

Credit Presentation

30 June 2019

Bank of Ireland

Overview

H1 2019 Highlights

2019 Interim Results Credit Presentation

Profitability

€376m

Underlying profit
before tax

- NIM of 2.16%
- Cost reduction continues, 3% lower (€30m) vs. H1 2018
- NPE ratio improved by 100bps to 5.3%

Growth

€1.2bn

Net lending growth

- New lending of €7.7bn; largest lender to the Irish economy
- Irish mortgage market share of 23%; increased SME market share
- Corporate Banking net lending growth of €1.0bn

Transformation

3%

Reduction in costs

- Continue to create a leaner and more agile organisation
- Foundations of the new core banking platform have been built; now prioritising channel experience and customer migration
- UK Business being enhanced – exit from UK cards, ATMs and current accounts; attractive loan growth in Consumer; costs reduced

Capital

13.6%

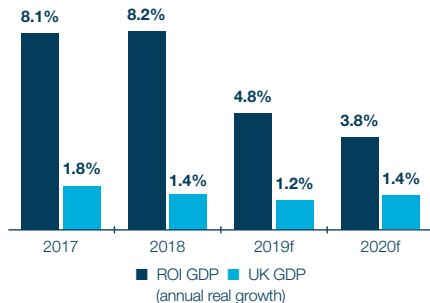
CET1 increased
by 40bps

- Organic capital generation of 90bps
- Securitisation of Irish Mortgage NPEs, unlocked 30bps of CET1 capital
- Dividend accrual of €100m

Economic and Interest Rate Outlook

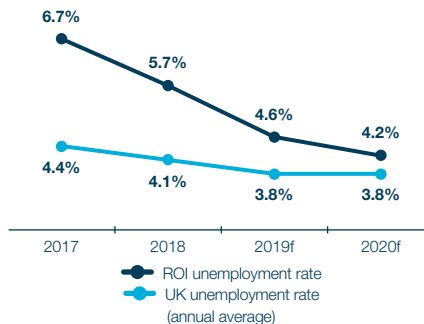
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Solid growth in Ireland; UK expanding more moderately



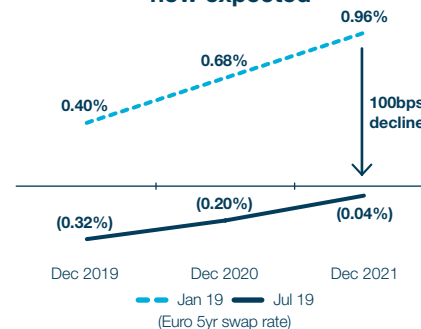
- The Irish economy is continuing to expand at a solid pace and faster than the Euro area average
- Growth has moderated in the UK
- Brexit-related uncertainty is weighing on consumer and business sentiment, with some firms in Ireland putting their plans on hold and a clear weakening in business investment in the UK

Unemployment rate in Ireland and UK at low levels



- With the unemployment rate in Ireland and the UK at a low level, both economies are effectively at full employment

Lower for longer interest rates now expected



- Material change in interest rate outlook with interest rates expected to be lower for longer
- Geopolitical risks impacting global growth

Sources: Bank of Ireland Economic Research Unit, CSO, Office for National Statistics, GfK, Markit, EU Commission. GDP and unemployment forecasts assume current UK-EU trading arrangements apply over the forecast horizon consistent with a further extension of Article 50 or a transition period

Strategic Priorities: Transform the Bank

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Culture



Systems



Business model

H1 2019 Progress

- **Colleague engagement continuing to improve**, up +7% since 2017
- Continue to create a **leaner, simplified and agile organisation** with 70% of end state spans and layers structure completed to date
- ATM and debit cards **successfully migrated to new platform**
- Mobile app **technical version produced** ahead of customer launch later in 2019
- **Automated over 100 business processes through robotics**, reducing operational risk and processing times, improving efficiency and customer experience
- Exit from **Credit Cards, unprofitable ATMs and Current Accounts** in the UK

Target Outcomes

- Strengthened culture
- Cost base to reduce to c.€1.7bn in 2021
- Absolute cost level declining year-on-year to 2021
- Income growth

Strategic Priorities: Serve Customers Brilliantly

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**Embedding voice of customer
in our businesses**



**Investing in digital and
physical channels**



New brand strategy

H1 2019 Progress





Target Outcomes

- Leading supporter of **home building and home buying** in Ireland;
 - Approved €750m in **development financing**
 - €1bn **Green Fund** launched; and
 - Expanding **mortgage distribution platform** through mortgage broker network
- Launched Ireland's first **Financial Wellbeing programme** designed to help customers to better understand, plan and improve their finances
- Established a **Vulnerable Customer Relationship Unit**
- Continued investment in our **branch network, contact centre and digital channels** is improving our customer experience
- **Digital application tracker** launched, initially for personal loans, facilitating real-time order tracking by customers
- **New brand strategy launched** supported by multi-year customer strategies

- Significant improvement in customer satisfaction and advocacy
- Straight through processing; digital journeys
- API foundation for Open Banking
- #1 for customer experience and brand in Ireland

Strategic Priorities: Grow Sustainable Profits

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	H1 2019 Progress	2021 Target
Improved profitability 	Headline RoTE of 6.8% Adjusted RoTE of 6.5% ¹	RoTE in excess of 10%
Efficient business 	Cost reduction of €30m (3%) vs. H1 2018	Cost base of c.€1.7bn Costs reduce every year: 2018-2021 Cost income ratio of c.50%
Robust capital position 	Fully loaded CET1 ratio of 13.6%	CET1 ratio in excess of 13%
Sustainable dividends 	Dividend accrual of €100m – equivalent to an annualised dividend per share of 18.5c	Increase prudently and progressively; over time will build towards a payout ratio of around 50% of sustainable earnings

¹ See Slide 56 for calculation

Operating Performance

Underlying profit before tax of €376m

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	H1 2018 (€m)	H1 2019 (€m)
Total income	1,398	1,411
Operating expenses (before levies and regulatory charges)	(933)	(903)
Levies and Regulatory charges	(67)	(73)
Net Impairment (losses) / gains	81	(79)
Share of associates / JVs	21	20
Underlying profit before tax	500	376
Non-core items	(46)	(61)
Profit before tax	454	315
Net interest margin (NIM)	2.23%	2.16%
Adjusted RoTE ¹	6.8%	6.5%
	Dec 18	Jun 19
Customer loans (net)	€77.0bn	€78.0bn
Customer deposits	€78.9bn	€80.2bn
Non-performing exposures (NPEs)	€5.0bn	€4.2bn
CET1 Ratios:		
Fully Loaded	13.4%	13.6%
Regulatory	15.0%	14.9%
Total Capital Ratio:		
Regulatory	18.8%	18.0%
Liquidity Metrics:		
LCR	136%	134%
NSFR	130%	128%
LDR	97%	97%
Leverage Ratios:		
Fully Loaded	6.3%	6.6%
Regulatory	7.0%	7.2%

Income Statement

- Net interest income of €1,069m
- Other income of €342m includes sustainable and diversified business income of €311m
- Operating expenses (before levies and regulatory charges) of €903m; reduction of €30m (3%) vs. H1 2018
- Total transformation investment in H1 2019 of €138m
- Net impairment charge of €79m; write backs in H1 2018 not repeated in H1 2019
- Non-core charge of €61m for the period primarily related to costs associated with customer redress on Tracker Mortgage Examination and the Group's restructuring programme

Balance Sheet

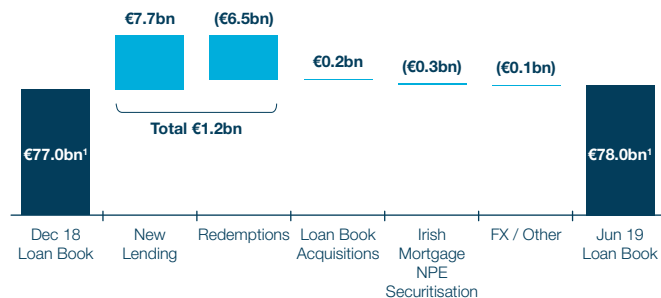
- Group loan book of €78.0bn at Jun 2019 reflecting;
 - New lending of €7.7bn; broadly in line with H1 2018
 - Redemptions of €6.5bn; 8% reduction vs. H1 2018
- Customer deposits of €80.2bn predominantly sourced through retail distribution channels
- NPEs of €4.2bn with NPE ratio now at 5.3%, a reduction of 100bps in six months
- Continued organic capital generation with 90bps of capital generated in H1 2019
- HoldCo senior investment grade ratings of Baa3, BBB- and BBB from Moody's, S&P and Fitch. Positive Outlook from Moody's and S&P (see Slide 24 for full ratings)

¹ See Slide 56 for calculation

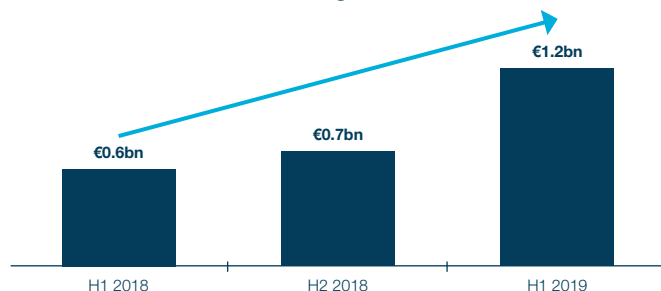
Net lending growth of €1.2bn

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Group loan book movement



Net lending of €1.2bn



Net lending growth of €1.2bn in H1 2019

- Expect further net lending growth in H2 2019, while maintaining our risk and commercial discipline

Ireland: €0.2bn net lending growth

- Mortgages net lending €0.2bn lower with market share of 23%
- SME net lending €0.1bn lower: growth in market share
- Consumer net lending growth of €0.1bn
- Corporate Banking net lending growth of €0.4bn

UK / International: €1.0bn net lending growth

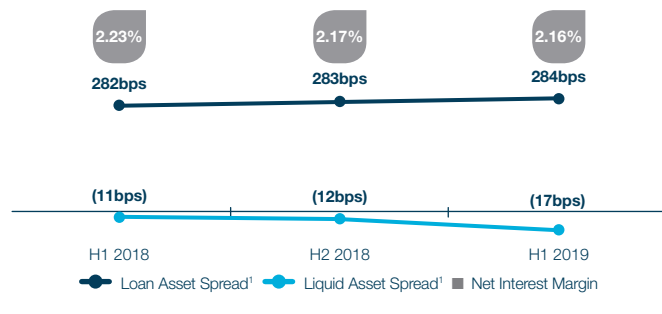
- Mortgages net lending €0.1bn lower; new lending down 15% on H1 2018 reflecting market dynamics
- Consumer net lending growth of €0.2bn; strong performance through AA brand
- Northridge net lending growth of €0.4bn; distribution expanding, risk appetite unchanged
- SME / Other – net lending €0.2bn lower due to continued wind down of legacy portfolio
- Corporate UK net lending growth of €0.3bn; maintaining disciplined approach to growth with Brexit focus
- Acquisition Finance: net lending growth of €0.4bn; remain risk focussed with 4 out of 5 loans declined

¹ Includes UK Credit Card portfolio €0.6bn classified as held for sale as at June 2019. Sale completed in mid July 2019

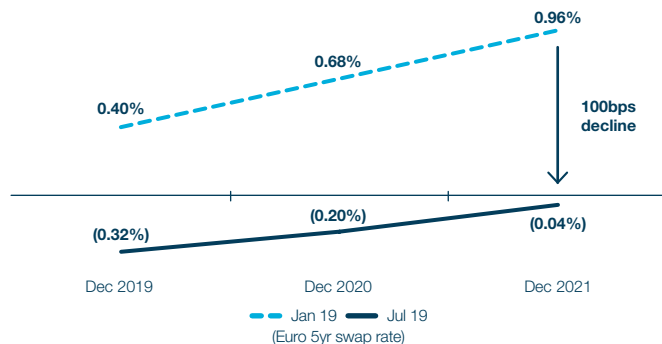
NIM – Strong commercial discipline on pricing

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Net interest margin drivers



Lower for longer interest rates



NIM of 2.16% in H1 2019

- H1 2019 NIM of 2.16%
- Maintaining strong commercial pricing discipline – loan asset spreads stable at 284bps in H1 2019
- The impact on NIM from competitive pressures in the UK mortgage market have stabilised in H1 2019

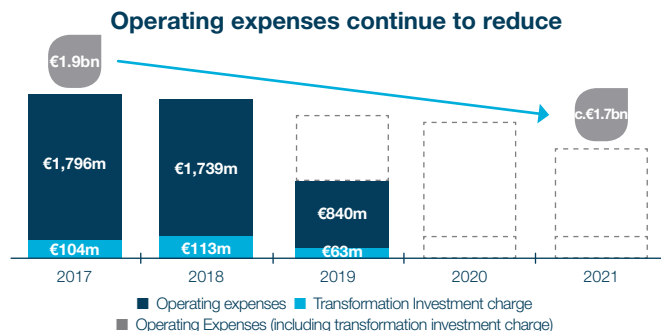
Outlook

- During 2019, the expected EUR 5 year swap rate in 2021 declined by 100bps
- 2019 is expected to be slightly lower than H1 NIM of 2.16%
- 2020 / 2021: trending mid to high single digit bps lower than 2.16%

¹ Spread = Loan asset yield or Liquid asset (excl. NAMA bonds) yield less Group's average cost of funds

Costs continue to reduce – net reduction €30m (3%)

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	H1 2018 (€m)	H1 2019 (€m)
Total staff costs	442	414
– Staff costs	369	350
– Pension costs	73	64
Other costs ¹	339	277
Depreciation ¹	101	149
Operating Expenses	882	840
Transformation Investment charge	51	63
Operating Expenses (before levies and regulatory charges)	933	903
Levies and Regulatory charges	67	73
Total Operating Expenses	1,000	976
Average staff numbers	10,752	10,368
Cost-income ratio ²	66%	65%

¹ The adoption of IFRS 16 resulted in a decrease in other costs of €42m and an increase in depreciation of €38m

² See Slide 55 for calculation

Transformation of cost base continues

- Expect operating expenses (including transformation investment charge) in 2019 to be lower than 2018 and to reduce every year to c.€1.7bn in 2021
- Operating expenses (before levies and regulatory charges) of €903m reduced by €30m net (3%) vs. H1 2018

Operating expenses of €840m – down €42m (4.8%)

- Staff costs decreased by €19m (5%) vs. H1 2018 reflecting;
 - 4% lower average staff numbers
 - Changing staff mix with fewer management layers, partially offset by
 - Wage inflation of c.2.6% under the Group Career and Reward framework
- Other costs and depreciation reduced by €14m from process efficiencies and strategic sourcing, partially offset by higher depreciation from investment in technology
- Includes cost reduction of €26m relating to exiting UK Cards and ATMs

Transformation Investment charge of €63m

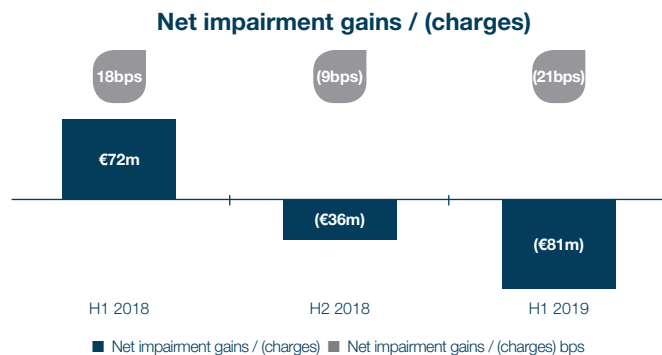
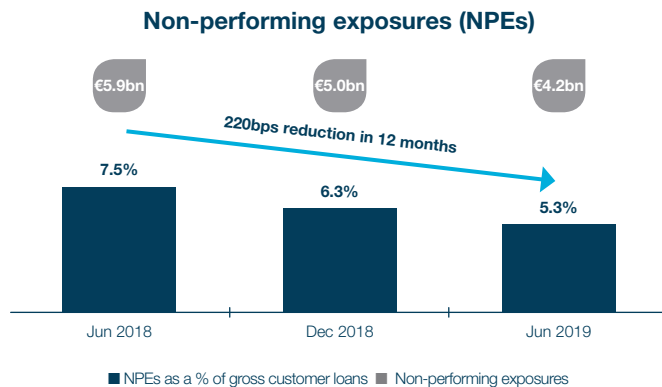
- Total transformation investment in H1 2019 of €138m, in line with expectations
- €63m (46%) charged to the income statement

Levies and Regulatory charges of €73m

- Expect levies and regulatory charges to total €115m – €120m for FY 2019

NPE ratio now at 5.3%; a reduction of 100bps in six months

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Asset quality continues to improve

- NPE ratio improved by 100bps to 5.3% in H1 2019
- NPEs of €4.2bn, a reduction of €0.8bn (16%) during H1 2019; NPE reductions achieved broadly within impairment loss allowance

NPE resolution strategies

- Irish Buy to Let mortgage securitisation (c.€0.4bn) was executed in April 2019, unlocking 30 bps of CET1 capital. Further c.€0.2bn of loans prioritised for transaction in H2 2019
- NPE reduction strategies will be kept under review to respond to the associated and evolving regulatory framework
- Expect further reductions in H2 2019 and beyond. Pace will be influenced by a range of factors including new 'Definition of Default' regulatory rules expected to be implemented by the Group during 2020

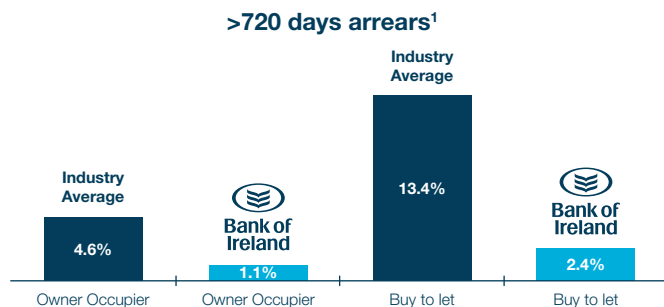
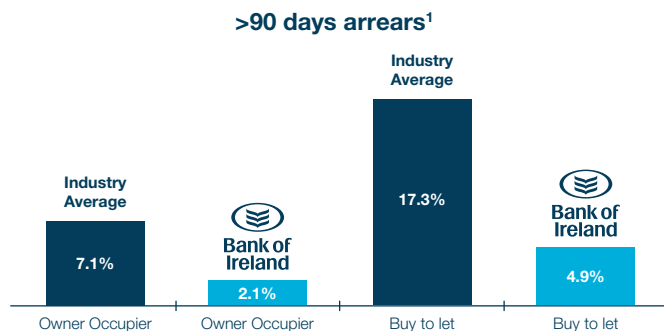
Net impairment charge of €81m / 21bps in H1 2019

- Net impairment charge on loans and advances to customers of €81m for H1 2019 (21bps)
- Absent a change in the economic environment or outlook, expect net impairment charge to be in the range of 20bps – 30bps p.a. during 2019-2021

ROI Mortgages

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Continued proactive arrears management



>90 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (30% of industry average) and Buy to Let (28% of industry average)

>720 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (24% of industry average) and Buy to Let (18% of industry average)

NPE Resolution strategies

- Continued progress on reduction in Irish mortgage NPEs, c.€0.5bn reduction in H1 2019
- Securitisation of Irish BTL mortgage NPEs (c.€0.4bn) was executed in April 2019
- Further c.€0.2bn of loans prioritised for transaction in H2 2019
- NPE reduction strategies will be kept under review to respond to the associated and evolving regulatory framework

¹ As at March 2019, based on number of accounts, industry average excluding BOI

Capital and liquidity available to support growth

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	Dec 2018 (€bn)	Jun 2019 (€bn)
Customer loans	77	78
Liquid assets	25	23
Wealth and Insurance assets	17	18
Other assets	5	7
Total assets	124	126
Customer deposits	79	80
Wholesale funding	11	10
Wealth and Insurance liabilities	17	18
Other liabilities	7	8
Shareholders' equity	9	9
Additional Tier 1 security & other	1	1
Total liabilities	124	126
TNAV per share	€7.87	€7.88
Dividend per share	16.0c	18.5c ¹
Closing EUR / GBP FX rates	0.89	0.90

Strong liquidity ratios

- Liquidity Coverage Ratio: 134%
- Net Stable Funding Ratio: 128%
- Loan to Deposit Ratio: 97%

Customer deposits: €80.2bn

- Customer deposits predominantly sourced through retail distribution channels

Wholesale funding: €10.3bn

- Monetary Authority borrowings of €1.9bn² have reduced by €0.8bn since Dec 2018 primarily due to repayment of funding drawn under the ECB's TLTRO
- MREL target of €13.3bn (representing 26.4% of RWA at Dec 2016) to be met by 1 Jan 2021:
 - MREL ratio of 21.1% based on RWA at Jun 2019 (22.3% pro forma including €600m senior debt issued in July 2019)
 - Modest MREL eligible issuance of c.€1bn – €2bn p.a. anticipated

Leverage Ratio

- Fully Loaded Leverage Ratio: 6.6%
- Regulatory Leverage Ratio: 7.2%

¹ Dividend accrual of €100m (c.20bps of CET1 capital) in H1 2019, equivalent to an annualised dividend per share of 18.5c

² Monetary Authority borrowings of €1.9bn at Jun 19 included €0.3bn of ECB TLTRO funding and €1.6bn of BOE funding through TFS (c.€1.4bn) and ILTR (c.€0.2bn)

H2 2019 – Outlook

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Growth



- **Net lending growth** while maintaining commercial discipline on risk and pricing
- **NIM** in 2019 expected to be slightly lower than H1 NIM of 2.16%
- Continued **growth in Wealth and Insurance** business

Efficiency



- **Costs** in 2019 to be lower than 2018
- Expect further **reduction in NPEs**
- Expect net impairment charge to be in the **range of 20bps – 30bps p.a. during H2 2019¹**

Returns



- Continue to **generate strong organic capital**
- **Dividend** to increase prudently and progressively; over time will build towards a payout ratio of around 50% of sustainable earnings

RoTE target: in excess of 10% by 2021

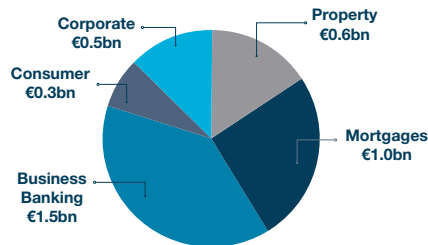
¹ Absent a change in the economic environment or outlook

Strategic Outlook

Leading Irish retail and commercial bank; unlocking growth in our home market

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H1 2019 – €3.8bn new lending in Ireland



Unique franchise...

- Over **2 million** consumer, business and wealth and insurance customers
- **Largest lender** to the Irish economy for 6 years running
- **Leading market shares** in mortgage, SME, consumer and wealth products
- **Ireland's only bancassurer**
- **Leading Business Bank** in Ireland
- **#1 lender to Corporate Ireland**
- **Largest branch physical footprint**, with 265 branches
- **Digitally enabled with 80%** of customers digitally active
- Ireland is the **fastest growing economy** in Europe
- Demographics support further growth with **youngest population in Europe**

Irish credit growth emerging



...with growth and efficiency upside

- Leading supporter of home **building and buying**
 - **€750 million** in development finance approved
 - **Mortgage market** expected to grow significantly
- **€1bn green fund** launched supporting mortgage, consumer and SME customers
- Supporting and partnering our **business** customers helping them navigate Brexit; **€2bn Brexit fund launched**
- Continued growth in **penetration of wealth product holdings** for bank customers; **launch of digital pensions platform** in H2 2019
- **Serving customers brilliantly** with efficiencies through customer journey automation and simplification

¹ Source: Central Bank of Ireland, Banks balance sheet basis, excludes loan sales and securitisations

Execution of strategy improving UK returns

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H1 2019 Progress

Future focus

Invest

- Increased market share and new lending in higher margin personal loans and Northridge businesses (supported by broadened distribution network), accounting for 42% of H1 2019 new lending (33% in H1 2018)
- Successful launch of higher margin bespoke mortgages with £100m in offers in first 100 days
- Disciplined commercial and risk focus maintained in context of ongoing macro uncertainty

- Continue to progress higher margin lending initiatives while maintaining disciplined risk focus

Improve

- Costs reduced by 19% vs. H1 2018 with cost-income ratio of 60% (H1 2018: 66%)
- Inaugural wholesale funding transaction completed in June 2019

- Further significant reduction in costs (targeting c.50% cost-income ratio)
- Ongoing margin optimisation across lending and deposit books

Reposition

- Sale of UK credit cards portfolio adding c.0.7% to UK RoTE
- Exit from Post Office current accounts and unprofitable Post Office ATMs

- Ongoing wind-down of legacy portfolios

Increase RoTE to high single digit by 2021

Continued delivery on transformation

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H1 2019 milestones achieved

- First Data migration completed, the largest in the bank's history, to enable further capability enhancements
- Modernised payments infrastructure established, providing greater capacity, improved stability and higher speed processing
- New digital Life Assurance underwriting system delivering faster decisions
- Strengthened security and cyber defences

Future milestones planned

- Bank's mobile app to launch in Q4 2019; customer migration to begin in Q4 2019 and continue into 2020
- Launch of Group Pensions digital platform and expansion of Wealth Advice digital platform in H2 2019
- Operationalisation of single view of the customer in 2020



Support growth

**Improve customer
experience**

Drive efficiency

Delivery of 2021 targets to be our constant focus

Levers to mitigate changing environment

Relentless focus on cost opportunities

Selective growth in key areas

Prudent price management

Business model simplification

Continued delivery on transformation and IT change

Efficient capital allocation



Efficient business



Robust capital position



Sustainable dividends



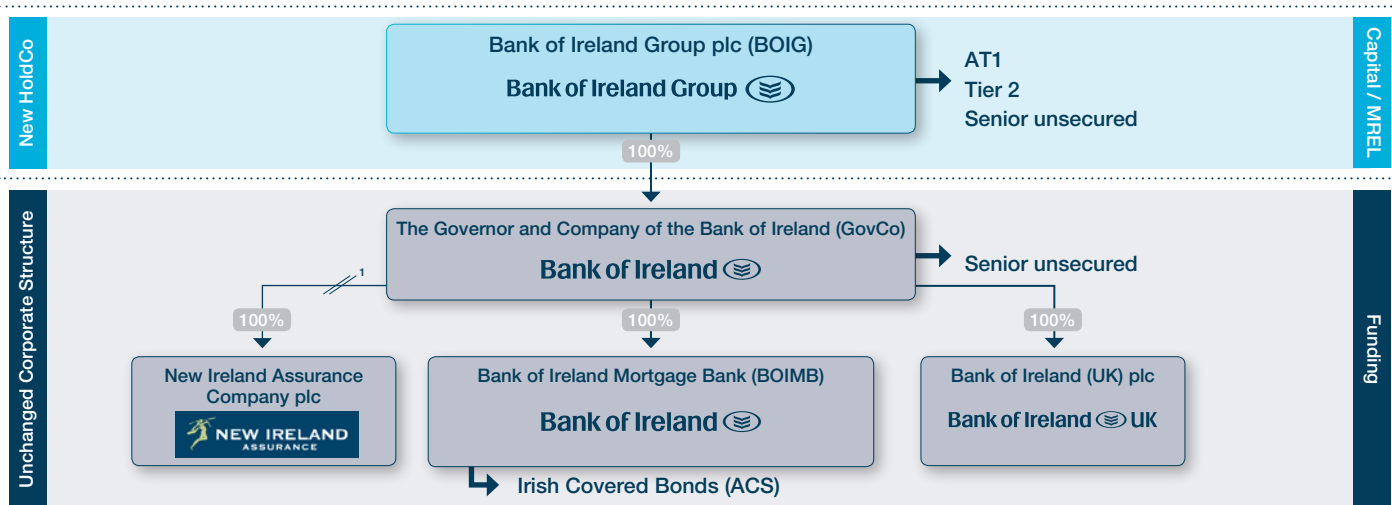
Target is to increase RoTE to in excess of 10% by 2021

Capital & MREL

Corporate Structure

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BOIG established in 2017



- Resolution Authorities preferred 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 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

BOI Credit Ratings

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Investment grade ratings for BOIG and GovCo

**STANDARD
& POOR'S**

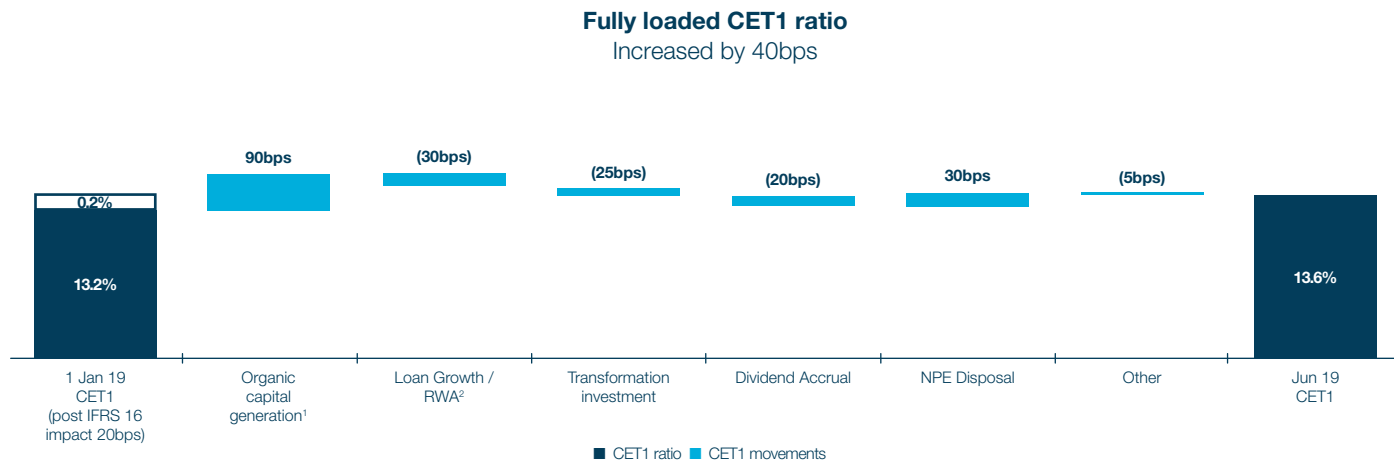
MOODY'S

FitchRatings

	STANDARD & POOR'S	MOODY'S	FitchRatings
BOIG Issuer Ratings	BBB- (Positive)	Baa3 (Positive)	BBB (Stable)
GovCo Issuer Ratings	BBB+ (Positive)	A2 (Stable)	BBB (Positive)
Progress on BOI Credit Ratings	<p>Oct 2018: GovCo rating upgraded one notch from BBB to BBB+ and BOIG rating BBB- affirmed (outlook remains Positive)</p> <p>Dec 2018: Affirmed the BBB- and BBB+ ratings on BOIG and GovCo respectively (outlook remains Positive)</p>	<p>Dec 2018: GovCo rating upgraded one notch from Baa1 to A3 and BOIG rating Baa3 affirmed (outlook remains Positive)</p> <p>Jul 2019: GovCo rating upgraded one notch from A3 to A2 (outlook revised to Stable) and BOIG rating Baa3 affirmed (outlook remains Positive)</p>	<p>Nov 2017: One notch upgrade for both BOIG and GovCo issuer ratings to from BBB- to BBB, Stable outlook</p> <p>Nov 2018: Affirmed the BBB ratings on BOIG and GovCo; GovCo outlook revised to Positive from Stable (BOIG outlook remains Stable)</p>
Key Rating Drivers Upside could develop from:	<ul style="list-style-type: none"> Significant improvement in asset quality metrics, while at the same time capitalisation remains a ratings strength and internal capital generation improves Positive outlook reflects BOI's superior asset quality track record relative to domestic peers 	<ul style="list-style-type: none"> Further significant reductions in non-performing loans or improvements in provision coverage Maintenance of good capitalisation and risk absorption capacity, while maintaining; stable profitability, funding and liquidity metrics 	<ul style="list-style-type: none"> Further reductions in non-performing loans; while reducing capital encumbrance Successful execution of strategy to improve cost efficiency and profitability
Irish Covered Bonds (ACS)	<p>MOODY'S</p> <p>Aaa</p>		

Strong capital generation and robust capital position

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Capital position

- Strong capital position with fully loaded CET1 ratio of 13.6% at June 2019, net increase of 40bps during H1 2019
- Continued organic capital generation with 90bps of capital generated in H1 2019
- Securitisation of Irish BTL mortgage NPEs (c.€0.4bn) completed in April 2019 unlocked 30bps of CET1 capital
- No change to capital guidance;
 - The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period³
 - This includes meeting applicable regulatory capital requirements plus an appropriate management buffer⁴

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

³ 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

⁴ 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

Strategic investment and rigorous allocation of capital

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Organic capital generation
(90bps)

Investment / allocation of capital

1

Growth in loan book 200-250bps

- CET1 of c.200-250bps to accommodate loan book growth of c.20% over 4 years (2018 – 2021)
- Net lending growth of €1.2bn (c.30bps) in H1 2019

2

Transformation 50-60bps p.a.

- Transformation Programme: investment of 50-60bps p.a. (2018-2021)
- Transformation investment of €138m (c.25bps) in H1 2019
- On track to reduce costs in 2019 and every year to c.€1.7bn in 2021

3

Regulatory capital demand

- IFRS 16 impact of c.20bps on 1 Jan 2019
- Evolving regulatory framework including EBA and ECB guidelines (Definition of Default, IRB models, NPE requirements, etc.) could consume c.80bps of CET1 by end 2021
- 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
- Will pursue opportunities to unlock capital in balance sheet as appropriate

4

Dividend / distributions

- Dividend accrual of €100m (equivalent to an annualised dividend per share of 18.5c)
- No change to dividend policy or guidance

Robust capital ratios

2019 Interim Results Credit Presentation

	Dec 2018	Jun 2019
CET1 Ratios:		
Fully Loaded	13.4%	13.6%
Regulatory	15.0%	14.9%
Tier 1 Ratios¹:		
Fully Loaded	14.4%	14.8%
Regulatory	16.0%	16.1%
Total Capital Ratios¹:		
Fully Loaded	17.2%	16.7%
Regulatory	18.8%	18.0%
MREL:		
Regulatory MREL ratio	23.1%	21.1%
Leverage Ratios:		
Fully Loaded	6.3%	6.6%
Regulatory	7.0%	7.2%
Risk Weighted Assets:		
Fully Loaded	€47.6bn	€48.7bn
Regulatory	€47.8bn	€48.9bn

CET1

- The Group's fully loaded CET1 ratio increased by c.20 basis points to 13.6% and the regulatory CET 1 ratio decreased by c.10 basis points to 14.9% in H1 2019

Tier 1 & Total Capital¹

- Tier 1 ratios reflect movements in CET1 ratios and a reduction in the adjustment under Article 85 of CRR
- Total Capital ratios reflect movements in CET1 ratios, the redemption of a €750m Tier 2 instrument in June 2019, the continued amortisation of other bullet Tier 2 instruments and a reduction in the adjustment under Article 87 of CRR

MREL

- MREL target of €13.3bn (representing 26.4% of RWA at Dec 2016) to be met by 1 Jan 2021:
 - MREL ratio of 21.1% based on RWA at Jun 2019 (22.3% pro forma including €600m senior debt issued in July 2019)
 - Modest MREL issuance of c.€1bn – €2bn p.a. anticipated

Risk Weighted Assets

- RWA has increased from €47.8bn at Dec 2018 to €48.9bn at Jun 2019 primarily driven by net loan book growth, changes in asset quality and book mix offset by the impact of the disposal of NPES

¹ Further to EBA Q&A 2017_3329 the calculation of Tier 1 and Total Capital ratios 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

Regulatory Capital Requirements

2019 Interim Results Credit Presentation

Pro forma CET1 Regulatory Capital Requirements	Set by	Range	2017	2018	2019	2020	2021
Pillar 1 – CET1	CRR	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Pillar 2 Requirement (P2R)	SSM	1% – 2.25% ²	2.25%	2.25%	2.25%	2.25%	2.25%
Capital Conservation Buffer (CCB)	CRD	2.50%	1.25%	1.88%	2.50%	2.50%	2.50%
Countercyclical buffer (CCyB) ¹				0.30%	0.90%	0.90%	0.90%
– Ireland (c.60% of RWA) (from 5 July 2019)	CBI	0% – 2.50%	–	–	0.60%	0.60%	0.60%
– UK (c.30% of RWA) (from November 2018)	FPC (UK)	0% – 2.50%	–	0.30%	0.30%	0.30%	0.30%
– US and other (c.10% of RWA)	Fed / Various	0% – 2.50%	–	–	–	–	–
O-SII buffer (from 1 July 2019)	CBI	0% – 2.00%	–	–	0.50%	1.00%	1.50%
Systemic Risk Buffer – Ireland	Minister for Finance	0% – 3.00%	–	–	–	TBC	TBC
Pro forma Minimum CET1 Regulatory Requirements			8.00%	8.93%	10.65%	11.15%	11.65%
Pillar 2 Guidance (P2G)			Not disclosed in line with regulatory preference				

Regulatory Capital Requirements

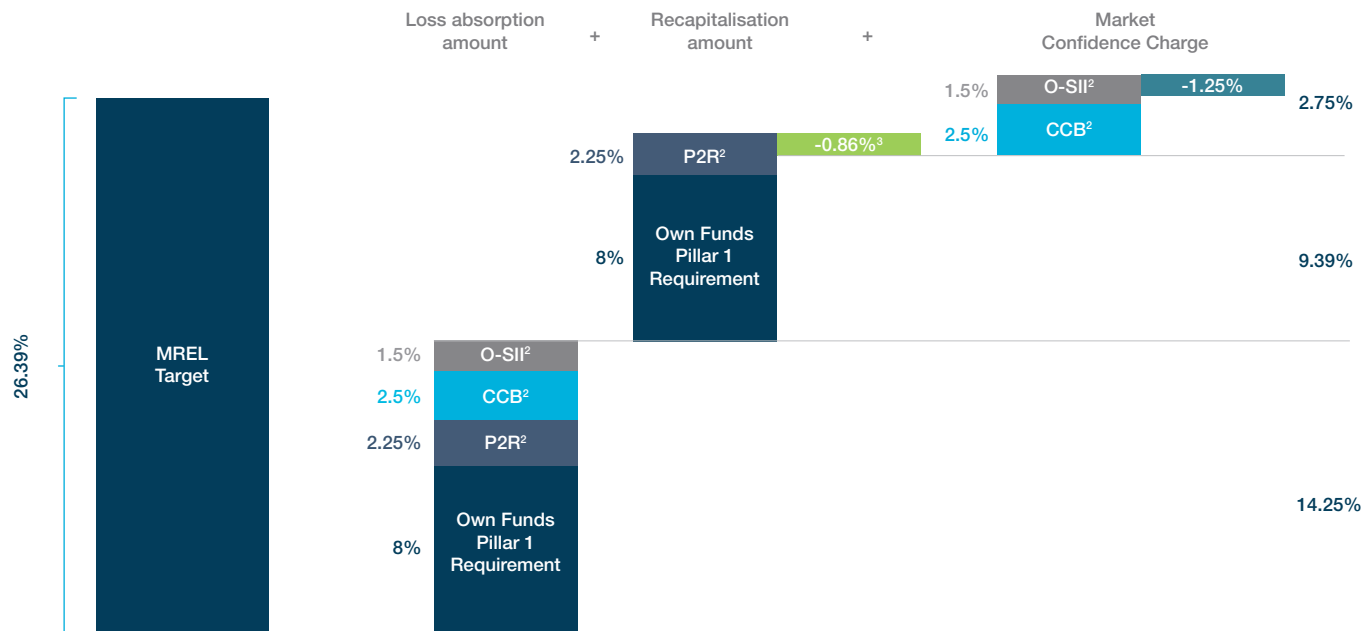
- A minimum CET1 ratio of 10.65% on a regulatory basis
- The Central Bank of Ireland has requested the power to introduce a Systemic Risk Buffer (SyRB) in Ireland under Article 133 of CRD IV which could increase the minimum regulatory capital demand. The size, timing and application of any potential SyRB are currently unknown
- Pillar 2 Guidance (P2G) is not disclosed in accordance with regulatory preference. The increase in Capital Conservation Buffer (CCB) in 2019 was offset by a like for like reduction in the P2G. In addition the P2G reduced for 2019 following the outcome of the 2018 EBA Stress Test

¹ 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

² This is the expected range for P2R, which is subject to annual review

MREL¹

2019 Interim Results Credit Presentation



- 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 1 January 2021
- This has been set at a level of 12.86% of total liabilities and own funds as at December 2016 (equivalent to 26.39% of risk weighted assets)
- Current MREL target calibration excludes UK & ROI CCyBs. CCyBs expected to be included in future target calibrations
- Modest issuance of c.€1-2bn p.a. expected to meet this requirement

¹ Minimum Requirement for Own Funds and Eligible Liabilities as at 30 June 2019

² Other Systemically Important Institution (O-SII), Capital Conservation Buffer (CCB) and Pillar 2 Requirement (P2R)

³ Bank Specific Adjustment of 0.86%

Risk Weighted Assets (RWAs) / Leverage Ratio

2019 Interim Results Credit Presentation

Customer lending average credit risk weights – June 2019^{1/2}

(Based on regulatory exposure class)

	EAD ³ (€bn)	RWA (€bn)	Avg. Risk Weight
ROI Mortgages	23.8	7.5	32%
UK Mortgages	21.7	4.1	19%
SME	15.8	12.1	76%
Corporate	11.6	10.6	91%
Other Retail	6.4	4.4	69%
Customer lending credit risk	79.3	38.7	49%

- IRB approach accounts for:
 - 70% of credit EAD (Dec 2018: 70%)
 - 71% of credit RWA (Dec 2018: 74%)
- RWA has increased from €47.8bn at Dec 2018 to €48.9bn at Jun 2019 primarily driven by the introduction of IFRS16, net loan growth and changes in asset quality and book mix

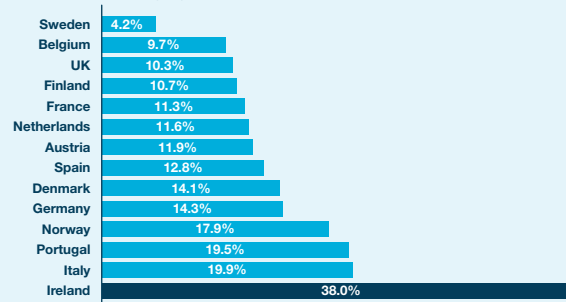
Leverage Ratio

- Fully Loaded Leverage Ratio: 6.6%
- Regulatory Leverage Ratio: 7.2%

EBA Transparency Exercise 2018

Country by Country Average IRB risk weights

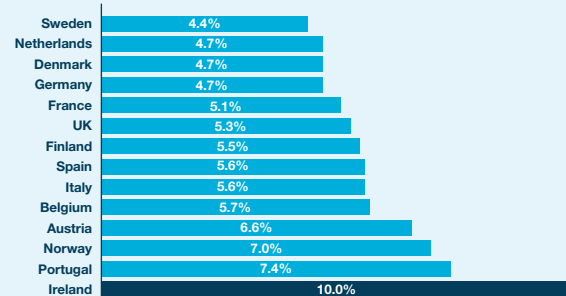
Residential Mortgages – June 2018



EBA Risk Dashboard Q1 2019

Country by Country Average Leverage ratio

Regulatory Leverage Ratio – March 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 2016)

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 / MREL

2019 Interim Results Credit Presentation

Summary Highlights

Ratings

- BOIG (HoldCo) investment grade ratings with positive outlook from S&P and Moody's
- The key ratings driver across all agencies is continued delivery of the Group's NPE reduction strategies

Economy

- Continued economic growth in core markets; supporting strong organic capital generation of 90 bps in H1 2019

Regulatory Ratios

- The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period¹
- Robust regulatory ratios provide significant buffer to credit investors (c.400bps buffer to MDA)

MREL

- The Group's MREL position at 30 June 2019 is 21.1% (22.3% pro forma including €600m senior debt issued in July 2019)
- Based on current MREL ratio and SRB MREL Policy, modest MREL 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

2019 Interim Results Credit Presentation

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BOI Overview: Ireland

2019 Interim Results Credit Presentation

Ireland's leading retail and commercial bank

Retail Ireland

Consumer



Unique customer franchise



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

Supporting local communities & enterprises



- **265 branches**, >2,800 front line staff
- **Reinventing branches** with workbenches and event spaces driving local community, enterprise and business development activity
- **440** community and enterprise events including National Enterprise Week and National Enterprise Town Awards, supporting local businesses and community groups

Extensive engagement via digital channels



- **80% digitally active** current account base
- **75%** of sessions / visits are via mobile device
- **Average of >23m** interactions in our digital channels every month

Business



Wealth



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

- **Disciplined approach** to risk management
- **60** Specialist staff; **>175** customers
- **Leading lender** of investment property and construction

Markets & Treasury

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

BOI Overview: UK / International

2019 Interim Results Credit Presentation

Attractive 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
- **£2.1bn loan book** with c.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
- **>80** Customers
- **Scalable platform** with highly disciplined approach and attractive growth opportunity

Acquisition Finance

- Mid market US / European Acquisition Finance business; **strong 20 year+ record**
- **Well recognised lead arranger**
- **6** international offices – Opened Madrid office in H1 2019, supporting our existing customers in that region
- **>200** customers, c.75% business from repeat sponsors

BOI Overview

2019 Interim Results Credit Presentation

Income Statement

	FY 2015 (€m)	FY 2016 ² (€m)	FY 2017 ³ (€m)	FY 2018 (€m)	H1 2019 (€m)
Total income	3,272	3,126	3,049	2,805	1,411
– Net interest income	2,454	2,298	2,248	2,146	1,069
– Other income (net) before additional gains and valuation items	626	615	662	672	311
– Additional gains, valuation and other items	192	213	139	(13)	31
Operating expenses	(1,746)	(1,741)	(1,796)	(1,739)	(840)
Transformation Investment charge	-	(41)	(104)	(113)	(63)
Levies and Regulatory charges	(75)	(109)	(99)	(101)	(73)
Operating profit pre-impairment	1,451	1,235	1,050	852	435
Net impairment (charges) / gains	(296)	(178)	(15)	42	(79)
Share of associates / JVs	46	41	43	41	20
Underlying profit before tax	1,201	1,098	1,078	935	376
Non core items	31	(63)	(226)	(100)	(61)
Profit before tax	1,232	1,035	852	835	315
Net interest margin	2.19%	2.20%	2.29%	2.20%	2.16%
Cost / income ratio ¹	53%	57%	62%	66%	64%

¹ Cost / income ratio is calculated as operating expenses (excluding levies and regulatory charges) divided by total income

² Comparative figures for 2016 have been restated to reflect the impact of the reclassification of the charges relating to the Central Bank of Ireland's Tracker Mortgage Examination Review as non-core and the impact of the voluntary change in the Group's accounting policy for Life assurance operations

³ Comparative figures have been restated to reflect the impact of the reclassification of €7 million of costs from the Transformation Investment charge (formerly the Core Banking Platform Investment charge) to Operating expenses (before Transformation Investment and levies and regulatory charges) for 2017

BOI Overview

2019 Interim Results Credit Presentation

Summary Balance Sheet

	Dec 15 (€bn)	Dec 16 (€bn)	Dec 17 (€bn)	Dec 18 (€bn)	Jun 19 (€bn)
Customer loans ¹	85	78	76	77	78
Liquid assets	24	21	24	25	23
Wealth and Insurance assets	16	17	17	17	18
Other assets	6	7	6	5	7
Total assets	131	123	123	124	126
Customer deposits	80	75	76	79	80
Wholesale funding	14	14	13	11	10
Wealth and Insurance liabilities	16	17	17	17	18
Other liabilities	10	6	5	5	7
Subordinated liabilities and AT1	3	2	3	3	2
Shareholders' equity	8	9	9	9	9
Total liabilities & Shareholders' equity	131	123	123	124	126
Fully loaded CET1 ratio	11.3%	12.3%	13.8%	13.4%	13.6%
Net stable funding ratio	120%	122%	127%	130%	128%
Loan to deposit ratio	106%	104%	100%	97%	97%
TNAV per share (excl. DPS)	€7.24	€7.40	€7.52	€7.87	€7.88
Dividend per share (DPS)	-	-	11.5c	16.0c	18.5c ²

¹ Loans and advances to customers is stated after impairment loss allowance

² Dividend accrual of €100m (c.20bps of CET1 capital) equivalent to an annualised dividend per share of 18.5c

BOI Overview

2019 Interim Results Credit Presentation

Profile of customer loans¹ at Jun 19 (Gross)

Composition (Jun 19)	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	23.2	21.6	0.0	44.8	57%
Non-property SME and corporate	11.0	4.8²	4.5	20.3	25%
<i>SME</i>	7.5	1.6	0.0	9.1	11%
<i>Corporate</i>	3.5	3.2	4.5	11.2	14%
Property and construction	5.8	2.0	0.7	8.5	11%
<i>Investment property</i>	5.2	1.8	0.7	7.7	10%
<i>Land and development</i>	0.6	0.2	0.0	0.8	1%
Consumer	2.2	3.5³	0.0	5.7	7%
Customer loans (gross)	42.2	31.9	5.2	79.3	100%
Geographic (%)	53%	40%	7%	100%	

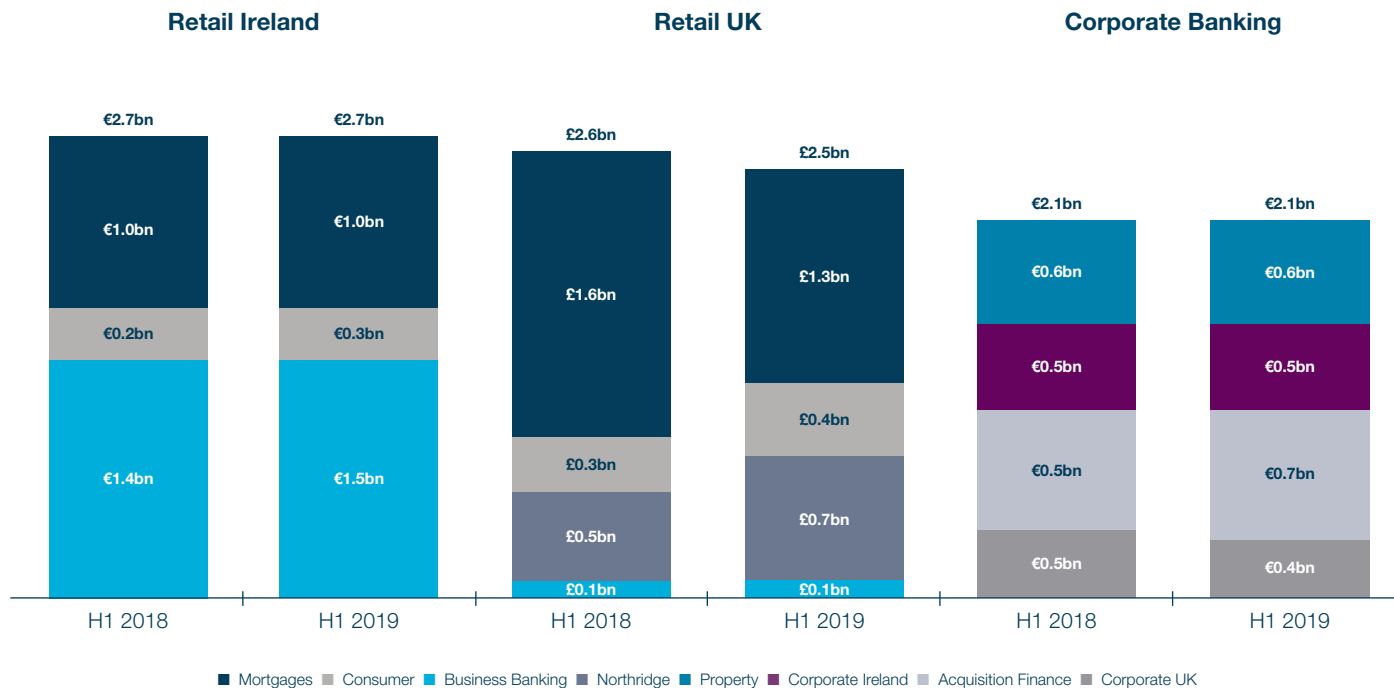
¹ Based on geographic location of customer

² Includes GB business and corporate loan books, which BOI is required to run down under its EU approved Restructuring Plan (Jun 2019: £0.4bn; Dec 2018: £0.4bn)

³ Includes UK Credit Card portfolio €0.6bn classified as held for sale as at June 2019. Sale completed in mid July 2019

Gross new lending volumes in H1 2019

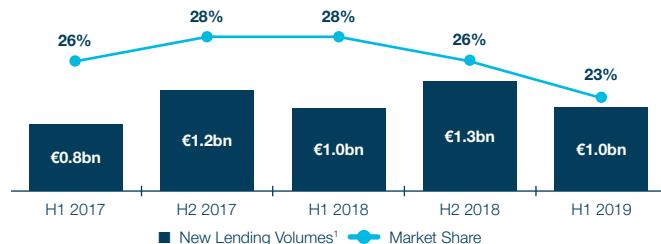
2019 Interim Results Credit Presentation



ROI Mortgages: €23.2bn

2019 Interim Results 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.92% of our new lending in H1 2019, up from c.30% in 2014

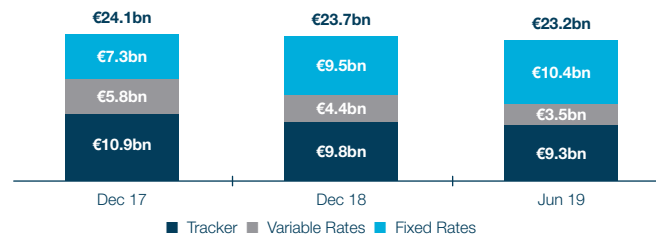
Distribution strategy – expansion into broker channel

- Accelerating on-boarding of new brokers following successful re-entry into broker market in Q4 2018 (Brokers accounted for c.25% of the market in H1 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 61% on existing mortgage stock at June 2019 (Dec 18: 61%)
- Average LTV of 74% on new mortgages in H1 2019 (Dec 18: 71%)

Tracker mortgages

- €8.8bn or 95% of trackers at June 2019 are on a capital and interest repayment basis
- 80% of trackers are Owner Occupier mortgages; 20% of trackers are Buy to Let mortgages
- Loan asset spread on ECB tracker mortgages was c.64bps² in H1 2019

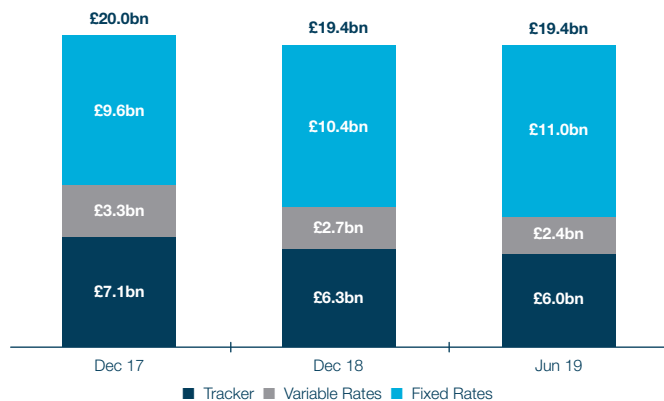
¹ Excluding portfolio acquisitions (H1 2017 – Nil; H2 2017 – €0.1bn; H1 2018 – Nil; H2 2018 – Nil; H1 2019 – Nil)

² Average customer pay rate of 110bps less Group average cost of funds of 46bps

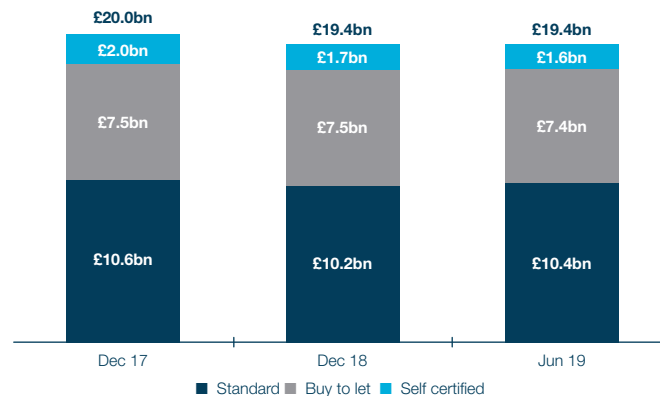
UK Mortgages: £19.4bn / €21.6bn

2019 Interim Results Credit Presentation

UK Mortgages (gross)



UK Mortgages (gross)



LTV profile

- Average LTV of 62% on existing stock at Jun 2019 (Dec 18: 62%)
- Average LTV of 74% on new UK mortgages in H1 2019 (2018: 72%)

Income Statement

2019 Interim Results Credit Presentation

Divisional performance – all trading divisions have increased their operating profit pre-impairment

6 months ended Jun 19	Operating Profit pre-impairment (€m)	Underlying profit / (loss) before tax and additional gains, valuation and other items / (losses) (€m)	Additional gains, valuation and other items ¹ (€m)	Underlying profit / (loss) before tax (€m)
Retail Ireland	260	263	-	263
Wealth and Insurance	84	48	36	84
Retail UK – €	112	88	4	92
<i>Retail UK – £</i>	97	77	3	80
Corporate and Treasury	250	230	(23)	207
Group Centre & other	(208)	(211)	4	(207)
Transformation Investment charge	(63)	(63)	-	(63)
Group	435	355	21	376

6 months ended Jun 18	Operating Profit pre-impairment (€m)	Underlying profit / (loss) before tax and additional gains, valuation and other items / (losses) (€m)	Additional gains, valuation and other items ¹ (€m)	Underlying profit / (loss) before tax (€m)
Retail Ireland	240	352	(7)	345
Wealth and Insurance	34	45	(11)	34
Retail UK – €	105	116	(3)	113
<i>Retail UK – £</i>	92	102	(3)	99
Corporate & Treasury	244	228	5	233
Group Centre & Other	(174)	(170)	(4)	(174)
Transformation Investment charge	(51)	(51)	-	(51)
Group	398	520	(20)	500

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

Interest Rate Sensitivity

2019 Interim Results 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 18 (€m)	Jun 19 (€m)
100bps higher	c.180	c.200
100bps lower	(c.210)	(c.230)

The estimates incorporate certain 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

2019 Interim Results Credit Presentation

Net interest income analysis

	H2 2017			H1 2018			H2 2018			H1 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 ¹	35.3	545	3.07%	34.6	531	3.09%	34.4	531	3.06%	34.2	517	3.05%
UK Loans	28.0	430	3.05%	28.1	440	3.16%	27.6	447	3.21%	27.5	439	3.22% ⁵
C&T Loans	12.8	253	3.92%	13.6	259	3.85%	14.6	287	3.89%	15.8	312	3.98%
Total Loans & Advances to Customers	76.1	1,228	3.20%	76.3	1,230	3.25%	76.6	1,265	3.28%	77.5	1,268	3.30%
Liquid Assets	20.8	43	0.41%	22.1	35	0.32%	22.7	38	0.33%	22.9	33	0.29%
NAMA Sub Debt	0.3	17	11.97%	0.2	4	3.50%	0.1	2	5.24%	0.1	2	5.40%
Total Interest Earning Assets	97.2	1,288	2.63%	98.6	1,269	2.60%	99.4	1,305	2.60%	100.5	1,303	2.61%
Ireland Deposits	20.4	(9)	(0.08%)	20.5	(8)	(0.08%)	20.7	(8)	(0.08%)	20.7	(7)	(0.07%)
Credit Balances ²	29.3	4	0.03%	30.5	2	0.01%	32.8	3	0.02%	34.5	3	0.02%
UK Deposits	18.2	(74)	(0.80%)	18.9	(81)	(0.86%)	18.6	(88)	(0.94%)	18.3	(91)	(1.00%)
C&T Deposits	5.2	(9)	(0.35%)	4.7	(9)	(0.39%)	4.9	(9)	(0.37%)	5.1	(9)	(0.35%)
Total Deposits	73.1	(88)	(0.24%)	74.6	(96)	(0.26%)	77.0	(102)	(0.26%)	78.6	(104)	(0.27%)
Wholesale Funding ³	12.3	(36)	(0.58%)	12.3	(45)	(0.73%)	11.0	(52)	(0.94%)	10.3	(54)	(1.06%)
Subordinated Liabilities	1.8	(42)	(4.80%)	2.1	(49)	(4.77%)	2.1	(51)	(4.86%)	2.0	(49)	(4.85%)
Total Interest Bearing Liabilities	87.2	(166)	(0.38%)	89.0	(190)	(0.43%)	90.1	(205)	(0.45%)	90.9	(207)	(0.46%)
IFRS Income Classification		5			7			7			2	
Other ⁴		(25)			9			(22)			(19)	
Net Interest Margin	97.2	1,102	2.25%	98.6	1,095	2.23%	99.4	1,085	2.17%	100.5	1,079	2.16%
Average ECB Base rate			0.00%			0.00%			0.00%			0.00%
Average 3 month Euribor			(0.33%)			(0.33%)			(0.32%)			(0.31%)
Average BOE Base rate			0.32%			0.50%			0.70%			0.75%
Average 3 month LIBOR			0.38%			0.62%			0.82%			0.84%

¹ Includes average interest earning assets of c.€0.3bn in H1 2019 carried at FVTPL with associated H1 2019 interest income of c.€7m

² Credit balances in H1 2019: ROI €26.5bn, UK €3.5bn, C&T €4.5bn

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

⁴ Includes IFRS 16 lease expense and adjustments that are of a non-recurring nature such as customer termination fees and EIR adjustments

⁵ Excludes income (c.5bps) relating to the repositioning of the UK cards portfolio as non-core in H1 2019 due to classification as held for sale

Non-core items

2019 Interim Results Credit Presentation

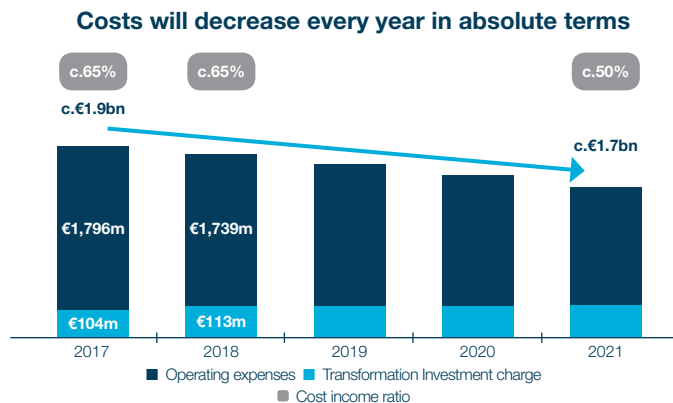
	H1 2018 (€m)	H1 2019 (€m)
Customer redress programme	-	(62)
– <i>Tracker Mortgage Examination</i>	-	(55)
– <i>Other programme</i>	-	(7)
Cost of restructuring programme ¹	(51)	(21)
(Loss) / gain on disposal / liquidation of business activities	-	(3)
Gain on disposal of Property	7	-
Investment return on treasury stock held for policyholders	-	1
UK business divestments, net of disposal costs ²	-	2
Gross-up for policyholder tax in the Wealth and Insurance business	(2)	22
Total non-core items	(46)	(61)

¹ Restructuring costs of €21 million in H1 2019 primarily relate to a reduction in employee numbers (€17 million), programme management costs (€2 million) and costs related to the implementation of the Group's property strategy (€2 million)

² Relates to UK Credit Cards, Post Office ATMs and Post Office Current Accounts

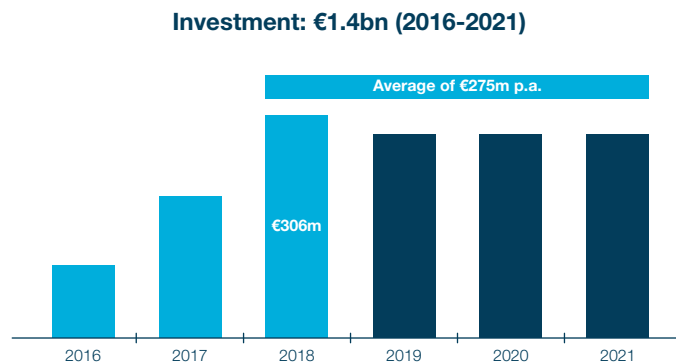
Transformation Investment of €1.4bn supporting growth / driving efficiencies

2019 Interim Results Credit Presentation



Transformation investments are supporting growth and driving efficiencies – Investor day targets

- Cost target of c.€1.7bn in 2021
- Costs reduce every year: 2018 – 2021
- Cost income ratio expected to improve from 65% to c.50% in 2021



Expected ¹	Treatment	2018 (€m)	H1 2019 (€m)	Total (€m)	%
40%	Transformation Investment charge	113	63	176	40%
40%	Capitalised as Intangible Assets	100	54	154	35%
20%	Non-core restructuring costs	93	21	114	25%
100%	Total	306	138	444	100%

50-60bps p.a. CET1 (bps)

60bps 25bps

¹ As outlined at Investor Day in June 2018 in respect of the average investment of €275m p.a. for 2018-2021

Non-performing exposures by portfolio

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Composition (Jun 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	44.8	2.3	5.0%	0.5	23%
– Republic of Ireland	23.2	1.8	7.6%	0.4	25%
– UK	21.6	0.5	2.2%	0.1	16%
Non-property SME and Corporate	20.3	1.1	5.5%	0.6	52%
– Republic of Ireland SME	7.5	0.7	9.3%	0.4	51%
– UK SME	1.6	0.1	6.8%	0.0	41%
– Corporate	11.2	0.3	2.7%	0.2	58%
Property and construction	8.5	0.7	8.4%	0.3	46%
– Investment property	7.7	0.6	8.6%	0.3	45%
– Land and development	0.8	0.1	6.6%	0.0	57%
Consumer¹	5.7	0.1	2.1%	0.2	139%
Total loans and advances to customers	79.3	4.2	5.3%	1.6	38%

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%

¹ Includes UK Credit Card portfolio €0.6bn classified as held for sale as at June 2019. Sale completed in mid July 2019

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

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	ROI (€bn)	UK (€bn)	France (€bn)	Other (€bn)	Jun 19 (€bn)	Dec 18 (€bn)
Sovereign bonds	2.5	-	0.8	2.5	5.8	6.0
Senior debt	-	-	0.3	1.9	2.2	2.2
Covered bonds	0.2	0.2	0.9	2.3	3.6	3.7
Subordinated debt	-	0.1	-	-	0.1	0.1
Total	2.7	0.3	2.0	6.7	11.7	12.0
FVOCI Reserve	0.2	-	-	-	0.2	0.2

Portfolio

- The Group held €11.7bn of FVOCI debt securities at Jun 2019. Weighted average instrument level credit rating of the portfolio is A+
- Other exposures include supranational entities (€1.6bn), Spain (€1.0bn), Sweden (€0.9bn), Belgium (€0.8bn) and Other (€2.4bn – all exposures less than €0.5bn)

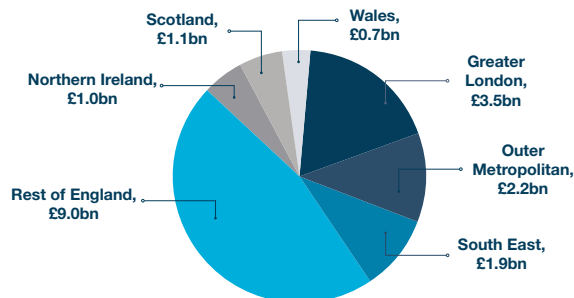
NAMA

- The Group holds NAMA subordinated bonds – €70m nominal value, valued at 103% at Jun 2019 (Dec 18 – 104%)

UK Customer Loans £28.6bn (€31.9bn)

2019 Interim Results Credit Presentation

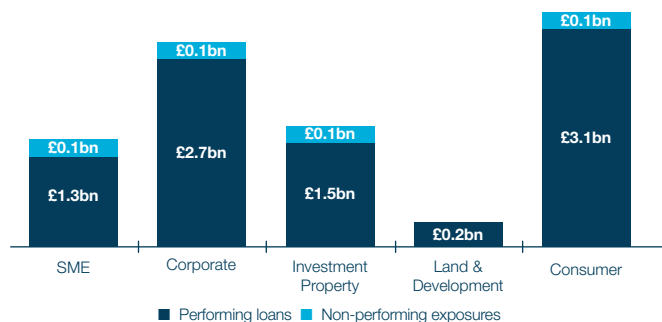
UK Mortgages – £19.4bn



UK Mortgages Analysis – £19.4bn

- Total UK mortgages of £19.4bn; (NPEs: 2%)
 - Average LTV of 62% on total book (2018: 62%)
 - Average LTV of 74% on new mortgages (2018: 72%)
- 70% of the current mortgage portfolio originated since January 2010 are standard owner occupier mortgages
- BTL book is well seasoned with 69% of these mortgages originated prior to January 2010
- Average balance of Greater London mortgages is c.£190k, with 92% of Greater London mortgages having an indexed LTV <70%

Other UK Customer Loans – £9.2bn



Other UK Customer Loans Analysis – £9.2bn

- Non-performing exposures of £0.4bn with strong coverage ratios
- Performing loans of £8.8bn;
 - SME: broad sectoral diversification with low concentration risk
 - Corporate: specialist lending teams in Acquisition Finance, Project Finance, and Corporate lending through a focused sector strategy
 - Investment Property: primarily Retail, Office and Residential sectors
 - Consumer (£3.2bn):
 - Northridge (£1.7bn): Asset backed motor finance business; net loan book increase of £0.3bn in H1 2019; mid-market targeting prime business only; below industry arrears and loan losses
 - Personal loan volumes (£0.9bn): net loan book increase of £0.2bn in H1 2019; improved credit risk process has driven increase in customer applications and drawdowns
 - Credit cards (£0.5bn): classified as held for sale as at Jun 2019

Capital – fully loaded CET1 ratio improved by 40bps

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CET1 ratios – Jun 2019

	Regulatory ratio (€bn)	Fully loaded ratio (€bn)
Total equity	10.1	10.1
Less Additional Tier 1	(0.8)	(0.8)
Deferred tax	(0.5)	(1.1)
Intangible assets and goodwill	(0.7)	(0.7)
Foreseeable dividend ¹	(0.1)	(0.1)
Expected loss deduction	(0.4)	(0.4)
Other items ²	(0.3)	(0.4)
Common Equity Tier 1 Capital	7.3	6.6
Credit RWA	42.7	42.5
Operational RWA	4.5	4.5
Market, Counterparty Credit Risk and Securitisations	1.7	1.7
Total RWA	48.9	48.7
Common Equity Tier 1 ratio	14.9%	13.6%
Total Capital Ratio	18.0%	16.7%
Leverage Ratio	7.2%	6.6%

Phasing impacts on Regulatory ratio

- Deferred tax assets – certain DTAs³ 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 2019⁴, decreasing to 70%, 50%, and 25% in subsequent years

¹ Dividend accrual of €100m (c.20bps of CET1 capital) in H1 2019, equivalent to an annualised dividend per share of 18.5c

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.16bps at 30 Jun 2019, reduced from c.18bps at 31 Dec 2018

Capital Guidance and Distribution Policy

2019 Interim Results Credit Presentation

Capital Guidance

- The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period¹
- This includes meeting applicable regulatory capital requirements plus an appropriate management buffer²

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

- Regulatory rules require that an accrual is made at the half year in respect of potential dividends; in that regard the Group has made an accrual of €100m (c.20bps) in arriving at its CET1 ratio of 13.6% which would be equivalent to an annualised dividend per share of 18.5c

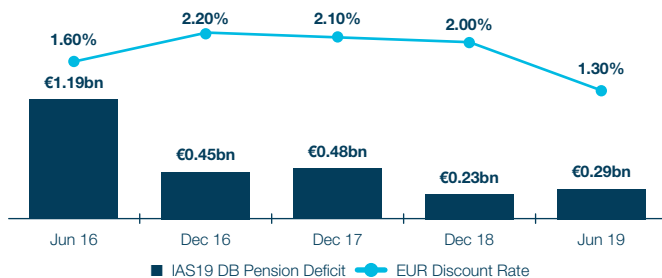
¹ The Other Systemically Important Institution (O-SII) buffer was introduced at 0.5% in July 2019, increasing to 1.0% in July 2020 and 1.5% in July 2021

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

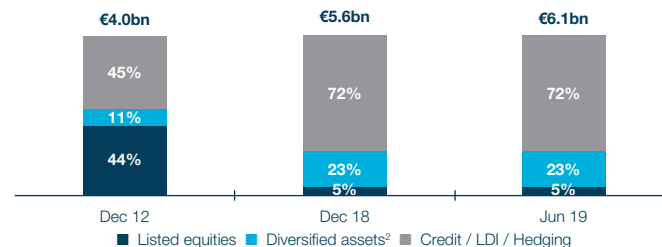
Defined Benefit Pension Schemes

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Group IAS19 Defined Benefit Pension Deficit



Mix of BSPF* Defined Benefit Pension Scheme Assets (%)¹

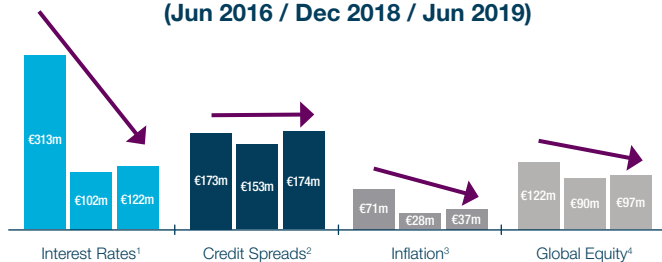


* BSPF = Bank of Ireland Staff Pensions Fund

¹ Graphs shows BSPF asset allocation. BSPF represents approx. 77% of DB Pension assets

² Diversified assets includes infrastructure, private equity, hedge funds and property

IAS19 Pension Deficit Sensitivities (Jun 2016 / Dec 2018 / Jun 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 €0.29bn at Jun 2019: schemes in deficit €0.34bn, schemes in surplus €0.05bn
- The primary drivers of the movement in the deficit were the net negative impact of changes in long term assumptions partly offset by the increase in assets and positive experience gains
- The Group has continued to support Trustees in diversifying asset portfolios away from listed equity into other return-seeking but potentially less volatile asset classes. In H1 2019, the BOI Group UK scheme (2nd largest Group scheme) de-risked by reducing the allocation to growth assets, emerging markets and absolute return and increased liability hedging with a transition of c.€117m into an LDI portfolio
- The Trustees of the New Ireland pension scheme (4th largest Group scheme) have also agreed a significant investment de-risking proposal which is currently being implemented
- BSPF asset returns of +10.9% and +4.8%.p.a. were achieved over 1 year and 3 years respectively to end June 2019

Ordinary shareholders' equity and TNAV

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Movement in ordinary shareholders' equity	2018 (€m)	H1 2019 (€m)
Ordinary shareholders' equity at beginning of period	8,859	9,243
Movements:		
Profit attributable to shareholders	620	195
Impact of adopting IFRS 9	(31)	-
Dividend paid to ordinary shareholders	(124)	(173)
Remeasurement of the net defined benefit pension liability	129	(61)
Debt instruments at FVOCI reserve movements	133	48
Available for sale (AFS) reserve movements	(341)	-
Cash flow hedge reserve movement	(51)	8
Foreign exchange movements	10	(2)
Other movements	39	(1)
Ordinary shareholders' equity at end of period	9,243	9,257
Tangible net asset value	Dec 18¹ (€m)	Jun 19 (€m)
Ordinary shareholders' equity at the end of period	9,243	9,257
Adjustments:		
Intangible assets and goodwill	(802)	(811)
Own stock held for benefit of life assurance policyholders	25	27
Tangible net asset value (TNAV)	8,466	8,473
Number of ordinary shares in issue at the end of the period	1,076	1,075
TNAV per share (€)	€7.87	€7.88
Dividend per share (€) paid during period	€0.115	€0.16

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

Cost income ratio: Jun 2019

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Headline vs. Adjusted

	H1 2019 Headline (€m)	Pro forma adjustments (€m)	H1 2019 Pro forma (€m)
Net interest income	1,069	-	1,069
Other income			
– Business income	311	-	311
– Additional gains	3	(3)	-
– Other valuation items ¹	28	(18)	10
Total Income	1,411	(21)	1,390
Costs			
– Operating expenses	840	-	840
– Transformation Investment	63	-	63
Costs	903	-	903
Cost income ratio	64%		65%

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

- **H1 2019 adjusted cost income ratio is adjusted for;**
 - Additional Gains and valuation items¹ (€21m)

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

Return on tangible equity (RoTE)

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H1 2019: Headline vs. Adjusted

	H1 2019 Headline (€m)	Adjustments			H1 2019 Adjusted (€m)
		Additional gains, & valuations items ¹ net of tax	'Normalised' impairment adjustment, net of tax	Adjusted for CET1 Ratio at 13%	
Profit for the period	226				
Non-Core items, net of tax	77				
Coupon on Additional Tier 1 securities	(28)				
Preference share dividends	(3)				
Adjusted profit after tax	272	(18)	-	-	254
Annualised profit after tax	579	(36)	-	-	543
At June 2019					
Shareholders' equity	9,257			(283)	8,974
Intangible assets	(811)				(811)
Shareholders' tangible equity	8,446			(283)	8,163
Average shareholders' tangible equity	8,576	-	-	(196)	8,380
Return on tangible equity (RoTE)	6.8%				6.5%

- **H1 2019 Adjusted Return on Tangible Equity is adjusted for;**
 - Additional gains and valuations items¹, net of tax – €36m
 - No adjustment to impairment charge – 'Normalised' impairment charge (21bps) in H1 2019 reflected in headline and adjusted numbers
 - Average Shareholders' tangible equity calculated on a CET1 Ratio at 13% – adjustment of €196m

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

Forward-Looking statement

2019 Interim Results 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 half-year ended 30 June 2019 beginning on page 27 and also the discussion of risk in the Group's Annual Report for the year ended 31 December 2018.

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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