6bn

- Total UK mortgages of £19.6bn; (NPEs: 3.1%):
 - Average LTV of 62% on existing stock at Jun 2020 (Dec 19: 63%)
 - Average LTV of 71% on new UK mortgages in H1 2020 (2019: 73%)
- 68% of the current mortgage portfolio originated since January 2010 are standard owner occupier mortgages
- BTL book is well seasoned with 62% of these mortgages originated prior to January 2010
- Average balance of Greater London mortgages is c.£194k, with 91% of Greater London mortgages having an indexed LTV <70%

Other UK Customer Loans – £9.5bn



Other UK Customer Loans Analysis – £9.5bn

- Non-performing exposures of £0.8bn with strong coverage ratios
- Performing loans of £8.7bn:
 - SME: broad sectoral diversification with low concentration risk
 - Corporate: specialist lending teams in Acquisition Finance and Corporate lending through a focused sector strategy
 - Investment Property: primarily retail, office and residential sectors
 - Consumer (£3.1bn):
 - Northridge (£1.9bn): Asset backed motor finance business; net loan book stable in H1 2020; mid-market targeting prime business only; below industry arrears and loan losses
 - Personal loan volumes (£1.2bn): net loan book increase of £0.1bn in H1 2020

Ordinary shareholders' equity and TNAV

Bank of Ireland H1 2020 Credit Presentation

Movement in ordinary shareholders' equity	2019 (€m)	H1 2020 (€m)
Ordinary shareholders' equity at beginning of period	9,243	9,625
Movements:		
Profit attributable to shareholders	448	(726)
Dividend paid to ordinary shareholders	(173)	–
Distribution on other equity instruments – additional tier 1 coupon (net of tax)	–	(31)
Re-measurement of the net defined benefit pension liability	39	562
Debt instruments at FVOCI reserve movements	26	(40)
Cash flow hedge reserve movement	(5)	11
Foreign exchange movements	132	(168)
Other movements	(85)	(2)
Ordinary shareholders' equity at end of period	9,625	9,231

Tangible net asset value	2019 (€m)	Jun 20 (€m)
Ordinary shareholders' equity at the end of period	9,625	9,231
Adjustments:		
Intangible assets and goodwill	(838)	(720)
Own stock held for benefit of life assurance policyholders	30	35
Tangible net asset value (TNAV)	8,817	8,546
Number of ordinary shares in issue at the end of the period excluding treasury shares	1,074	1,072
TNAV per share (€)	€8.21	€7.97

Capital – strong fully loaded and regulatory CET1 ratios Bank of Ireland H1 2020 Credit Presentation

Capital ratios – Jun 2020

	Regulatory ratio (€bn)	Fully loaded ratio (€bn)
Total equity	9.9	10.0
Less Additional Tier 1	(0.7)	(0.7)
Deferred tax	(0.7)	(1.2)
Intangible assets and goodwill	(0.6)	(0.6)
Foreseeable dividend	–	–
Expected loss deduction	(0.3)	(0.2)
Pension Fund Asset	(0.6)	(0.6)
IFRS 9 Regulatory Addback	0.4	–
Other items	(0.2)	(0.3)
Common Equity Tier 1 Capital	7.1	6.5
Credit RWA	41.8	41.5
Operational RWA	4.4	4.4
Market, Counterparty Credit Risk and Securitisations	1.7	1.7
Total RWA	47.9	47.6
Common Equity Tier 1 ratio	14.9%	13.6%
Total Capital Ratio	18.7%	17.4%
Leverage ratio	6.8%	6.3%

Phasing impacts on Regulatory ratio

- Deferred tax assets – certain DTAs¹ are deducted at a rate of 60% for 2020, increasing annually at a rate of 10% thereafter until 2024
- IFRS 9² – the Group has elected to apply the transitional arrangement. The transitional arrangement allows a 100% add-back in 2020 and 2021, decreasing to 75%, 50%, and 25% in subsequent years

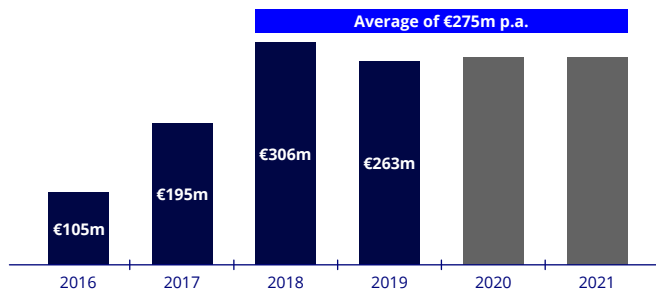
¹ Deferred tax assets due to temporary differences are included in other RWA with a 250% risk weighting applied

² The IFRS 9 addback to the Regulatory CET1 was c.70bps at 30 Jun 2020, increased from c.15bps at 31 Dec 2019

Transformation Investment / Operating expenses

Bank of Ireland H1 2020 Credit Presentation

Transformation Investment: €1.4bn (2016-2021)



Transformation Investment

- Average annual investment of €275m from 2018-2021; equates to CET1 capital of c.50-60bps
- Investment of €109m in H1 2020 split across the income statement (26%), balance sheet (49%) and non-core items (25%)
- Total transformation investment of €1.4bn 2016-2021 unchanged

Operating Expenses	H1 2019 (€m)	H1 2020 (€m)
Total staff costs	414	425
– Staff costs	350	361
– Pension costs	64	64
Other costs	277	288
Depreciation	149	131
Operating Expenses	840	844
Transformation Investment charge	63	28
Operating Expenses (before levies and regulatory charges)	903	872
Levies and Regulatory charges	73	70
Total Operating Expenses	976	942
Average staff numbers	10,368	10,383
Cost income ratio ¹	65%	66%

¹ See slide 54 for additional detail

Cost income ratio: Jun 2020

Bank of Ireland H1 2020 Credit Presentation

Headline vs. Adjusted

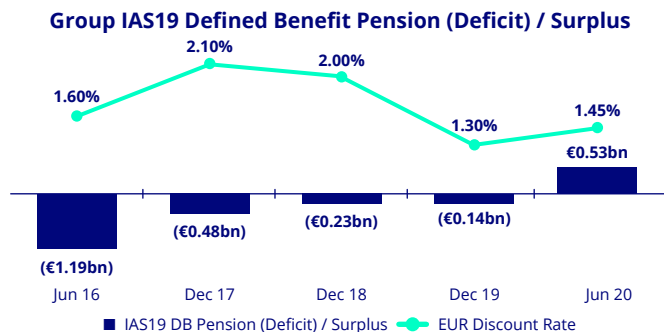
	H1 2020 Headline (€m)	Pro forma adjustments (€m)	H1 2020 Pro forma (€m)
Net interest income	1,079	-	1,079
Other income			
– Business income	266	-	266
– Additional gains	2	(2)	-
– Other valuation items ¹	(125)	109	(16)
Total Income	1,222	107	1,329
Costs			
– Operating expenses	844	-	844
– Transformation Investment	28	-	28
Costs	872	-	872
Cost income ratio	71%		66%

- **Cost income ratio excludes:**
 - Levies and Regulatory charges
 - Non-core items

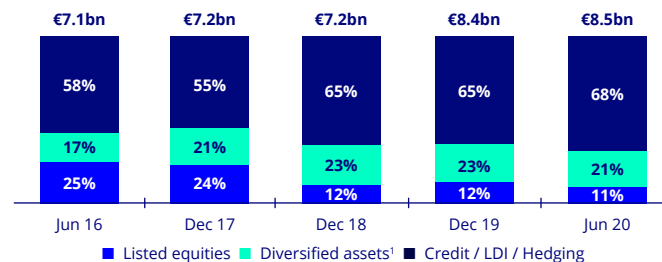
- **H1 2020 adjusted cost income ratio is adjusted for:**
 - Additional gains and valuation items¹ €107m

¹ Excludes IFRS income classifications which is fully offset in net interest income

Defined Benefit Pension Schemes

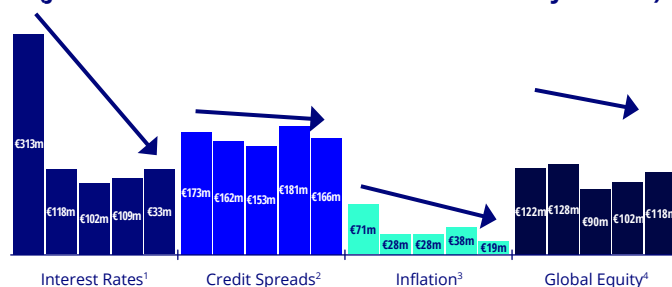


Total Group Defined Benefit Pension Scheme Assets (%)



¹Diversified assets includes infrastructure, private equity, hedge funds and property

IAS19 Pension Deficit Sensitivities (Jun 2016 / Dec 2017 / Dec 2018 / Dec 2019 / Jun 2020)



¹ Sensitivity of Group deficit to a 0.25% decrease in interest rates

² Sensitivity of IAS19 liabilities to a 0.10% decrease in credit spread over risk free rates

³ Sensitivity of Group deficit to a 0.10% increase in long term inflation

⁴ Sensitivity of deficit to a 5% decrease in global equity markets with allowance for other correlated diversified asset classes

- IAS19 Pension surplus of €0.53bn at Jun 2020 (€0.14bn deficit Dec 2019). Schemes in deficit €0.18bn, schemes in surplus €0.71bn
- Discount rates increased from year end – a significant fall in risk free interest rates was more than offset by a rise in credit spreads
- The interest rate hedging in the investment portfolios largely compensated for the impact of the reduction in risk free rates, and widening credit spreads resulted in an overall improvement in the balance sheet position
- Long term inflation assumptions have also decreased in the period with the reduction in liabilities partially offset by the reduction in inflation hedging assets
- De-risking strategies in recent years have also reduced the schemes' sensitivity to global equity movements. Listed equity asset holdings have been reduced in favour of increases in Diversified assets and Credit / LDI / Hedging allocations

Forward – Looking statement

Bank of Ireland H1 2020 Credit Presentation

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, 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.

Investors should read 'Principal Risks and Uncertainties' in the Group's Interim Report for the 6 months ended 30 June 2020 beginning on page 28 and also the discussion on risk in the Group's Annual Report for the year ended 31 December 2019.

Nothing in this document should be considered to be a forecast of future profitability or financial position of the Group 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.

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