2019

2019 Credit Presentation

31 December 2019

Bank of Ireland

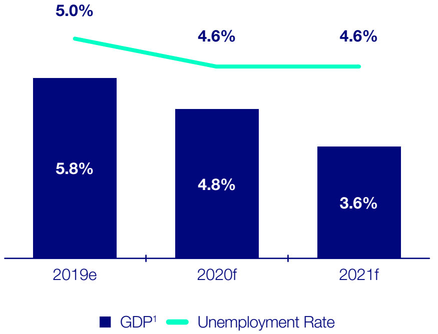
Bank of Ireland
Overview

2019 Highlights

Profitability	**€758m** Underlying profit before tax	• Stable net interest income; NIM of 2.14% • Costs reduced by €67m (4%) • NPE ratio reduced by 190bps to 4.4%
Growth	**€2.0bn** Net lending growth	• New lending up 3% to €16.5bn • Irish mortgage market share of 24%; increased SME market share • 11% income growth in Wealth and Insurance
Transformation	**4%** Reduction in costs	• Cost reduction delivered in each of the last four reporting periods • UK making progress on 'invest, improve and reposition' strategy • New digital platforms launched
Capital	**13.8%** CET1 increased by 60bps	• Organic capital generation of 170bps • Unlocked additional 40bps through capital initiatives • Dividend increased by 9% to 17.5c per share (€189m)

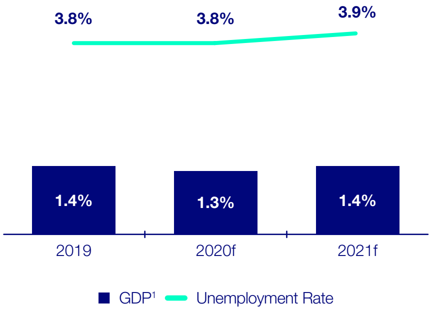
Economic and interest rate outlook

Strong growth in Ireland



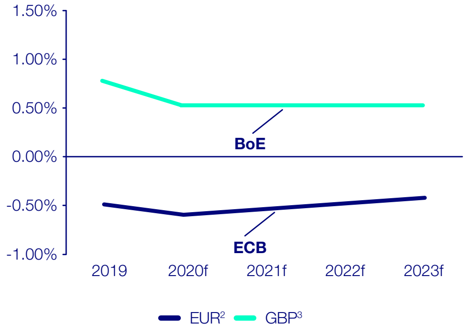
- Irish economy continues to expand
- Economic fundamentals in our home market remain supportive although Brexit related uncertainties persist
- Labour market dynamics are strong

UK remains resilient



- Moderate GDP growth forecast
- Unemployment rate remains low
- Competitive dynamics have intensified in the mortgage market

Lower for longer interest rates



- Euro and sterling interest rates are expected to remain at historically low levels for a number of years
- Inflation[4] remains low in the Euro area (1.2%) and the UK (1.8%)
- Negative rates increasingly becoming a feature of Corporate and SME deposit market

Sources: Bank of Ireland Economic Research Unit; CSO; ONS; Bloomberg; Eurostat
[1] Annual real growth
[2] Market derived forecasts for the ECB deposit rate at end year
[3] Market derived forecasts for the BoE Bank rate at end year
[4] Euro area HICP and UK CPI, 2019 annual average rate

Continued to deliver on our strategic priorities throughout 2019

Transform the Bank

Culture | **Systems** | **Business model**

- Colleague engagement of 60%, up 10% since 2017; Culture Embedding Index up 11% since 2018
- New payments infrastructure; new customer digital platforms (Mobile App, Wealth and Insurance); 40% increase in robotics automation
- Exit from credit cards, ATMs and current accounts in the UK
- Agile working has reduced our property footprint by c.30% over the last two years

Serve customers brilliantly

Embedding voice of customer in our businesses | **Investing in digital and physical channels** | **New brand strategy**

- Leading supporter of home building and buying in Ireland; approved facilities supporting c.9,000 new homes in Ireland
- Customer Effort Score up 13 points
- Customer complaints down 29%
- Ireland's first Financial Wellbeing programme launched
- New brand strategy rolled out

Grow Sustainable Profits

Improved profitability | **Efficient business** | **Robust capital position** | **Sustainable dividends**

- Net Lending growth of €2.0bn
- SME and Life market share growth; business income up 6%
- NPEs reduced by €1.5bn; NPE ratio of 4.4%
- Costs down 4%; cost income ratio reduced by 2%
- Organic capital generation of 170bps; CET1 ratio up 60bps
- Dividend increased by 9%

Responsible and Sustainable Business

- Signatory to the UN Principles for Responsible Banking
- Enhanced board and management **governance** to drive our RSB agenda; supported by a framework of robust policies across key areas
- Good progress on **environmental and social** aspects

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

Supporting the low-carbon economy

- Launched €1bn Sustainable Finance Fund; including first Green Mortgage in Irish market
- 40% reduction in carbon emissions intensity since 2011; 100% of our Irish electricity procured from renewable sources
- Integrating climate risk into our risk frameworks
- Supporter of the Task Force on Climate-related Financial Disclosures recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Enabling customers to thrive

- Financial Wellbeing strategy launched
- +50k financial health checks completed; +100k children participated in financial education programme
- New Vulnerable Customer Unit launched in Ireland
- €2bn Brexit Fund to support businesses in Ireland

Enabling colleagues to thrive

- New People Strategy launched
- >€11m invested in learning and development
- Agile Ways of Working rolled out across Group
- Continued focus on inclusion and diversity
- Colleague Engagement Index of 60% (+10% since 2017)

Enabling communities to thrive

- Significant community investments
- 4th year of National Enterprise Town Awards with 117 entries from 80 towns and urban villages
- Continued support of the Arts; Bank of Ireland Cultural and Heritage Centre at College Green

Behaving in a responsible and sustainable way is fundamental to achieving our purpose of enabling our customers, colleagues and communities to thrive

Financial Targets 2021

	Investor Day	Updated
Improved profitability	RoTE in excess of 10%	RoTE of c.8.0% RoTE >10% over longer term
Efficient business	Cost base of c.€1.7bn in 2021 Costs reduce every year 2018-2021 Cost income ratio of c.50%	Cost base of €1.65bn in 2021 Costs reduce every year 2018-2021 Cost income ratio of c.50% over longer term
Robust capital position	CET1 ratio in excess of 13.0%	CET1 ratio in excess of 13.5%
Sustainable dividends	Unchanged policy Increase prudently and progressively; over time will build towards a payout ratio of around 50% of sustainable earnings	

Operational Performance

Underlying profit before tax of €758m

		FY 2018 (€m)	FY 2019 (€m)
Total income		2,805	2,836
Operating expenses (before levies and regulatory charges)		(1,852)	(1,785)
Levies and Regulatory charges		(101)	(117)
Net Impairment (losses) / gains		42	(215)
Share of associates / JVs		41	39
Underlying profit before tax		**935**	**758**
Non-core items		(100)	(113)
Profit before tax		**835**	**645**
Net interest margin (NIM)		2.20%	2.14%
Adjusted RoTE		7.2%	6.8%
		Dec 18	**Dec 19**
Customer loans (net)		€77bn	€79bn
Customer deposits		€79bn	€84bn
Non-performing exposures (NPEs)		€5.0bn	€3.5bn
CET1 Ratios:	Fully Loaded	13.4%	13.8%
	Regulatory	15.0%	15.0%
Total Capital Ratio:	Regulatory	18.8%	18.6%
Liquidity Metrics:	LCR	136%	138%
	NSFR	130%	131%
	LDR	97%	95%
Leverage Ratios:	Fully Loaded	6.3%	6.5%
	Regulatory	7.0%	7.1%

Income statement

- Operating profit pre-impairment increased 10% from higher income and lower costs
- Stable net interest income
- Other income up 4%
- 4% reduction in operating expenses
- Increased impairment charge reflects:
  - More normalised level of impairments
  - Losses on small number of cases in 2019
- Non-core items include charges associated with:
  - Tracker Mortgage Examination (€67m, of which €12m in H2 2019)
  - Restructuring costs

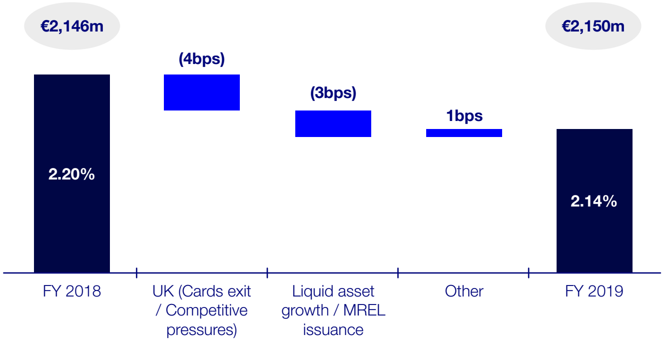
Balance Sheet

- Group loan book of €79.5bn at Dec 2019:
  - New lending of €16.5bn increased by 3% in 2019[1]
  - Redemptions of €14.5bn; in line with 2018
- Customer deposits of €84bn predominantly sourced through retail distribution channels
- NPEs of €3.5bn with NPE ratio now at 4.4%, a reduction of 190bps during 2019
- Continued organic capital generation with 170bps of fully loaded CET1 generated in 2019
- HoldCo senior investment grade ratings of Baa2, BBB- and BBB from Moody's, S&P and Fitch

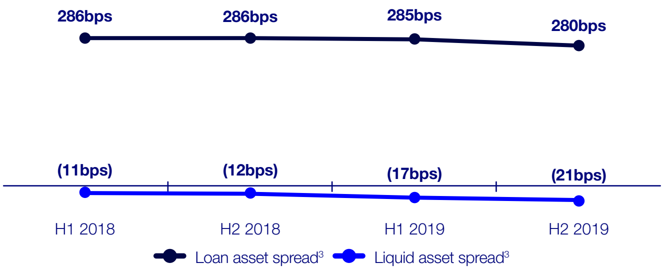
[1] On a constant currency basis

Net interest income and NIM

Net interest income[1] / NIM movement



Net interest margin drivers[2]



Net Interest Income

- Stable net interest income benefitting from loan book growth and pricing discipline

NIM of 2.14%

- Strong commercial pricing discipline
- Loan asset spread lower in H2 2019 primarily reflecting competitive pressure in the UK mortgage market
- Impact of UK credit card sale
- Growth in liquid assets
- MREL issuance

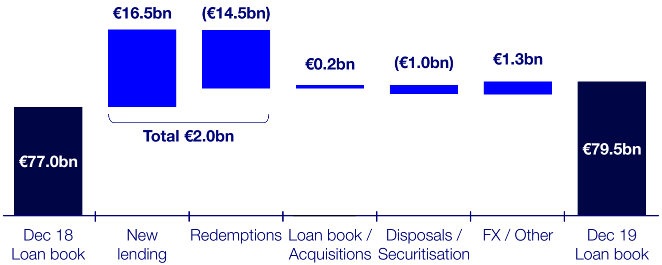
Outlook

- Exit NIM Q4 2019 of 2.10%
- Full Year 2020 NIM to be c.2.05% primarily reflecting:
  - Impact of low rate environment on structural hedge
  - Growth in liquid assets
- 2020 net interest income expected to be broadly in line with 2019

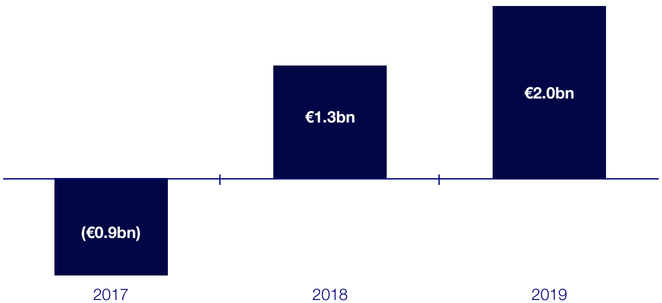
[1] Excludes IFRS income classifications which are included in NIM calculation
[2] Prior periods restated, see slide 43 for further detail
[3] Spread = Loan asset yield or Liquid asset (excl. NAMA bonds) yield less Group's average cost of funds

Net lending growth of €2.0bn

Group loan book movement



Net lending increased to €2.0bn in 2019



Net lending growth of €2.0bn in 2019

- Diversified mix of Group's loan portfolios continuing to benefit net lending growth
- Net lending growth in 2019 driven by UK and international portfolios. Net loan book decrease in Retail Ireland (€0.3bn)
- New lending €16.5bn increased by 3% in 2019[1]:
  - Retail Ireland new lending €5.8bn, +1% vs. 2018
  - Retail UK new lending €6.7bn, +15% vs. 2018
  - Corporate new lending €4.0bn, 10% lower vs. 2018
- Redemptions in line with 2018[1]
- ROI mortgage NPE disposals and securitisation providing positive benefit to NPE ratio and CET1 capital

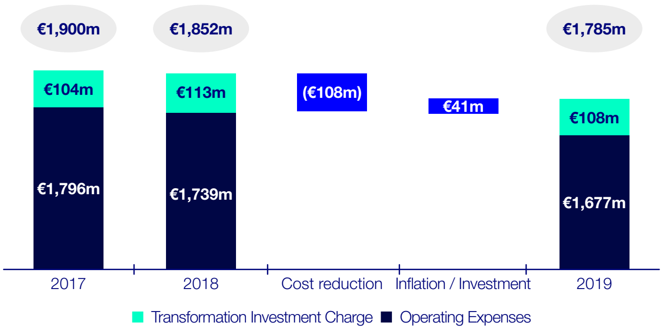
Outlook

- Net lending growth of c.€2.0bn in 2020
- Growth supported by strong economic fundamentals in core markets
- Maintaining commercial discipline on risk and pricing

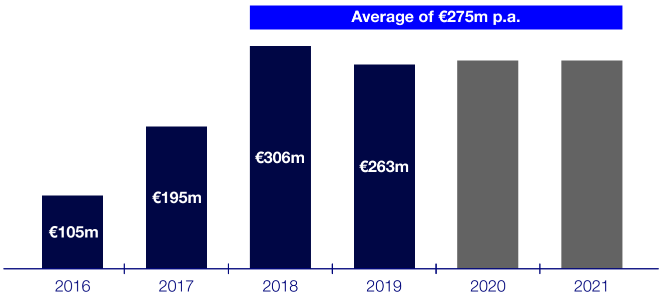
[1] On a constant currency basis

Strong cost discipline – net reduction €67m (4%)

Cost Movement 2017-2019



Transformation Investment: €1.4bn (2016-2021)



Operating expenses[1]

- Gross cost savings of €108m (6%):
  - Process efficiencies, organisational design and sourcing strategically
  - Portfolio disposals including UK cards
- 4% net reduction after absorbing wage inflation and higher depreciation
- Staff costs and average FTE down 2%
- Cost income ratio reduced by 2% to 63%

Transformation

- Investment of €263m split across the income statement (41%), balance sheet (38%) and non-core items (21%)

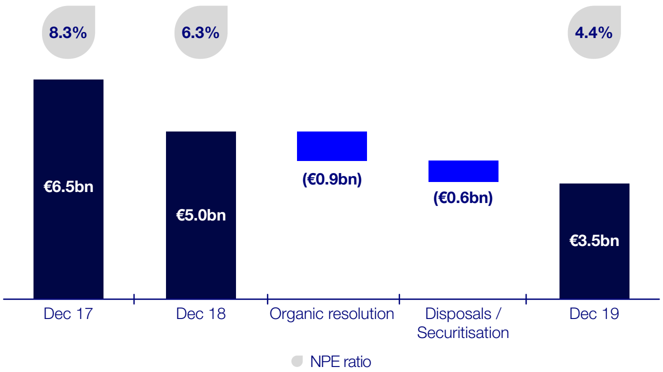
Outlook

- 2020 costs to be lower than 2019
- 2021 cost target lowered by €50m to €1.65bn
- Total transformation investment of €1.4bn 2016 – 2021 unchanged

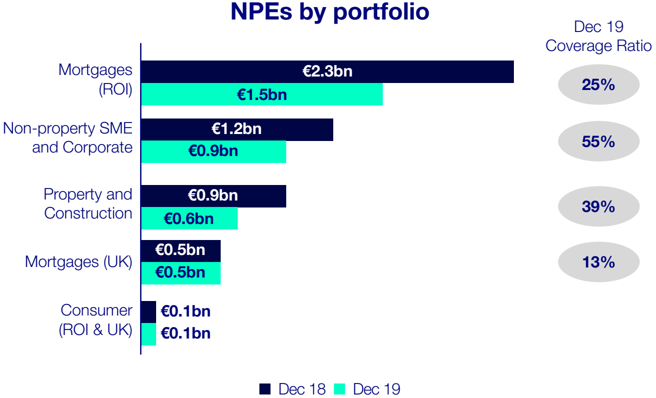
[1] See slide 44 for further detail

NPE ratio 4.4%; reduction of 190bps

Non-performing exposures (NPEs) movements



NPEs by portfolio



Non-performing exposures

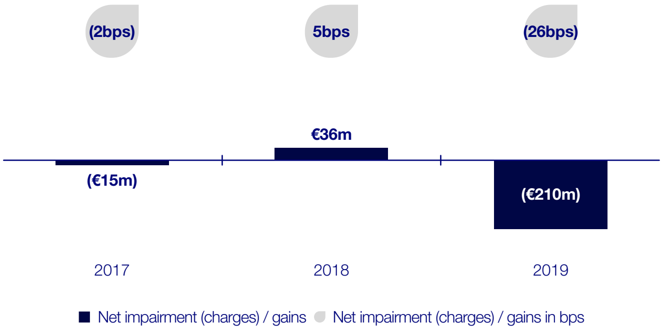
- €1.5bn reduction during 2019
- Group working closely with customers to agree sustainable solutions; organic NPE resolution reduced NPEs by €0.9bn
- ROI BTL mortgage securitisation (c.€0.4bn) and portfolio sale (c.€0.2bn) executed in 2019; c.30bps benefit to Group CET1 ratio
- ROI mortgage NPE coverage ratio increased by 4% to 25% during 2019
- Group NPE coverage ratio increased to 37% (2018: 35%)

Outlook

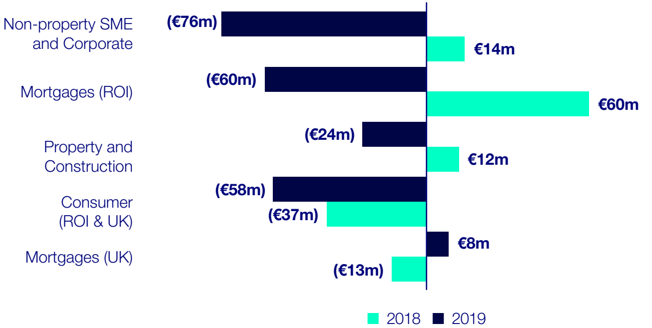
- Expect further progress in 2020
- Pace of reduction during 2020 will be influenced by a range of factors, including implementation of new Definition of Default regulatory framework in H1 2020
- Potential NPE transactions in 2020 will focus on ROI mortgages

Asset Quality

Net impairment (charges) / gains



Net impairment (charges) / gains by portfolio



Asset Quality

- Net impairment charges in 2019 of €210m / 26bps (H1 2019: 21bps, H2 2019: 32bps)
- Increase in 2019 vs. 2018 reflects:
  - A more normalised level of impairments in line with guidance
  - Higher charges in H2 2019 driven by losses on a small number of large exposures
  - Increased coverage on ROI mortgage NPEs in advance of NPE calendar coverage requirements
  - Growth in UK consumer lending; and
  - Model updates in line with the macroeconomic outlook

Outlook

- Absent a deterioration in the economic environment or outlook, expect net impairment charge to be at the upper end of a range of 20-30bps p.a. during 2020-2021

Capital and liquidity available to support growth

	Dec 2018 (€bn)	Dec 2019 (€bn)
Customer loans	77	79
Liquid assets	25	27
Other assets	22	26
Total assets	**124**	**132**
Customer deposits	79	84
Wholesale funding	11	11
Shareholders' equity	9	10
Other liabilities	25	27
Total liabilities	**124**	**132**
TNAV per share	€7.87	€8.21
Closing EUR / GBP FX rates	0.89	0.85

	Dec 2018	Dec 2019
Liquidity Coverage Ratio	136%	138%
Net Stable Funding Ratio	130%	131%
Loan to Deposit Ratio	97%	95%

Liquidity

- Strong funding and liquidity from increased customer deposits and MREL issuance

Customer deposits: €84.0bn

- Growth of €5.1bn primarily reflecting strong economic activity in Ireland

Wholesale funding: €11.0bn

- Senior and subordinated debt issuance of €1.55bn during 2019 to meet MREL regulatory requirements
- MREL requirement of 27.1% of RWA to be met by 1 Jan 2021:
  - MREL ratio of 23.8% based on RWA at Dec 2019
  - MREL eligible senior debt issuance of c.€1bn – €2bn p.a. anticipated

Leverage Ratio

- Fully Loaded Leverage Ratio: 6.5%
- Regulatory Leverage Ratio: 7.1%

Tangible Net Asset Value

- 4% growth in TNAV to €8.21 in 2019

Strategic Outlook

Significant progress in systems and business model transformation

Transformation Investment of €1.4bn from 2016 to 2021

Core systems transformation of €1.1bn

Back (Transaction processing)

- New card payment technology including migration of 2m customers
- Continued modernisation of payment platforms
- Enhancements to resilience, security and efficiency
- Markets / Treasury platform

- Reduced IT and operational risk
- Increased efficiency

Middle (Data and integration layers)

- Open banking enablement through API platform
- Automated credit decisioning engines
- Regulatory programmes
- Single View of Customer
- Digitised Mortgage Originations

- New products / features / capabilities
- Reduced cost of change

Front (Customer channels)

- New Mobile App
- Digital Investment platform
- Digital Insurance Wallet
- Group Scheme Digital Pension platform
- Digital Money Management

- Improved customer outcomes
- New functional features
- Growth in sales and customer interactions
- Increased efficiency

Business model transformation of €0.3bn

- A leaner, simplified and agile organisation
- Repositioning of UK portfolios
- Streamlining and simplifying End to End customer journeys

...Beyond 2021

Regulatory change and ongoing improvements in the resilience and security of our technology estate mean transformation investment will continue beyond 2021, albeit at a lower level of capital spend.

Areas of investment will include

- Modernisation of Business Banking platform
- Continued modernisation of core systems
- Advanced customer analytics and decisioning capabilities
- Clean, complete and fully integrated data in the Group's enterprise infrastructure

Bank of Ireland

Strategic imperative to improve UK returns

Invest

- **Pivot to niche mortgages:** higher margins and lower LTV; £225m new lending in 2019
- **Auto finance:** increased new lending and distribution; supporting growth in market share
- Maintaining commercial discipline on risk and pricing

Improve

- **UK Post Office:** partnership extended with enhanced alignment and benefits
- **Costs:** reduced by 18%; cost income ratio of 60% (2018: 66%)
- **Funding costs:** inaugural wholesale funding transaction (£350m) completed
- **PBT:** contributed 23% to Group underlying PBT

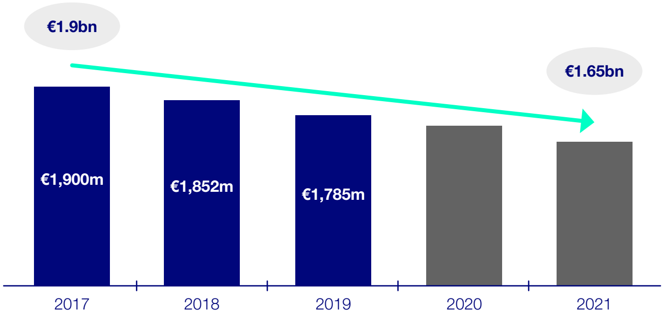
Reposition

- **UK credit cards:** sale added 10bps to Group CET1 ratio
- **Current accounts:** exit from PO current accounts
- **ATMs:** exiting from unprofitable business in line with strategy
- **Non-core:** continue to reduce legacy portfolios

Outlook

- **Growth:** focused on profitable lending growth in our core businesses of mortgages, auto finance and consumer lending
- **Risk:** commercial discipline and risk focus in context of ongoing Brexit uncertainty
- **Margin:** ongoing margin optimisation across lending and liabilities; however competitive market backdrop expected to persist
- **Costs:** continue to reduce costs to drive improved efficiency and returns
- **Returns:** RoTE target of high single digits will be beyond 2021; strategic imperative to improve returns

€250m cost reduction 2017–2021; target lowered to €1.65bn



- Strong momentum with net cost reduction of €115m since 2017:
  - €215m (11%) gross cost saves driven by simplifying our organisation, sourcing strategically and ways of working
  - Created capacity for €100m to absorb higher depreciation and targeted investment in our people and infrastructure
- 2021 cost target lowered by a further €50m; from c.€1.7bn to €1.65bn

Simplifying our Organisation — **€142m** of gross savings

Sourcing Strategically — **€62m** of gross savings

Ways of Working — **€11m** of gross savings

Delivering the Digital Bank — **Building** capability

Enabling Brilliant Customer Experiences — **2020** onwards

€215m of gross savings since 2017

2020 outlook

Growth

- **Net lending growth** of c.€2bn while maintaining commercial discipline on risk and pricing
- **NIM** expected to be c.2.05%
- 2020 **net interest income** is expected to be broadly in line with 2019
- Continued **growth in Wealth and Insurance** business

Efficiency

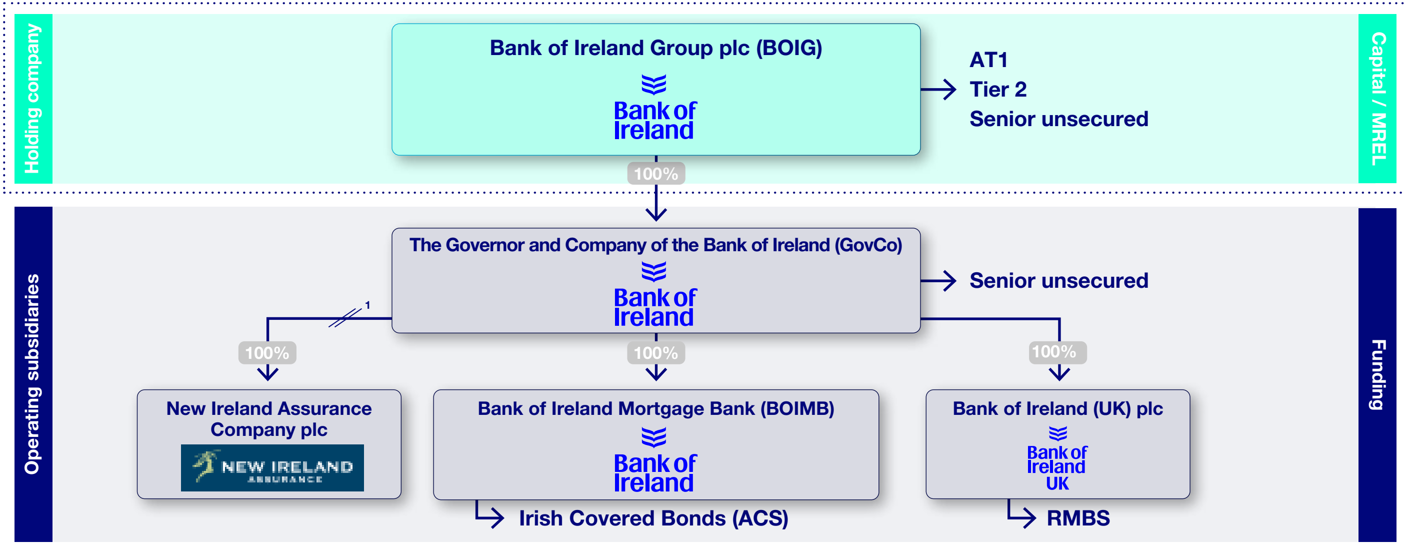
- **Costs** in 2020 to be lower than 2019
- Further **progress in NPEs**
- Net impairment charge to be at the **upper end of a range of 20bps – 30bps p.a. during 2020-2021**

Returns

- Capital benefitting from organic **generation and capital initiatives**
- **Dividend** to increase prudently and progressively; over time will build towards a payout ratio of around 50% of sustainable earnings
- Progress towards **2021 RoTE target of c.8.0%**

Capital & MREL

Corporate Structure



- 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 resolution[2] 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

Credit Ratings

	BOIG (Stand alone ratings)	GovCo
Moody's	baa2 Stable	A2 Stable
Fitch Ratings	bbb Stable	BBB Positive
S&P Global	bbb[2] Stable	A- Stable

Instrument Ratings

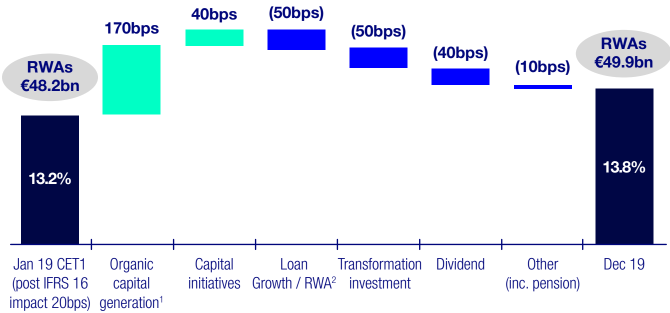
	Moody's BOIG	Moody's GovCo	Moody's BOIMB (ACS)[3]	Fitch Ratings BOIG	Fitch Ratings GovCo	S&P Global BOIG	S&P Global GovCo
Investment Grade	Aaa	Aaa	**Aaa** C	AAA	AAA	AAA	AAA
	Aa1	Aa1	Aa1	AA+	AA+	AA+	AA+
	Aa2	Aa2	Aa2	AA	AA	AA	AA
	Aa3	Aa3	Aa3	AA-	AA-	AA-	AA-
	A1	A1	A1	A+	A+	A+	A+
	A2	**A2** S	A2	A	A	A	A
	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-**[1] T2	BBB-	**BBB-** S	BBB-
Sub Investment Grade	Ba1	Ba1	Ba1	BB+	BB+	BB+	**BB+** T2
	Ba2	**Ba2** AT1	Ba2	BB	BB	**BB** T2	BB
	Ba3	Ba3	Ba3	BB-	BB-	BB-	**BB-** AT1
	B1	B1	B1	B+	B+	B+	B+
	B2	B2	B2	B	B	B	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

Strong capital generation and robust capital position

Fully loaded CET1 ratio
Increased by 60bps



Robust Capital Position
- Fully loaded CET1 ratio of 13.8%
- Regulatory CET1 ratio of 15.0%
- Regulatory Total Capital ratio of 18.6%

Outlook
- 2020 CET1 capital ratio to benefit from organic generation and capital initiatives

Capital Management

Capital Generation	• Organic capital generation of 170bps in 2019 • Capital initiatives of 40bps in 2019: – Securitisation ROI BTL mortgage NPEs (c.30bps) – Sale of UK credit card portfolio (c.10bps) • Continuing to pursue opportunities to unlock capital in balance sheet
Growth in loan book	• Net lending growth of €2.0bn (c.50bps) in 2019 • CET1 of c.30-35bps p.a. to support further net lending growth in 2020 and 2021
Transformation	• Investment of €263m (c.50bps) in 2019 • Average investment of 50-60bps p.a. to 2021 • Investment to continue beyond 2021 at a lower level of capital investment
Regulatory capital	• Net impact of evolving regulatory framework including EBA and ECB guidelines expected to consume up to 80bps of CET1 by end 2021, with the majority expected in H1 2020
Dividend / distributions	• Unchanged dividend policy • Dividend increased by 9% to 17.5c per share, €189m / 40bps (2018: 16c / €173m / 40bps)

[1] Organic capital generation primarily consists of attributable profit and movements in regulatory deductions
[2] Loan Growth / RWA primarily consists of RWA movements from net loan growth and changes in asset quality and book mix

Capital guidance increasing to >13.5%

Regulatory Capital Requirements

- Capital guidance increasing from >13% to >13.5% on regulatory basis and on fully loaded basis by end of O-SII phase-in (July 2021)
- Increase reflects recent announcement by the Bank of England of 1% increase in the UK countercyclical buffer, increasing Group capital requirements by c.0.30% from Dec 2020

Pro forma CET1 Regulatory Capital Requirements	Range	2019	2020	2021
Pillar 1 – CET1	4.50%	4.50%	**4.50%**	4.50%
Pillar 2 Requirement (P2R)	1% – 2.25%[1]	2.25%	**2.25%**	2.25%
Capital Conservation Buffer (CCB)	2.50%	2.50%	**2.50%**	2.50%
Countercyclical buffer (CCyB)[2]	*0% – 2.50%*	0.90%	**1.20%**	1.20%
– *Ireland (c.60% of RWA)*		*0.60%*	*0.60%*	*0.60%*
– *UK (c.30% of RWA)*		*0.30%*	*0.60%*	*0.60%*
– *US and other (c.10% of RWA)*		–	–	–
O-SII Buffer	0% – 2.00%	0.50%	**1.00%**	1.50%
Systemic Risk Buffer – Ireland	0% – 3.00%	–	**TBC**	TBC
Pro forma Minimum CET1 Regulatory Requirements		**10.65%**	**11.45%**	**11.95%**
Pillar 2 Guidance (P2G)	**Not disclosed in line with regulatory preference**			

Outlook

- There are offsetting regulatory capital developments that may emerge in 2020 and 2021. These include:
  - Introduction of Systemic Risk Buffer (SyRB) in Ireland – the timing, sizing and application of the SyRB are not yet known
  - The ECB may also permit banks to meet some of P2R from non-CET1 own funds, potentially reducing CET1 capital requirement

[1] This is the expected range for P2R, which is subject to annual review
[2] CCyB could be set in excess of 2.50% in exceptional circumstances. A change in the CCyB could also be implemented in less than 12 months in exceptional circumstances

Robust capital ratios

	Dec 18	Dec 19
CET1 Ratios:		
Fully Loaded	13.4%	13.8%
Regulatory	15.0%	15.0%
Tier 1 Ratios:		
Fully Loaded	14.4%	15.1%
Regulatory	16.0%	16.3%
Total Capital Ratios:		
Fully Loaded	17.2%	17.4%
Regulatory	18.8%	18.6%
MREL:		
Regulatory MREL ratio	23.1%	23.8%
Leverage Ratios:		
Fully Loaded	6.3%	6.5%
Regulatory	7.0%	7.1%
Risk Weighted Assets:		
Fully Loaded	€47.6bn	€49.9bn
Regulatory	€47.8bn	€50.1bn

CET1

- The Group's fully loaded CET1 ratio increased by c.40bps[1] to 13.8% and the regulatory CET1 ratio is unchanged at 15% in 2019

Tier 1 & Total Capital

- Tier 1 ratios reflect movement in CET1 ratios and a reduction in the adjustment under Article 85 of CRR
- Total Capital ratios reflect movements in CET1 ratios and:
  - Redemption of a €750m Tier 2 instrument in Jun 2019
  - Issue of a €300m Tier 2 instrument in Oct 2019
  - Continued amortisation of other bullet Tier 2 instruments; and
  - A reduction in the adjustment under Article 87 of CRR

MREL

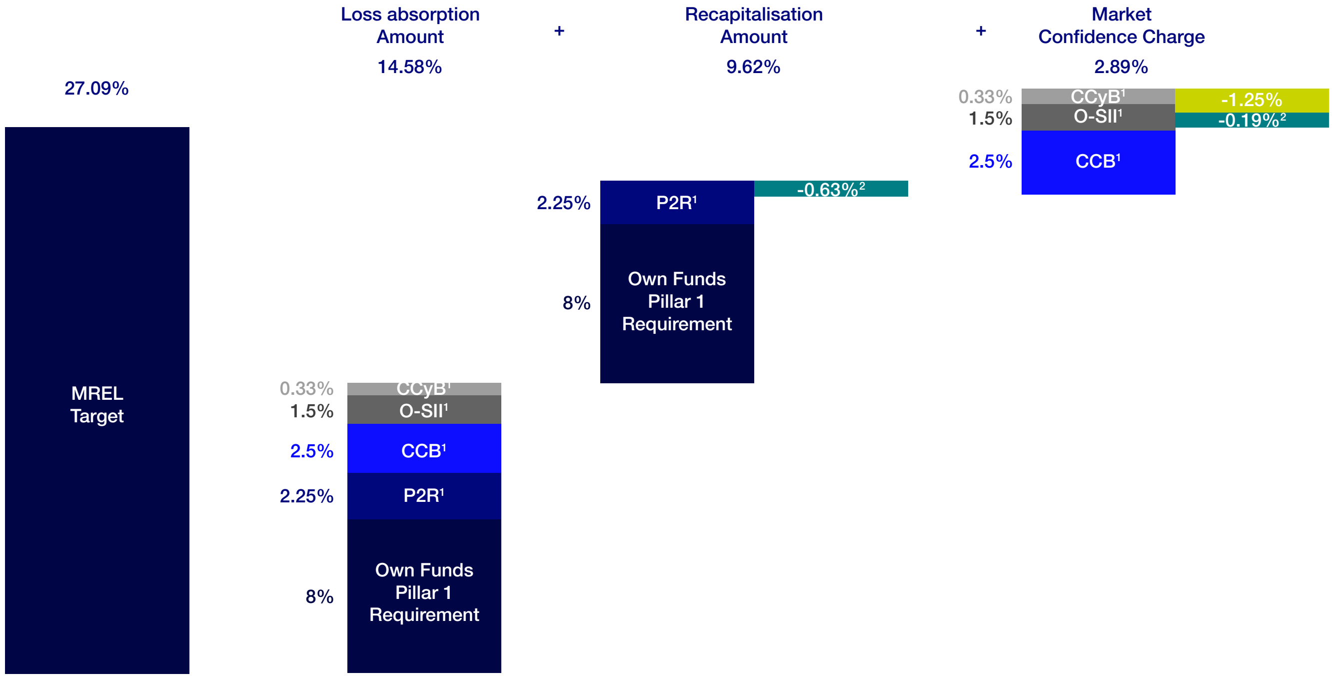
- MREL requirement of 27.09% to be met by 1 Jan 2021:
  - MREL ratio of 23.8% based on RWA at Dec 2019
  - MREL eligible senior debt issuance of c.€1bn – €2bn p.a. anticipated

Risk Weighted Assets

- RWA, on a regulatory basis, has increased from €47.8bn at Dec 2018 to €50.1bn at Dec 2019. The increase is primarily due to net loan book growth and changes in asset quality and book mix, FX impact on RWA and the implementation of IFRS 16 offset by the impact of the disposal of NPEs and the sale of the UK Cards business

[1] c.60bps post implementation of IFRS16 on 1 January 2019 which reduced CET1 by c.20bps

MREL requirement



- The Group has been advised of the decision by the SRB and the Bank of England of its binding MREL requirement to be met by Jan 2021
- This has been set at a level of 11.93% of total liabilities and own funds as at Dec 2017 (equivalent to 27.09% of risk weighted assets)
- Current MREL target calibration excludes introduction of Irish CCyB and increased UK CCyB. Increases to CCyB expected to be included in future calibrations
- MREL eligible senior debt issuance of c.€1-2bn p.a. expected to meet this requirement
- MREL ratio of 23.8% based on RWA at Dec 2019

[1] Other Systemically Important Institution (O-SII), Capital Conservation Buffer (CCB), Pillar 2 Requirement (P2R) and Countercyclical Buffers (CCyB)
[2] Bank specific adjustment of -0.82%

Risk Weighted Assets (RWAs) / Leverage Ratio

Customer lending average credit risk weights – Dec 2019[1, 2]
(Based on regulatory exposure class)

	EAD[3] (€bn)	RWA (€bn)	Avg. Risk Weight
ROI Mortgages	23.7	7.1	30%
UK Mortgages	23.3	4.4	19%
SME	17.0	13.2	78%
Corporate	11.7	11.0	94%
Other Retail	6.3	4.4	70%
Customer lending credit risk	**82.0**	**40.1**	**49%**

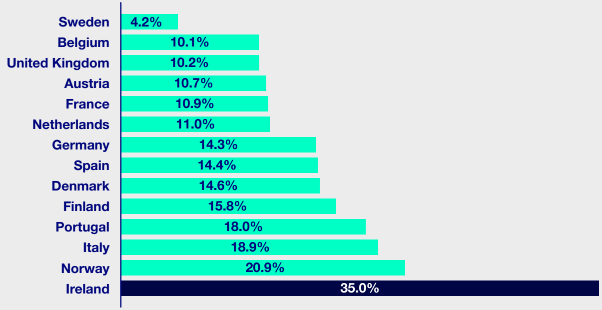
- IRB approach accounts for:
  - 69% of credit EAD (Dec 18: 70%)
  - 73% of credit RWA (Dec 18: 74%)
- Regulatory RWA has increased from €47.8bn at Dec 2018 to €50.1bn at Dec 2019. The increase is primarily due to net loan book growth and changes in asset quality and book mix, FX movements and the implementation of IFRS 16 offset by the impact of the disposal of NPEs and the sale of UK credit cards

Leverage Ratio

- Fully Loaded Leverage Ratio: 6.5%
- Regulatory Leverage Ratio: 7.1%

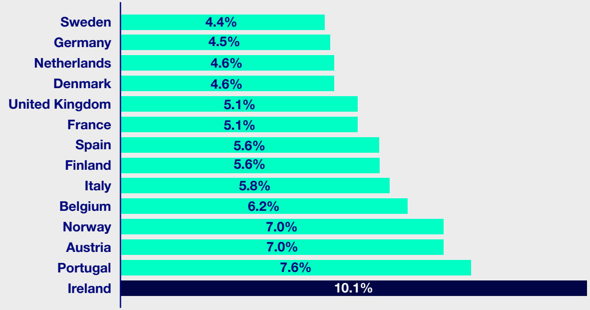
EBA Transparency Exercise 2019
Country by Country Average IRB risk weights

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 sheet exposures and off balance sheet commitments

Capital / MREL – Summary highlights

Capital	• Fully loaded organic capital generation of 170bps in 2019, providing capacity for investment in loan growth, transformation and dividend; unlocked additional 40bps through capital initiatives • Group expects to maintain a CET1 ratio in excess of 13.5% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period[1]
Economy	• Ireland's leading retail and commercial bank primarily operating in the growing Irish and UK economies. • Irish economy continues to perform with strong GDP growth, and unemployment at a 13 year low
Growth & Efficiency	• €2bn net lending growth in 2019 • NPE ratio reduced by 190bps to 4.4%; further progress on NPEs in 2020 • 4% reduction in costs; costs in 2020 to be lower than 2019 • 2020 CET1 ratio to benefit from organic generation and capital initiatives
Outlook	• BOIG on stable rating outlook with Moody's, Standard & Poor's and Fitch • Continued progress on Responsible and Sustainable Business • Based on current MREL ratio and SRB MREL policy, MREL eligible senior debt issuance of c.€1bn-€2bn p.a. anticipated

[1] The Other Systemically Important Institution (O-SII) buffer was introduced at 0.5% in July 2019, increasing to 1.0% in July 2020 and 1.5% in July 2021

Appendix

Appendix

BOI Overview: Ireland

Ireland's leading retail and commercial bank

Retail Ireland

Consumer | Business | Wealth

Unique customer franchise

- **1.7m** active consumer customers
- **c.200k** SME customers
- **>500k** Wealth and Insurance customers

Driving local community, enterprise and business development activity

- **264 branches,** with €20m invested in upgrades in 2019
- Over the past three years we have invested over €30m and have **upgraded c.200 branches**
- Community and enterprise programme activity in 2019, supporting local growth and development, includes:
  - **National Enterprise Town Awards**
  - **Enterprise events, including Brexit related events** attended by over 3,000 customers
  - c.1,000 **local customer events** hosted in 12 workbenches nationwide

Extensive engagement via digital channels

- **77% digitally active** current account base
- **Over three quarters** of interactions are via mobile device

Corporate Ireland

Corporate Banking Ireland

- **#1 Corporate Bank** in Ireland
- **#1 Bank** for FDI into Ireland
- **Country-wide** coverage via regional hubs
- Banking relationship with **60%** of Ireland's top companies
- **>500** corporate customers: average 5 products held per customer

Property Finance

- Actively supporting **new home & office development**
- **Disciplined approach** to risk management
- **70** Specialist staff; **>175** customers
- **Leading lender** to investment & construction sectors

Markets & Treasury

- Leading **treasury service provider**
- Track record of **innovation**

BOI Overview: UK / International

UK and International businesses provide diversification and further opportunities for growth

Retail UK

Partnerships

- **Over 40 years** in Great Britain
- **>11.5k branches** through Post Office partnership
- **#1 travel money** business in the UK (FRES)
- Access to **3.2m AA members**

Northern Ireland

- **Full service** retail and commercial bank
- A distribution network of **28 branches**, including six business centres
- Over **190 years** since first branch opened

Niche Businesses

- Motor asset finance and motor lease finance business
- **Proven track record** of strong growth and disciplined risk appetite
- **£2.3bn loan book** with >200k customers

Corporate UK / International

Corporate Banking UK

- **Sector focused** business in UK with **5** specialist industry sectors, industrials & manufacturing, technology, consumer & hospitality, media and business services
- Based in London and Manchester
- **c.100** Customers
- **Scalable platform** with highly disciplined approach and attractive growth opportunity

Acquisition Finance

- Mid market US / European Acquisition Finance business; **strong 20 year+ record**
- **Longstanding and embedded** sponsor relationships
- **Senior Debt** focus
- **Disciplined** risk appetite
- Active **lead arranger / underwriter**
- **6** international offices
- **>200** customers, c.75% business from repeat sponsors

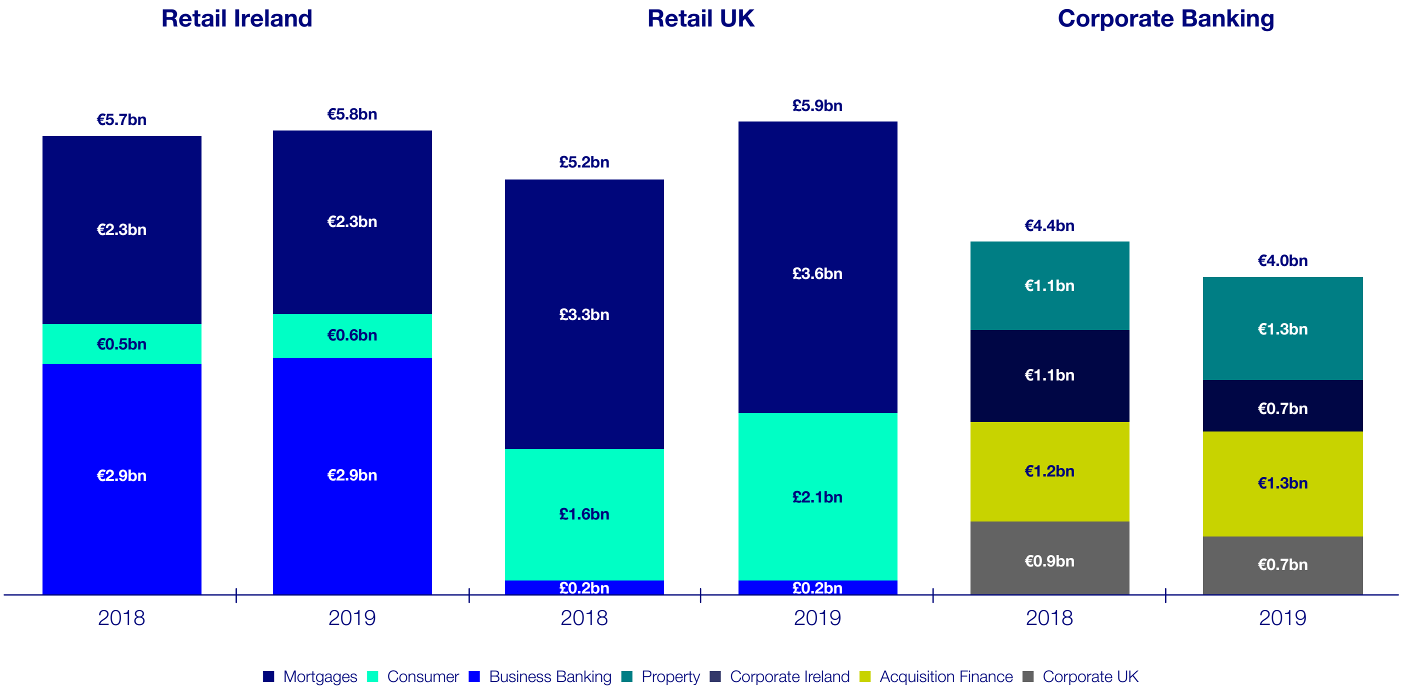
BOI Overview

Profile of customer loans[1] at Dec 19 (Gross)

Composition (Dec 19)	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	**23.1**	**23.2**	**0.0**	**46.3**	58%
Non-property SME and corporate	**10.8**	**5.2**[2]	**4.4**	**20.4**	25%
SME	*7.2*	*1.8*	*0.0*	*9.0*	*11%*
Corporate	*3.6*	*3.4*	*4.4*	*11.4*	*14%*
Property and construction	**5.3**	**2.0**	**0.8**	**8.1**	10%
Investment property	*4.7*	*1.8*	*0.8*	*7.3*	*9%*
Land and development	*0.6*	*0.2*	*0.0*	*0.8*	*1%*
Consumer	**2.2**	**3.5**	**0.0**	**5.7**	7%
Customer loans (gross)	**41.4**	**33.9**	**5.2**	**80.5**	**100%**
Geographic (%)	51%	42%	7%	100%	

[1] Based on geographic location of customer
[2] Includes GB business and corporate loan books, which BOI is required to run down under its EU approved Restructuring Plan (Dec 2019: £0.3bn; Dec 2018: £0.4bn)

BOI Overview: Gross new lending volumes



Debt Securities at fair value through other comprehensive income (FVOCI)

	ROI (€bn)	UK (€bn)	France (€bn)	Other (€bn)	Dec 19 (€bn)	Dec 18 (€bn)
Sovereign bonds	2.3	-	0.7	2.8	**5.8**	6.0
Senior debt	-	-	0.3	1.2	**1.5**	2.2
Covered bonds	0.2	0.2	0.8	2.2	**3.4**	3.7
Subordinated debt	-	-	0.1	-	**0.1**	0.1
Total	**2.5**	**0.2**	**1.9**	**6.2**	**10.8**	**12.0**
FVOCI Reserve	0.2				**0.2**	0.2

Portfolio

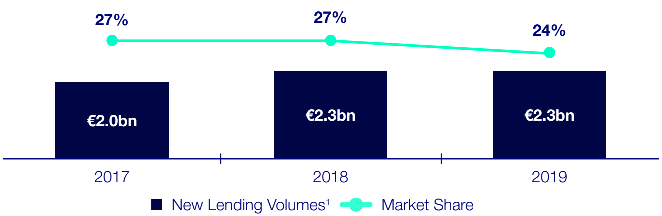
- The Group held €10.8bn of FVOCI debt securities at Dec 2019. Weighted average instrument level credit rating of the FVOCI portfolio is A+
- Other exposures include supranational entities (€1.0bn), Spain (€1.3bn), Belgium (€0.8bn), Sweden (€0.8bn) and Other (€2.3bn – all exposures less than €0.5bn)

NAMA

- The Group holds NAMA subordinated bonds – €70m nominal value, valued at 100% at Dec 19 (Dec 18: 104%)

ROI Mortgages: €23.0bn

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.93% of our new lending in 2019, up from c.30% in 2014

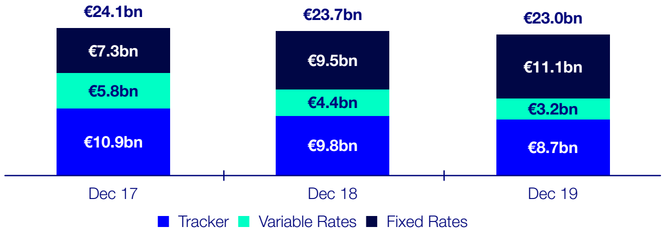
Distribution strategy – expansion into broker channel

- Successful acceleration of on-boarding of new brokers during 2019 following re-entry into broker market in Q4 2018 (brokers accounted for 27% of the market in 2019)

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 59% on mortgage stock at Dec 19 (Dec 18: 61%)
- Average LTV of 74% on new mortgages in 2019 (2018: 71%)

Tracker mortgages

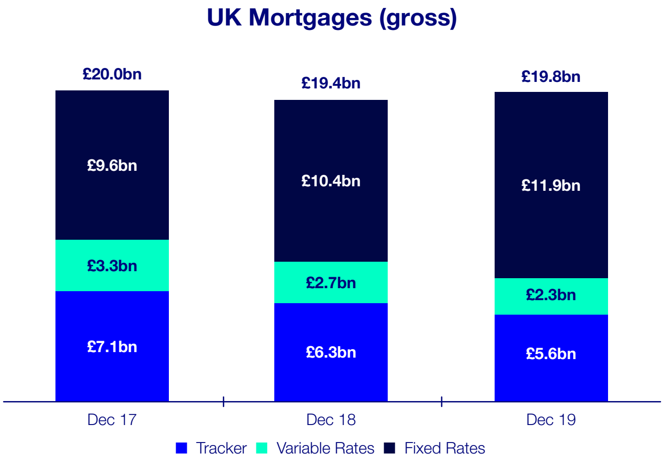
- €8.3bn or 95% of trackers at Dec 19 are on a capital and interest repayment basis
- 81% of trackers are Owner Occupier mortgages; 19% of trackers are Buy to Let mortgages
- Loan asset spread on ECB tracker mortgages was c.64bps[2] in 2019

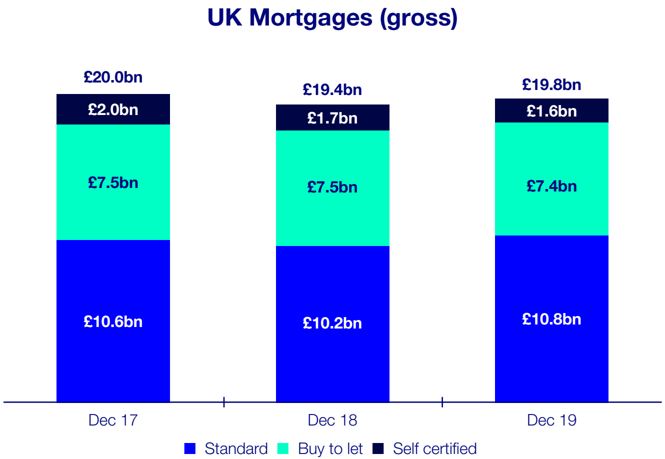
NPE disposal / securitisation

- ROI mortgages reduction in 2019 primarily driven by NPE disposal and securitisation transactions (€0.6bn)
- Potential NPE transactions in 2020 will focus on ROI mortgages

[1] Excluding portfolio acquisitions (2017 – €0.1bn; 2018 – Nil; 2019 – Nil)
[2] Average customer pay rate of 110bps less Group average cost of funds of 46bps

UK Mortgages: £19.8bn / €23.2bn





LTV profile

- Average LTV of 63% on stock at Dec 19 (Dec 18: 62%)
- Average LTV of 73% on new UK mortgages in 2019 (2018: 72%)

Sustainable business income

	FY 2018 (€m)	FY 2019 (€m)
Wealth and Insurance	250	277
Retail Ireland	267	254
Retail UK	(34)	(18)
Corporate and Treasury	145	154
Group Centre and other	2	(1)
Business Income	**630**	**666**
Retail UK Cards and ATMs[1]	42	-
Additional Gains	9	5
IFRS income classifications[2]	34	17
Valuation and other items	(56)	(2)
Other Income	**659**	**686**

6% growth in business income

- 11% increase in Wealth and Insurance:
  - New business sales (APE) increased by 11%
  - 2% growth in Life market share to 22%
  - Penetration of bank customer base increased from 26% to 32%
- Retail Ireland income slightly lower from lower cash handling fees and customer efficiency initiatives
- Retail UK benefiting from improved commission mix

Valuation and other items

- Unit-linked assets valuation driven by movements in the value of equity markets – 2019: €30m, 2018: (€27m)
- Financial instrument valuation adjustments – 2019: (€37m), 2018: (€9m)
- Impact of interest rate movements in Wealth and Insurance – 2019: €5m, 2018: (€20m)

[1] Classified as non-core in 2019
[2] IFRS income classifications include c.€13m of interest income in 2019 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

Income Statement
Divisional performance

12 months ended Dec 19	Operating Profit pre-impairment (€m)	Underlying profit / (loss) before tax and additional gains, valuation and other items (€m)	Additional gains, valuation and other items[1] (€m)	Underlying profit / (loss) before tax (€m)
Retail Ireland	513	469	(1)	468
Wealth and Insurance	169	134	35	169
Retail UK – €	219	168	3	171
Retail UK – £	*193*	*149*	*3*	*152*
Corporate and Treasury	537	481	(26)	455
Group Centre & other	(396)	(389)	(8)	(397)
Transformation Investment charge	(108)	(108)	-	(108)
Group	**934**	**755**	**3**	**758**

12 months ended Dec 18	Operating Profit pre-impairment (€m)	Underlying profit / (loss) before tax and additional gains, valuation and other items (€m)	Additional gains, valuation and other items[1] (€m)	Underlying profit / (loss) before tax (€m)
Retail Ireland	488	665	(16)	649
Wealth and Insurance	67	114	(47)	67
Retail UK – €	219	170	12	182
Retail UK – £	*194*	*150*	*11*	*161*
Corporate and Treasury	527	465	21	486
Group Centre & other	(336)	(319)	(17)	(336)
Transformation Investment charge	(113)	(113)	-	(113)
Group	**852**	**982**	**(47)**	**935**

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

Interest Rate Sensitivity

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 18 (€m)	Dec 19 (€m)
100bps higher	c.180	c.210
100bps lower	(c.210)	(c.250)

The estimates are based on management assumptions primarily related to:

- the re-pricing of customer transactions;
- the relationship between key official interest rates set by Monetary Authorities and market determined interest rates; and
- the assumption of a static balance sheet by size and composition

In addition, changes in market interest rates could impact a range of other items including the valuation of the Group's IAS19 defined benefit pension schemes

Income Statement

Net interest income analysis[1]

	H1 2018			H2 2018			H1 2019			H2 2019		
	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[2]	34.6	594	3.46%	34.4	595	3.43%	34.2	582	3.43%	33.7	583	3.43%
UK Loans	28.1	383	2.75%	27.6	391	2.82%	27.5	377	2.76%	28.0	375	2.66%
C&T	13.6	267	3.97%	14.6	294	3.98%	15.8	314	3.99%	16.8	330	3.90%
Total Loans and Advances to Customers	**76.3**	**1,244**	**3.29%**	**76.6**	**1,280**	**3.31%**	**77.5**	**1,273**	**3.31%**	**78.5**	**1,288**	**3.26%**
Liquid Assets	22.1	35	0.32%	22.7	38	0.33%	22.9	33	0.29%	23.9	30	0.25%
NAMA Sub Debt	0.2	4	3.50%	0.1	2	5.24%	0.1	2	5.40%	0.1	2	5.26%
Total Liquid Assets	**22.3**	**39**	**0.35%**	**22.8**	**40**	**0.35%**	**23.0**	**35**	**0.31%**	**24.0**	**32**	**0.27%**
Total Interest Earning Assets	**98.6**	**1,283**	**2.62%**	**99.4**	**1,320**	**2.63%**	**100.5**	**1,308**	**2.62%**	**102.5**	**1,320**	**2.56%**
Ireland Deposits	20.5	(8)	(0.08%)	20.7	(8)	(0.08%)	20.7	(7)	(0.07%)	21.0	(5)	(0.05%)
Credit Balances[3]	30.5	2	0.01%	32.8	3	0.02%	34.5	3	0.02%	36.6	6	0.03%
UK Deposits	18.9	(81)	(0.86%)	18.6	(88)	(0.94%)	18.3	(91)	(1.00%)	18.6	(103)	(1.09%)
C&T Deposits	4.7	(9)	(0.39%)	4.9	(9)	(0.37%)	5.1	(9)	(0.35%)	5.0	(9)	(0.34%)
Total Deposits	**74.6**	**(96)**	**(0.26%)**	**77.0**	**(102)**	**(0.26%)**	**78.6**	**(104)**	**(0.27%)**	**81.2**	**(111)**	**(0.27%)**
Wholesale Funding[4]	12.3	(45)	(0.73%)	11.0	(52)	(0.94%)	10.3	(54)	(1.06%)	9.9	(62)	(1.24%)
Subordinated Liabilities	2.1	(49)	(4.77%)	2.1	(51)	(4.86%)	2.0	(49)	(4.85%)	1.5	(41)	(5.44%)
Total Interest Bearing Liabilities	**89.0**	**(190)**	**(0.43%)**	**90.1**	**(205)**	**(0.45%)**	**90.9**	**(207)**	**(0.46%)**	**92.6**	**(214)**	**(0.46%)**
Other[5]		2			(30)			(22)			(18)	
Net Interest Margin as reported	**98.6**	**1,095**	**2.23%**	**99.4**	**1,085**	**2.17%**	**100.5**	**1,079**	**2.16%**	**102.5**	**1,088**	**2.11%**
Average ECB Base rate			0.00%			0.00%			0.00%			0.00%
Average 3 month Euribor			(0.33%)			(0.32%)			(0.31%)			(0.40%)
Average BOE Base rate			0.50%			0.70%			0.75%			0.75%
Average 3 month LIBOR			0.62%			0.82%			0.84%			0.78%

1 Previously, income and expense from derivatives in designated cash flow hedge and fair value hedge relationships was allocated to 'Loans and Advances' in proportion to average volumes, and IFRS income classification (derivatives) was unallocated. This approach has been refined, and the allocation is now made (including prior year periods) based on derivative currency and hedging purpose to better represent the performance of each portfolio

2 Includes average interest earning assets of c.€0.3bn in 2019 carried at FVTPL with associated FY19 interest income of c.€13m

3 Credit balances in H2 2019: ROI €28.6bn, UK €3.6bn, C&T €4.4bn

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

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

Bank of Ireland

Operating expenses

	FY 2018 (€m)	FY 2019 (€m)
Total staff costs	868	844
– Staff costs	*721*	*710*
– Pension costs	*147*	*134*
Other costs[1]	659	544
Depreciation[1]	212	289
Operating Expenses	**1,739**	**1,677**
Transformation Investment charge	113	108
Operating Expenses (before levies and regulatory charges)	**1,852**	**1,785**
Levies and Regulatory charges	101	117
Total Operating Expenses	**1,953**	**1,902**
Average staff numbers	10,595	10,424
Cost income ratio[2]	65%	63%

[1] The adoption of IFRS 16 resulted in a decrease in other costs of €72m and an increase in depreciation of €72m
[2] See slide 52 for calculation

Non-core items

	FY 2018 (€m)	FY 2019 (€m)
Customer redress programme	-	(74)
– Tracker Mortgage Examination	*-*	*(67)*
– Other programme	*-*	*(7)*
Cost of restructuring programme[1]	(111)	(59)
(Loss) / gain on disposal / liquidation of business activities	5	(25)
Gain on disposal of Property	7	-
Investment return on treasury stock held for policyholders	6	(2)
UK business divestments, net of disposal costs[2]	-	12
Gross-up for policyholder tax in the Wealth and Insurance business	(7)	35
Total non-core items	**(100)**	**(113)**

[1] Restructuring costs of €59m in 2019 primarily relate to a reduction in employee numbers (€34m), programme management costs (€17m), costs related to the implementation of the Group's property strategy (€4m), and other restructuring costs (€4m)
[2] Relates to UK Credit Cards, Post Office ATMs and Post Office Current Accounts

Non-performing exposures by portfolio

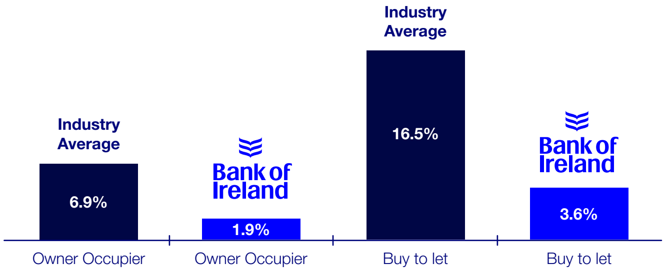
Composition (Dec 19)	Advances (€bn)	Non-performing exposures (€bn)	Non-performing exposures as % of advances	Impairment loss allowance (€bn)	Impairment loss allowance as % of non-performing exposures
Residential Mortgages	**46.3**	**1.9**	**4.2%**	**0.4**	**22%**
– Republic of Ireland	23.1	1.5	6.3%	0.3	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	0.6	7.5%	0.3	54%
– UK SME	1.7	0.1	6.3%	0.0	46%
– Corporate	11.4	0.2	2.0%	0.2	60%
Property and construction	**8.1**	**0.6**	**7.3%**	**0.2**	**39%**
– Investment property	7.2	0.6	7.7%	0.2	37%
– Land and 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%**

Composition (Dec 18)	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	**45.4**	**2.8**	**6.0%**	**0.5**	**20%**
– Republic of Ireland	23.7	2.3	9.5%	0.4	21%
– UK	21.7	0.5	2.3%	0.1	15%
Non-property SME and Corporate	**19.5**	**1.2**	**6.2%**	**0.6**	**52%**
– Republic of Ireland SME	7.6	0.8	11.2%	0.4	49%
– UK SME	1.6	0.1	6.1%	0.1	53%
– Corporate	10.3	0.3	2.6%	0.1	60%
Property and construction	**8.3**	**0.9**	**11.0%**	**0.4**	**45%**
– Investment property	7.7	0.8	10.7%	0.4	44%
– Land and development	0.6	0.1	14.0%	0.0	54%
Consumer	**5.2**	**0.1**	**2.1%**	**0.2**	**140%**
Total loans and advances to customers	**78.4**	**5.0**	**6.3%**	**1.7**	**35%**

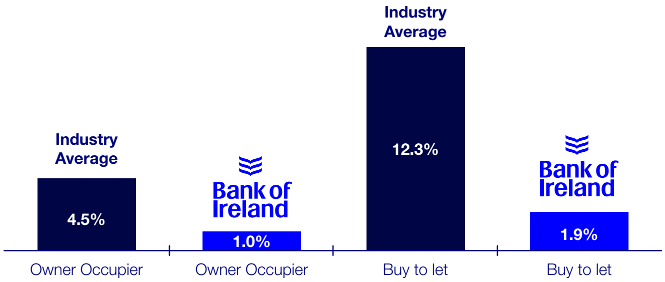
ROI Mortgages

Continued proactive arrears management

>90 days arrears[1]



>720 days arrears[1]



>90 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (28% of industry average) and Buy to Let (22% of industry average)

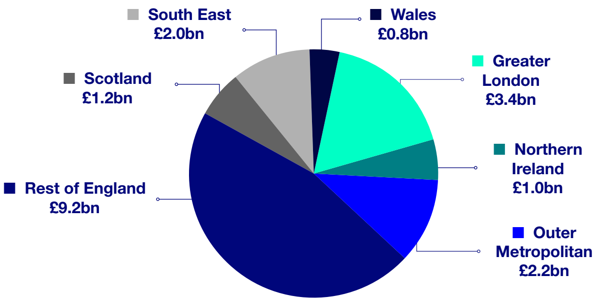
>720 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (22% of industry average) and Buy to Let (15% of industry average)

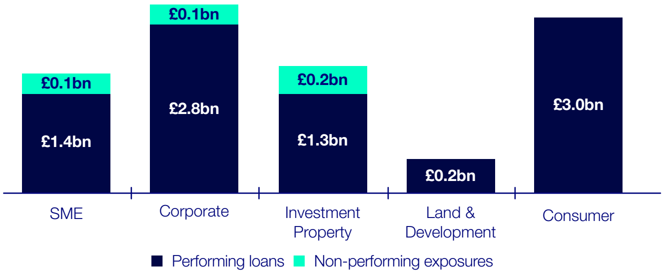
[1] As at September 2019, based on number of accounts, industry average excluding BOI

UK Customer Loans £28.9bn (€33.9bn)

UK Mortgages – £19.8bn



Other UK Customer Loans – £9.1bn



UK Mortgages Analysis – £19.8bn

- Total UK mortgages of £19.8bn; (NPEs: 2.1%):
  - Average LTV of 63% on existing stock at Dec 2019 (Dec 18: 62%)
  - Average LTV of 73% on new UK mortgages in 2019 (2018: 72%)
- 69% of the current mortgage portfolio originated since January 2010 are standard owner occupier mortgages
- BTL book is well seasoned with 65% of these mortgages originated prior to January 2010
- Average balance of Greater London mortgages is c.£193k, with 91% of Greater London mortgages having an indexed LTV <70%

Other UK Customer Loans Analysis – £9.1bn

- Non-performing exposures of £0.4bn 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 (£3.0bn):
    - Northridge (£1.9bn): Asset backed motor finance business; net loan book increase of £0.5bn in 2019; mid-market targeting prime business only; below industry arrears and loan losses
    - Personal loan volumes (£1.1bn): net loan book increase of £0.4bn in 2019; improved credit risk process has driven increase in customer applications and drawdowns

Ordinary shareholders' equity and TNAV

Movement in ordinary shareholders' equity	2018 (€m)	2019 (€m)
Ordinary shareholders' equity at beginning of period	**8,859**	**9,243**
Movements:		
Profit attributable to shareholders	620	448
Impact of adopting IFRS 9	(31)	-
Dividend paid to ordinary shareholders	(124)	(173)
Remeasurement of the net defined benefit pension liability	129	39
Debt instruments at FVOCI reserve movements	133	26
Available for sale (AFS) reserve movements	(341)	-
Cash flow hedge reserve movement	(51)	(5)
Foreign exchange movements	10	132
Other movements	39	(85)
Ordinary shareholders' equity at end of period	**9,243**	**9,625**

Tangible net asset value	Dec 18[1] (€m)	Dec 19 (€m)
Ordinary shareholders' equity at the end of period	**9,243**	**9,625**
Adjustments:		
Intangible assets and goodwill	(802)	(838)
Own stock held for benefit of life assurance policyholders	25	30
Tangible net asset value (TNAV)	**8,466**	**8,818**
Number of ordinary shares in issue at the end of the period	1,076	1,074
TNAV per share (€)	**€7.87**	**€8.21**
Dividend per share (€) paid during period	**€0.115**	**€0.160**

[1] Dec 2018 numbers have been restated to exclude treasury shares held for the benefit of life assurance policyholders

Capital – fully loaded CET1 ratio improved by 60bps

Capital ratios – Dec 2019

	Regulatory ratio (€bn)	Fully loaded ratio (€bn)
Total equity	10.5	10.5
Less Additional Tier 1	(0.8)	(0.8)
Deferred tax	(0.5)	(1.0)
Intangible assets and goodwill	(0.8)	(0.8)
Foreseeable dividend[1]	(0.2)	(0.2)
Expected loss deduction	(0.4)	(0.4)
Other items[2]	(0.3)	(0.4)
Common Equity Tier 1 Capital	**7.5**	**6.9**
Credit RWA	40.5	40.4
Operational RWA	4.4	4.4
Market, Counterparty Credit Risk and Securitisations	1.6	1.6
Other Assets / 10/15% threshold deduction	3.6	3.5
Total RWA	**50.1**	**49.9**
Common Equity Tier 1 ratio	**15.0%**	**13.8%**
Total Capital Ratio	**18.6%**	**17.4%**
Leverage ratio	**7.1%**	**6.5%**

Phasing impacts on Regulatory ratio

- Deferred tax assets - certain DTAs[3] are deducted at a rate of 50% for 2019, increasing annually at a rate of 10% thereafter until 2024
- IFRS 9 - the Group has elected to apply the transitional arrangement which, on a Regulatory CET1 basis, resulted in minimal impact from initial adoption and will partially mitigate future impacts in the period to 2022. The transitional arrangement allows a 85% add-back in 2019[4], decreasing to 70%, 50%, and 25% in subsequent years

[1] Dividend deduction of €189m (c.40bps of CET1 capital), equivalent to an annualised dividend per share of 17.5c
[2] Other items - the principal items being the cash flow hedge reserve, securitisation deduction and 10%/15% threshold deduction
[3] Deferred tax assets due to temporary differences are included in other RWA with a 250% risk weighting applied
[4] The IFRS9 addback to the Regulatory CET1 was c.15bps at 31 Dec 2019, reduced from c.18bps at 31 Dec 2018

Capital Guidance and Distribution Policy

Capital Guidance

- The Group expects to maintain a CET1 ratio in excess of 13.5% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period[1]
- This includes meeting applicable regulatory capital requirements plus an appropriate management buffer[2]

Distribution Policy

- The Group expects that dividends will increase on a prudent and progressive basis and, over time, will build towards a payout ratio of around 50% of sustainable earnings
- Dividend level and rate of progression will reflect, amongst other things:
  - Strength of the Group’s capital and capital generation
  - Board’s assessment of growth and investment opportunities available
  - Any capital the Group retains to cover uncertainties; and
  - Any impact from the evolving regulatory and accounting environments
- Other means of capital distribution will be considered to the extent the Group has excess capital

Dividend Accrual

- Proposed dividend of 17.5c per share / €189m in respect of 2019, increased from 16c per share / €173m in 2018

[1] The Other Systemically Important Institution (O-SII) buffer was introduced at 0.5% in July 2019, increasing to 1.0% in July 2020 and 1.5% in July 2021

[2] The Central Bank of Ireland has requested the power to introduce a Systemic Risk Buffer (SyRB) in Ireland, which could increase capital demand. The size, timing and application of any potential SyRB are currently unknown

Cost income ratio: Dec 2019

Headline vs. Adjusted

	FY 2019 Headline (€m)	Pro forma adjustments (€m)	FY 2019 Pro forma (€m)
Net interest income	**2,150**	**-**	**2,150**
Other income			
– Business income	666	-	666
– Additional gains	5	(5)	-
– Other valuation items[1]	15	2	17
Total Income	**2,836**	**(3)**	**2,833**
Costs			
– Operating expenses	1,677	-	1,677
– Transformation Investment	108	-	108
Costs	**1,785**	**-**	**1,785**
Cost income ratio	**63%**		**63%**

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

- **2019 adjusted cost income ratio is adjusted for:**
  - Additional gains and valuation items[1] (€3m)

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

Return on tangible equity (RoTE)

2019: Headline vs. Adjusted

	2019 Headline (€m)	Adjustments: Additional gains and valuation items[1] net of tax	Adjustments: 'Normalised' impairment adjustment, net of tax	Adjustments: Adjusted for CET1 ratio at 13%	2019 Adjusted (€m)
Profit for the period	**448**				
Non-core items including tax	177				
Coupon on Additional Tier 1 securities	(55)				
Preference share dividends	(7)				
Adjusted profit after tax	**563**	**(3)**	**-**	**-**	**560**
At Dec 2019					
Shareholders' equity	9,625			(464)	**9,160**
Intangible assets	(838)				**(838)**
Shareholders' tangible equity	8,787			(464)	**8,322**
Average shareholders' tangible equity	**8,528**	**-**	**-**	**(235)**	**8,293**
Return on tangible equity (RoTE)	**6.6%**				**6.8%**

- **2019 Adjusted Return on Tangible Equity is adjusted for:**
  - Additional gains and valuation items[1], net of tax – €3m
  - No adjustment to impairment charge – "Normalised" impairment charge (26bps) in 2019 reflected in headline numbers
  - Average shareholders' tangible equity calculated on a CET1 ratio at 13% – €235m

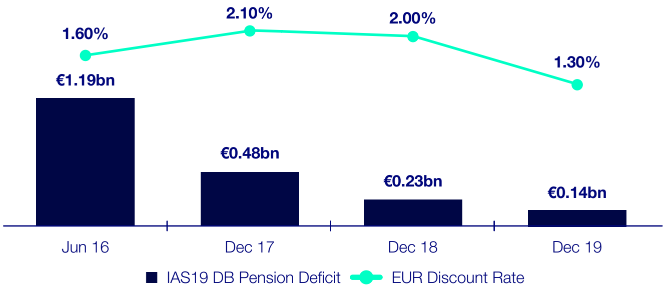
[1] Excludes IFRS income classifications which is fully offset in net interest income

Underlying earnings per share: Dec 2019

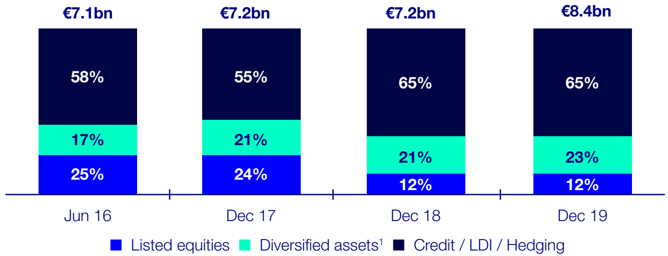
	FY 2018 (€m)	FY 2019 (€m)
Profit attributable to shareholders	**620**	**386**
Non-core items including tax	78	177
Underlying profit attributable to ordinary shareholders	**698**	**563**
Weighted average number of ordinary shares in issue excluding treasury shares	1,075	1,075
Underlying earnings per share (cent)	**64.8c**	**52.4c**

Defined Benefit Pension Schemes

Group IAS19 Defined Benefit Pension Deficit

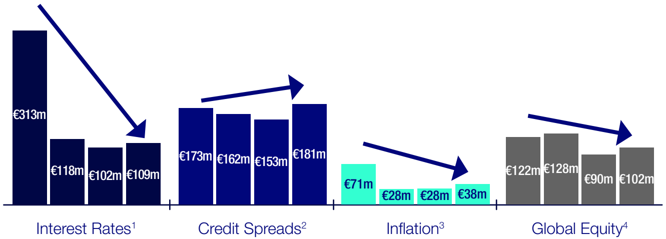


Total Group Defined Benefit Pension Scheme Assets (%)



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

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



[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 deficit of €0.14bn at Dec 2019 (€0.23bn Dec 2018). Schemes in deficit €0.27bn, schemes in surplus €0.13bn
- The net negative impact of changes in long term assumptions was substantially offset by the return on scheme assets
- The interest rate and inflation rate hedging strategies in the investment portfolios have largely offset the impact of the significant reductions in discount rates in 2019
- De-risking strategies 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
- In 2019, the Group continued to support Trustees in further asset diversification and increasing the level of hedging
- BSPF asset returns of +17.3% and +5.9% were achieved over 1 year and 3 years respectively to end December 2019

Forward-Looking statement

This document contains forward-looking statements with respect to certain of the Bank of Ireland Group plc (the ‘Company’ or ‘BOIG plc’) and its subsidiaries’ (collectively the ‘Group’ or ‘BOIG plc Group’) plans and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates and its future capital requirements. These forward-looking statements often can be identified by the fact that they do not relate only to historical or current facts. Generally, but not always, words such as ‘may,’ ‘could,’ ‘should,’ ‘will,’ ‘expect,’ ‘intend,’ ‘estimate,’ ‘anticipate,’ ‘assume,’ ‘believe,’ ‘plan,’ ‘seek,’ ‘continue,’ ‘target,’ ‘goal,’ ‘would,’ or their negative variations or similar expressions identify forward-looking statements, but their absence does not mean that a statement is not forward-looking.

Examples of forward-looking statements include, among others: statements regarding the Group’s near term and longer term future capital requirements and ratios, 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.

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 2019. Investors should also read ‘Principal Risks and Uncertainties’ in the Group’s Annual Report for the year ended 31 December 2019 beginning on page 111.

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.

Contact Details

For further information please contact:

- **Group Chief Financial Officer**

Myles O'Grady	tel: +353 76 624 3291	myles.ogrady@boi.com

- **Investor Relations**

Darach O'Leary	tel: +353 76 624 4711	darach.oleary@boi.com
Eoin Veale	tel: +353 76 624 1873	eoin.veale@boi.com
Philip O'Sullivan	tel: +353 76 623 5328	philip.osullivan1@boi.com
Catriona Hickey	tel: +353 76 624 9051	catriona.hickey@boi.com

- **Chief Executive, Markets and Treasury**

Sean Crowe	tel: +353 76 623 4720	sean.crowe@boi.com

- **Capital Management**

Lorraine Smyth	tel: +353 76 624 8409	lorraine.smyth@boi.com
Alan Elliott	tel: +353 76 624 4371	alan.elliott@boi.com
Alan McNamara	tel: +353 76 624 8725	alan.mcnamara@boi.com

- **Wholesale Funding**

Redmond O'Leary	tel: +353 76 624 4198	redmond.oleary@boi.com
Deirdre Ceannt	tel: +353 76 624 4219	deirdre.ceannt@boi.com

- **Investor Relations website**

  www.bankofireland.com/investor