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2020 Results Announcement

31 December 2020

Bank of Ireland

Group CEO
Francesca McDonagh

Summary

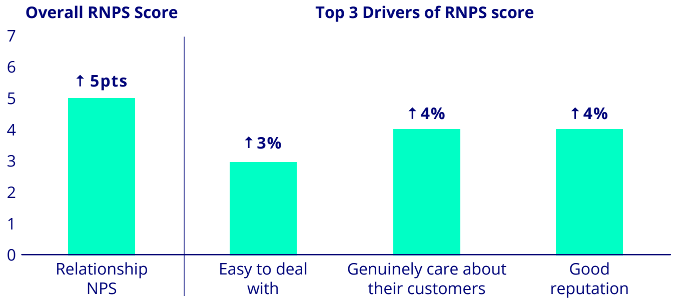
2020 Performance	**€374m** Underlying loss before tax	• Return to profitability in H2 2020 • 6th straight reporting period of reductions; costs reduced by further 4% vs. 2019 • Irish mortgage market share increased 2% to 25.5% in 2020
Asset Quality	**5.7%** NPE Ratio	• Impairment charge of €1.1bn; c.60% relates to performing loans • NPE ratio increased from 4.4% in 2019 to 5.7%; stable in H2 • Payment break outcomes more positive than expected; 94% concluded and only c.4% have migrated into 'new' arrears status[1]
Transformation	**c.€1.7bn** Cost target reached	• Achieved 2021 cost target of c.€1.7bn one year early • New cost target of €1.5bn by 2023 • Further progress in the UK; Northern Ireland strategic review complete • Digital progress supports new branch strategy; c.33% of branches to close
Capital	**14.9%** Regulatory CET1 ratio	• Strong capital position; regulatory CET1 ratio 14.9% and c.510bps headroom to minimum regulatory requirements; fully loaded CET1 ratio 13.4% • Pre-impairment organic capital generation of 80bps in H2 vs. 45bps in H1 • €975m AT1 capital issued in 2020

[1] Balances now categorised as arrears that were not previously in arrears prior to payment breaks; as at 12 February 2021

Customers at the core of our response to COVID-19

Customers

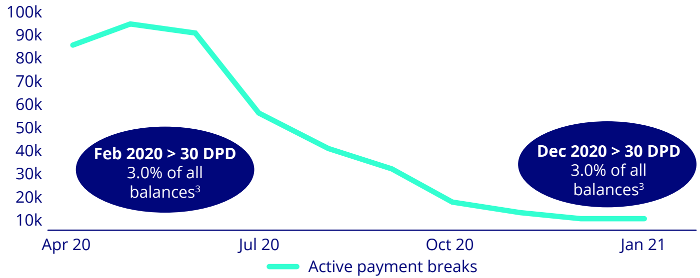
Relationship NPS[1] improved by +5 points in 2020 vs. 2019



- Financial Wellbeing Index at 66 (+5 vs. Feb 2019)
- Customer complaints fell by 22% vs. 2019 in Ireland
- Various lending supports provided, including:
  - Additional €1bn in funding for Sustainable Finance Fund
  - Online application portal launched under €2bn Irish Credit Guarantee Scheme to ensure quicker access for SMEs
- Launched simple monthly fee for Personal Current Accounts (PCA), replacing 26 separate charges
- Launched nationwide fraud awareness campaign and additional Vulnerable Customer supports
- Rated best provider for supporting bereaved customers through probate amongst all UK banks

Payment Breaks – better than expected outcomes

Active payment breaks – 94% now concluded[2] with modest arrears migration evident



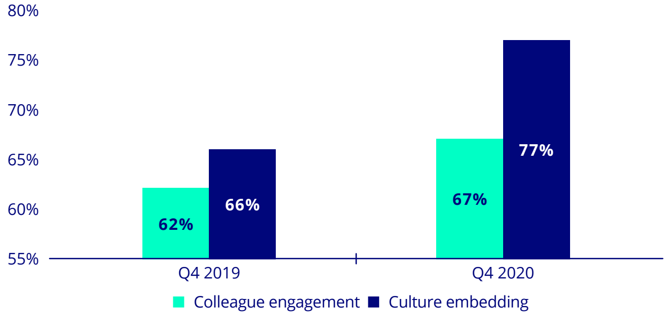
- c.100k initial 3 month payment breaks to personal and business customers in Ireland and UK
  - 94% of payment breaks have now concluded
    - 97% of these have returned to pre-COVID-19 terms
    - 3% have had further forbearance measures approved
  - 6% of payment breaks remain in place
- Minimal arrears and NPE migration evident in concluded payment breaks so far; c.4% of concluded payment breaks have become 'new' arrears[4]
- Proactive early engagement continues

[1] RNPS = Net Promoter Score measuring customer loyalty; difference between % of promoters vs. % of detractors
[2] As at 12 February 2021
[3] Retail customers in Ireland and UK, arrears on all balances, payment break and non-payment break
[4] Balances now categorised as arrears that were not previously in arrears prior to payment breaks

Enabling our Colleagues and Communities to thrive

Colleagues

Strong improvement in Engagement & Culture



- 87% of colleagues believe the Group is quickly adapting to the changing ways of working, and 94% believe the Group is keeping them informed about the impact of COVID-19 on their working life
- Additional flexible Ways of Working supports; > 75% of colleagues currently working from home
- Over 280k visits to the Group's digital learning platform, with > 80% of colleagues engaging in non-mandatory, online training
- "With Pride" LGBT+ Network recognised as market-leading with two industry Diversity & Inclusion awards
- Female talent representing 47% of all new senior appointments in H2 (2020: 41%), on track to achieve 50:50 gender target in 2021

Communities

Supporting our Communities during the Pandemic

Irish mortgage market share increased by 2% — **25.5%**

€2.0bn new lending to Irish SMEs

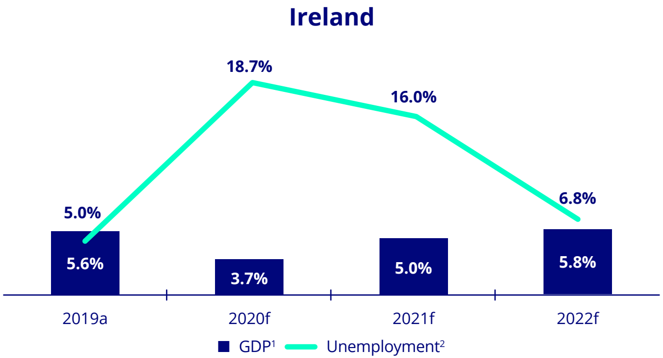
Residential development lending fund increased by — **€0.4bn to €2bn**

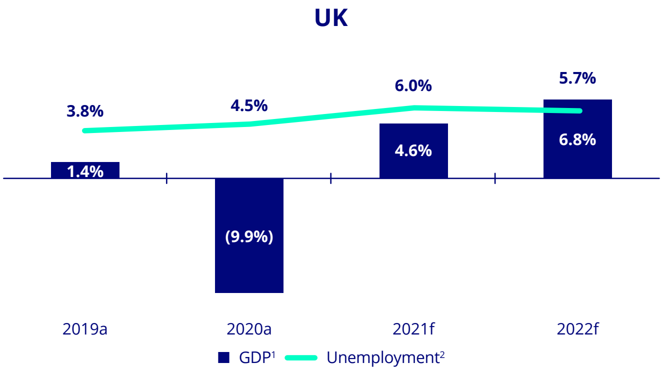
€4m Begin Together campaign to support communities and the arts

- Supporting house building and new home supply for communities across Ireland; in 2020 approved loans to finance the development of c.2,300 new homes, including 675 homes for social housing
- 'Cares about community' increased +5 points to 42%, driving an improvement in relationship NPS in 2020
- New Responsible and Sustainable Business (RSB) strategy 'Investing in Tomorrow' launched
- Distributed €1m in emergency funds for c.150 island of Ireland charities and communities impacted by COVID-19
- Over 50% of Irish schools participating in BOI Youth Financial Literacy Programme

Bank of Ireland

Continued economic strengthening in 2021 expected



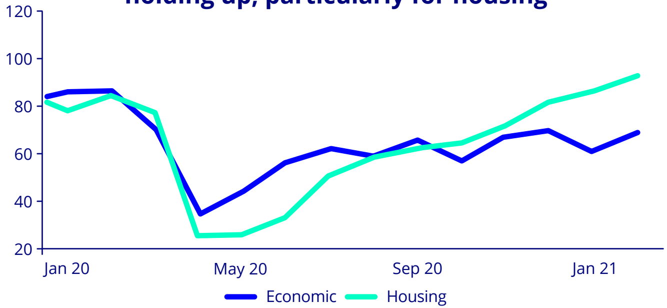


- Ireland is a very open economy; imports and exports sum to c.240% of GDP, and leveraged to international developments
- Ireland's 2020 performance benefited from strong exports; more than offsetting weak domestic performance
- Two-speed Irish economy reflected in industrial production data:
  - multinational-oriented sectors grew by 7.3% y/y in 2020
  - domestic-oriented sectors contracted by 5.3% last year
- Brexit outcome provides greater certainty to support investment; 16% of Irish services exports and 9% of goods exports go to UK
- Irish government's fiscal measures total €38bn (19% of GNI*[3]) in fighting the effects of COVID-19
- High frequency data show that economic activity in Ireland is heavily influenced by COVID-19 policy measures

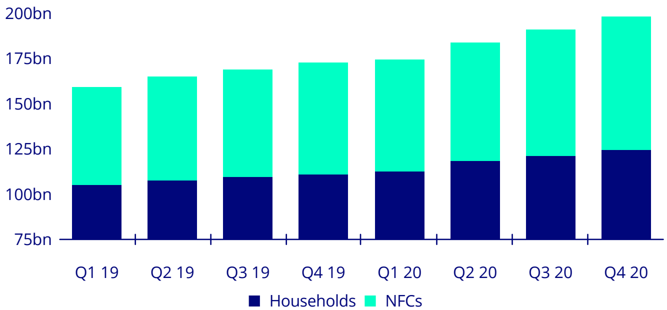
Sources: Forecasts (February 2021) by Bank of Ireland Economic Research Unit; CSO; ONS
[1] Annual real growth
[2] Annual average rate
[3] GNI*, or Modified Gross National Income, is an indicator designed to exclude globalisation effects that are disproportionally impacting the measurement of the size of the Irish economy

As 2021 progresses, Irish recovery expected to become more broad-based

Bank of Ireland Pulse shows sentiment holding up, particularly for housing



Deposits[1] grew €25bn / 15% during 2020



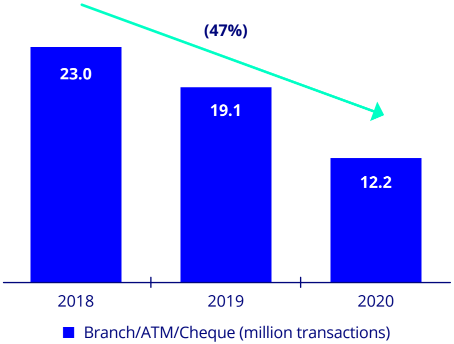
- As of 22 February, total COVID-19 vaccine doses equivalent to c.7% of the population had been administered in Ireland, vs. an EU average of c.6%
- Tighter COVID-19 restrictions weighing on overall economic sentiment
- Reopening of retail, construction and hospitality sectors will support stronger recovery
  - 247k of the 473k people currently (as of 23 February) on the Irish government's Pandemic Unemployment Payment previously worked in those three sectors
- Housing sentiment positive; Bank of Ireland's Housing Pulse has returned to pre-pandemic levels
- Growth in private sector deposits; +15% since 2019, supportive of future consumer spending and business investment
- Irish household debt at 15 year low of €130bn; ratio of debt-to-disposable income has improved from peak of 210% in 2011 to current 107%

Sources: Bank of Ireland Economic Pulse; Bank of Ireland Housing Pulse; Central Bank of Ireland; Ireland Health Service Executive; European Centre for Disease Prevention and Control; Ireland Department of Social Protection

[1] Households and Non-Financial Corporations only, excludes Insurance Corporations and Pension Funds / Other Financial Intermediaries

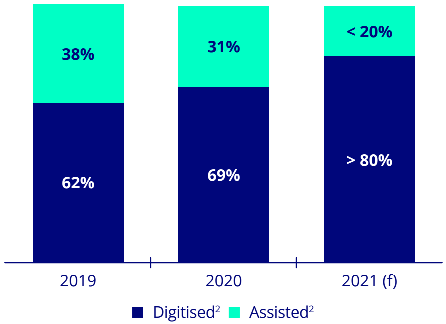
Digital engagement accelerated in 2020 following new channel launches and COVID-19 behaviour change

COVID-19 accelerated decline in traditional branch transactions



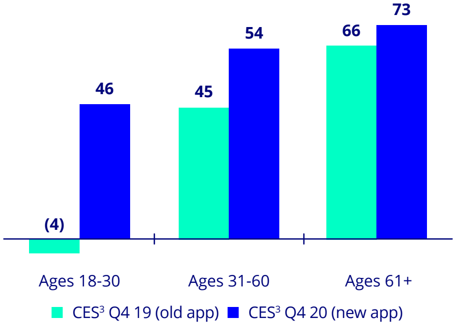
- Supported by digital investments, <7% of completed traditional branch transactions now require manual intervention
- Decision to reduce branch footprint with closure of 103 branches across Island of Ireland, generating c.€26m in annualised cost savings
- Migration of entire Ireland and UK ATM fleet (c.4,000 devices) to FiServ in 2020, reducing operational risk and future investment costs

Digital adoption has reached a tipping point on key product applications[1]



- Digital adoption reaches tipping point as customers move seamlessly into digitised take-up of key banking products
- Digital fulfilment on key products expected to be >80% by end 2021
- Digital PCA journey now takes as little as 6 mins, and c.80% of all new PCAs can be opened using biometrics

New mobile app driving increase in customer satisfaction



- New app launched in 2020, increasing functionality by 50%
- Regular release programme has added 25 additional features; more releases in 2020 than in previous 3 years
- c.70% of customers digitally active with a 26% increase in customers registering for the new mobile app since launch

[1] Everyday banking products including: Current Accounts, Deposits, Credit Cards and Personal Loans
[2] Digitised: No human engagement required to complete purchase. Assisted: human (staff) engagement required to complete
[3] Customer Effort Score (CES) is a customer satisfaction survey measuring ease of use of a high-volume service or product channel

Material progress on Transformation in 2020, accelerating delivery in 2021

Key Milestones Delivered in 2020

Growth

- Digital insurance wallet (now generating 38% of general insurance sales)
- New fully digital mortgage journey for first time buyers (31% of applicants now via this channel)

Efficiency

- 15+ sales and servicing journeys digitised via End-to-End process in 2020; €21.5m (410 FTE) in costs savings

Customer experience

- Digital payments for mobile app
- New digitised small business lending proposition
- New digital pension and broker platforms
- Pay-to-Mobile tool enhanced and refreshed
- First-to-market digital arrears journey

Committed Milestones on 2021 Roadmap

Transformation investment to continue within previous €1.4bn envelope

H1

- Legacy mobile apps disabled
- New online browser for Banking 365 launched
- Digital journeys for 100% of new mortgages in Ireland
- Further self service enhancements in Wealth & Insurance

H2

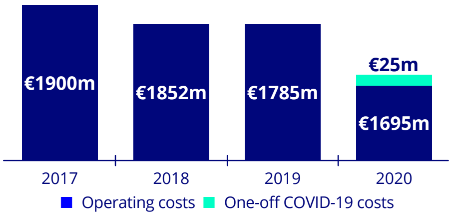
- Financial Wellbeing: mobile app spending and card controls
- Biometrics recognition to log-in to mobile app
- Digital Money Manager to be launched
- National P2P instant mobile payments
- Customer Engagement Engine to better acquire and retain customers via personalised interactions

Increased Revenue | **Reduced Cost** | **Improved Customer Satisfaction**

Proven track record of cost reduction; new €1.5bn target for 2023

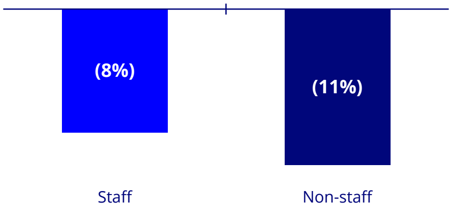
Consistent

- Costs reduced by c.10% vs. 2017, despite underlying wage inflation and transformation investment
- Costs have reduced during each of the past six reporting periods



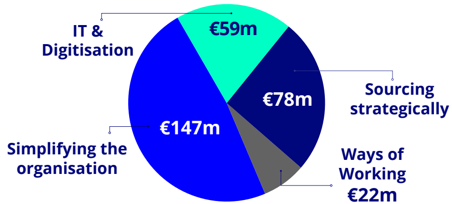
Broad-based

- Cost reduction broad-based across staff and non-staff costs since 2017
- FTE numbers down by c.10% since Dec 2017

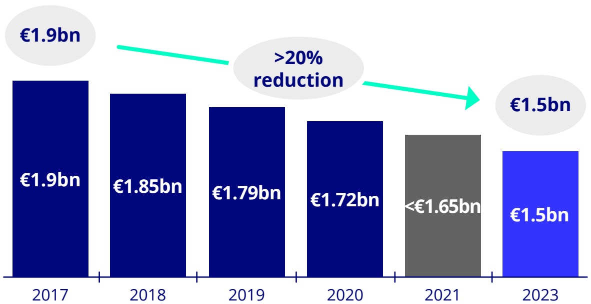


Efficient

- €306m in gross cost savings since FY 2017 created capacity to absorb investment in our people and infrastructure
- Investment in systems and digitalisation support continued efficiencies



New €1.5bn 2023 cost target; existing momentum supports target



- 2023 costs of €1.5bn; sustainable cost reduction enabled by strategic decisions
  - Underpinned by successful voluntary redundancy programme, with c.1,450 FTE exits
  - Simplifying and automating customer journeys
  - Restructure of the UK Business
  - Reduced property footprint, supported by modern and agile Ways of Working
  - New branch strategy

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Further strategic progress in the UK in 2020

Retail UK	2019	2020
Net interest income	£494m	£497m
Other income	(£13m)	(£2m)
Costs (excl. intangibles)	(£288m)	(£263m)
Operating profit	**£193m**	**£224m[1]**
Impairment	(£71m)	(£238m)
JV income	£30m	(£1m)
Underlying profit/(loss)	**£152m**	**(£15m)**
Cost income ratio	60%	53%
Loan book	£24.8bn	£24.5bn
Deposits	£19.1bn	£18.3bn
NIM	1.75%	1.73%

Progress on UK repositioning continued in 2020

- **Underlying PBT**
  - Stable net interest income; supported by rising margins on new mortgage lending, Q4 exit NIM of 1.82%
  - Reduced operating costs by £25m or 9%; positive JAWS of 12%
  - JV income, FX joint venture with PO, impacted by UK travel restrictions
- **Balance sheet**
  - New lending volumes £1bn lower in 2020, reflecting improved business mix; c.£0.6bn of Bespoke mortgage lending since launch
  - Reduction in lending volumes supported a £0.8bn reduction in more expensive deposits

Further strategic actions to improve returns underway

Northern Ireland strategic review complete

- Decision taken to materially restructure the business
- c.50% of branches to close; Northern Ireland initiatives over next 18 months will reduce NI gross costs by over 15% in the medium term[2]
- Simplification of product offering and physical footprint to align with GB strategy; leverage expertise in car finance and mortgages

2021 UK outlook

- Loan book to reduce by c.10%; with reduced deposits
- Margins in line with 2020 exit NIM
- Operating costs to reduce c.3%
- Material reduction in impairment charges

Building blocks to increase UK returns remain

- Higher new lending margins
- Reduced funding costs
- Lower operating costs
- Smaller balance sheet

1 Includes £8m goodwill intangible write-off
2 Before investment initiatives

Wealth & Insurance business provides Group with unique platform to grow income

38%
of Group Business Income

35%
Bank channel penetration
(+3% y/y)

c.€33bn
Ireland Retail Personal Balances
(15% y/y increase in potential AUM)

€19.8bn
AUM
(+3% y/y)

- **Unique proposition as Ireland's only universal bancassurer**
  - Market leading positions in life and pensions and savings
  - In-house product manufacturing and distribution platforms
  - Business model captures all economic value accruing from self-manufactured wealth and insurance product life cycles
- **Scale of business**
  - Ireland's largest bancassurer and leading life and pensions company; >600k customers, including >250k wealth customers
  - Embedded value €902m; +7% since 2018
  - Operating profit grew 11% per annum, 2017-2019, pre-COVID-19

Harnessing digital and in-house product manufacturing capabilities

Group Pensions

- **MyPension365;** launched in 2020, c.€3bn of back book pension schemes to begin migrating in 2021
- Key offering to grow share of estimated **c.€160bn DC and DB Irish pension market**
- **Full E2E digitisation and automation;** 90% reduction in on-boarding times

Digitally enabled platforms

- **Digital advice platform;** 45% of wealth transactions through direct or digital channels
- **Digital Insurance Wallet;** now generates 38% of general insurance policies, including 59% of motor policies
- **Additional insurance partners** being added to increase choice

Ireland's only universal bancassurer

- Broad suite of in-house propositions to meet **growing need for ESG and de-risking solutions for pensions**
- **Multi-product opportunities** with mortgage and SME customers **via further penetration (+c.12% since 2018 to 35%)**
- Using **lower risk propositions (€0.5bn AUM flows 2020)** amid negative rate environment and increased savings

Making good progress on Responsible and Sustainable Business[1]

New RSB strategy "Investing in Tomorrow" launched

Pillar 1
Enabling all colleagues to thrive

Developing digital ability and employability
Upskilling and **reskilling**
An **inclusive** and **diverse** workplace

50:50 gender target for new leadership appointments

Pillar 2
Enhancing Financial Wellbeing

Increasing **capability and inclusion**
Protecting the most **vulnerable**
Enabling better **financial decisions**

Improve customer Financial Wellbeing[2] Index to **>70**

Pillar 3
Supporting the Green Transition

Setting **Science Based Targets[3] by 2022**
Providing **Sustainable Finance**
Transparently report progress

Own operations **Net Zero by 2030**

RSB strategy built on

- Stakeholder Engagement
- Regulatory Expectations
- Impact Assessment
- Enhanced Governance

Key achievements 2020

- **Culture Embedding,** +11 to 77%, 3% points ahead of the Global Financial Services benchmark
- **c.60% of colleagues** registered on **Wellbeing** app
- **Over 80% of colleagues** engaged in self led digital learning
- Ethnic Diversity and Female talent programmes launched under RISE and ACCELERATE initiatives
- **41% of senior appointments** in 2020 were female, including 47% in H2

- c.140k customer visits to **Financial Wellbeing Hub,** including c.60k financial health checks
- **Financial Wellbeing Index** at 66 (+5 vs. Feb 2019)
- Enhanced **Senior & Vulnerable supports** for over 10k customers in response to COVID-19
- Over 50% of Irish Secondary Schools participated in **Youth Financial Literacy Programme**
- Supported **c.100k / c.€10bn** customer payment breaks

- Development and launch of the **Green Bond Framework**; targeting inaugural trade in 2021
- **Sustainable Finance Fund** increased to **€2bn**
- **Climate risk** integrated into frameworks and policies; **exclusion policies on lending in place**
- **77% reduction in carbon emissions intensity** (on a 2011 baseline) across our Scope 1 and 2 emissions; supported by 100% renewable electricity in Ireland & NI

Progress demonstrated by improvement in external benchmarking including S&P, Sustainalytics & CDP

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES | THE LEADERS' GROUP ON SUSTAINABILITY | UNEP FINANCE INITIATIVE PRINCIPLES FOR RESPONSIBLE BANKING | BUSINESS WORKING RESPONSIBLY

Bank of Ireland

[1] Full 'Investing in Tomorrow' RSB Strategy explained in Strategic Report section of the Group's 2020 Annual Report
[2] National survey conducted by BOI covering saving, spending, borrowing and planning, scored on a 0-100 scale
[3] Using methodology aligned with Partnership for Carbon Accounting Financials (PCAF) standards

Group CFO
Myles O'Grady

2020 Financial Summary

- Underlying loss before tax €374m; return to profitability in H2
- Total income 8% lower; stronger performance in H2
- Costs reduced by 4%
- IFRS 9 impairment charge €1.1bn; at lower end of guidance range
- Stable net lending
- NPE ratio 5.7%; stable in H2
- Strong CET1 capital ratios; 14.9% (regulatory) and c.510bps above minimum requirements; 13.4% (fully loaded)

2020 Financials recovering in H2

	FY 2019[1] (€m)	FY 2020 (€m)
Net interest income	2,167	2,115
Business income	666	561
Additional gains, valuation and other items	3	(56)
Total income	**2,836**	**2,620**
Operating expenses	(1,785)	(1,720)
Levies and Regulatory charges	(117)	(125)
Impairment of intangibles and goodwill	–	(12)
Operating profit pre-impairment	**934**	**763**
Net impairment charges	(215)	(1,133)
Share of associates / JVs	39	(4)
Underlying profit / (loss) before tax	**758**	**(374)**
Non-core items	(113)	(386)
Profit before tax	**645**	**(760)**

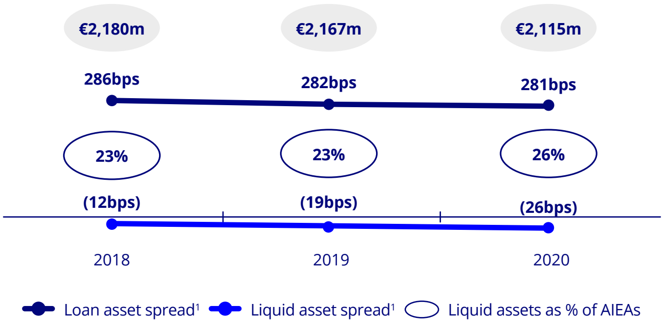
	FY 2019 (€m)	FY 2020 (€m)
Net interest margin (NIM)	2.14%	2.00%
Cost income ratio[2]	63%	64%
Underlying earnings per share	52.4c	(38.6c)

- Net interest income 2% lower vs. 2019
- Business income[3] 21% lower; improved H2 performance
- 4% reduction in operating expenses with further momentum in H2
- Net impairment charge €1.1bn (H1 €0.9bn):
  - Improving macro outlook since H1
  - Lower than expected payment break forbearance
  - c.60% of charge related to performing loans
  - Actual loss experience of €437m (H1 €321m)
- Non-core items include:
  - Restructuring costs (including voluntary redundancy) €245m
  - H1 impairment of intangible assets €136m
  - Customer remediation €39m

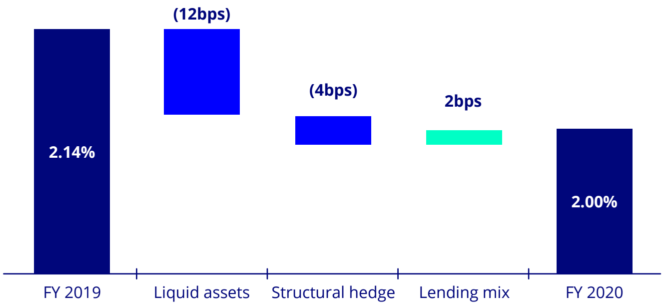
1 Comparative figures have been restated to reflect the impact of the voluntary change in the Group's accounting policy for interest income and interest expense on certain financial instruments
2 See slide 53 for calculation
3 Including share of associates / JVs

Net interest income declines on surplus liquidity and low rate environment

Net interest income / NIM



NIM movement



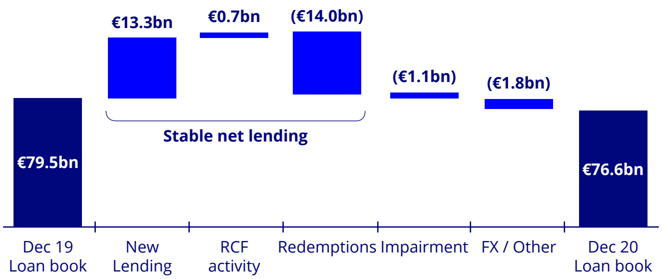
Net interest income and NIM lower from surplus liquidity and low rates

- Pricing discipline maintained across all portfolios
- Improved margins on new UK mortgage lending (+43bps in 2020 vs. 2019)
- Reduced yield on liquid assets and structural hedges the primary driver for income and margin decline
  - Liquid assets as a % of average interest earning assets increased to 26% in 2020 vs. 23% in 2019
- Application of negative rates to business customers expanded to €8.5bn in 2020; further expansion in 2021 planned
  - Reduction in funding costs of €31m in 2020; €55m on an annualised basis
- Lower wholesale funding costs (average wholesale funding yield c.30bps lower in 2020 vs. 2019)

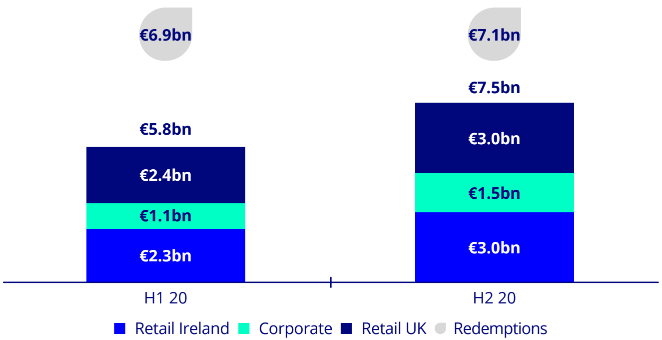
[1] Spread = Loan asset yield or Liquid asset (excl. NAMA bonds) yield less Group's average cost of funds

Growth in new lending in H2

Group loan book movement



New lending[1] and redemptions H1 vs. H2 2020



Lending trends in 2020

- Overall loan book declined by €2.9bn due to FX and credit impairment
- Gross new lending[1] of €13.3bn; down 19% vs. 2019[2]
- Revolving credit facilities drawdowns finished the year at €0.7bn, down from a Q1 peak of €1.4bn
- Redemptions of €14bn; 3% lower than 2019 and reflect continued build up of liquidity
- Overall net lending stable in the year

H2 new lending was 30% higher than H1

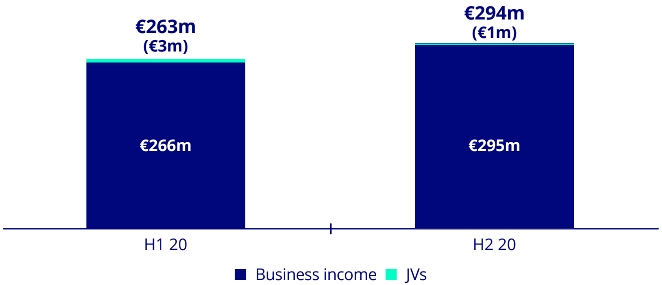
- All divisions demonstrating solid recovery
- Strong Irish mortgage market performance; 25.5% share of an €8.4bn market
- UK mortgage market supported a 25% growth in UK lending compared to H1

[1] Excluding revolving credit facilities
[2] On a constant currency basis

Lower business income reflects lower economic activity

	FY 2019 (€m)	FY 2020 (€m)
Wealth and Insurance	277	214
Retail Ireland	254	209
Retail UK	(18)	6
Corporate and Treasury	154	139
Group Centre and other	(1)	(7)
Business Income	**666**	**561**
Share of associates / JVs	39	(4)
Total Business Income incl. JVs	**705**	**557**
Additional Gains	5	5
Valuation and other items	(2)	(61)
Other Income	**708**	**501**

H2 Business income incl. JVs recovering +12%



Lower business income reflects COVID-19 impact on economic activity

- 23% decrease in Wealth and Insurance from lower sales and existing book experience
- 18% reduction in Retail Ireland from lower transaction fees and FX income
- Corporate and Treasury fee income reduced by 10% from lower underwriting income
- JVs €43m lower due to UK travel restrictions
- Valuation and other items charge of €61m; recovering from peak Q1 impact of €155m, as equity and bond markets recover

12% recovery in business income in H2, including share of associates and JVs

- 14% increase in Wealth and Insurance
- 3% increase in Retail Ireland
- 7% growth in Corporate and Treasury
- JV income broadly flat and continues to be impacted by travel restrictions

c.€1.7bn cost target achieved one year early; new €1.5bn target for 2023

Cost Movement

Non-core items	FY 2019 (€m)	FY 2020 (€m)
Cost of restructuring programme	(59)	(245)
– Transformation Investment costs	*(55)*	*(237)*
– Other restructuring charges	*(4)*	*(8)*
Investment on internally generated computer software	-	(136)
Customer redress charges	(74)	(39)
Investment return on treasury stock held for policyholders	(2)	9
Other	22	25
Total non-core items	**(113)**	**(386)**

€65m / 4% net reduction reflects

- Wage inflation of 2.6%
- COVID-19 costs €25m; €90m / 5% reduction excluding COVID-19 costs
- Lower pension costs of €33m
- Transformation investment costs of €56m
- Lower depreciation charge

Non-core items

- €245m business model restructuring charges include €189m relating to the voluntary redundancy programme, resulting in €114m reduction in annualised staff costs when completed
- €136m charge related to H1 impairment of intangible software assets
- Customer redress costs of €39m

Transformation investment in 2020

- €410m split across the income statement (14%), balance sheet (28%) and non-core items (58%)

FY 2020 impairment charge €1.1bn; H1 €0.9bn

FY 2020

IFRS 9 models macro-economic update

€515m

- Updated IFRS 9 models incorporating latest macro-economic conditions and outlook
- Central scenarios[1] assume improving HPI and GDP. However domestic economy challenging and unemployment higher than H1 assumption
- Reflects positive impact of government support schemes

Group management adjustment (including payment breaks)

€181m

- Lower than expected forbearance on payment breaks at this stage
- Risk that impacted SME sectors and post payment break mortgage/consumer customers require longer term supports
- Ongoing COVID-19 restrictions impacting management adjustment

Actual loan loss experience

€437m

- Actual loan loss experience:
  - Property and construction €270m, includes €253m related to legacy investment property positions
  - Non-property SME and corporate €130m
  - Mortgage and consumer portfolios €22m
  - Other financial assets €15m

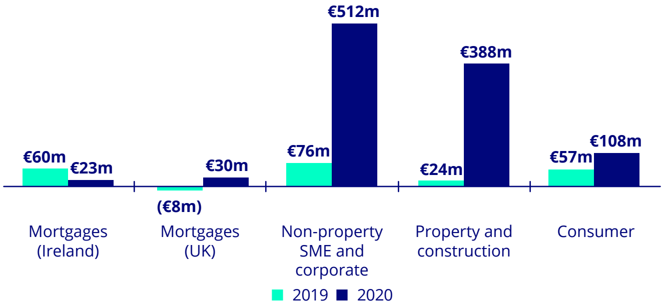
2021 Outlook

Subject to no further deterioration in the economic conditions or outlook, the majority of the credit impairment risk associated with COVID-19 has been captured; we expect the 2021 impairment charge to be materially lower than 2020

[1] See slide 45 for 2021-2025 macro-economic assumptions used in IFRS 9 models

Impairment coverage increased to 2.9%

Net impairment charge



Impairment loss allowance (ILA) by portfolio

	Dec 19		Dec 20	
	ILA (€m)	ILA % of gross loans	ILA (€m)	ILA % of gross loans
Mortgages Ireland	369	1.6%	393	1.7%
Mortgages UK	63	0.3%	86	0.4%
Non-property SME and corporate	487	2.4%	931	4.7%
Property and construction	230	2.8%	596	6.9%
Consumer	159	2.8%	236	4.5%
Total	**1,308**	**1.6%**	**2,242**	**2.9%**
Stage 1 impairment coverage		0.2%		0.6%
Stage 2 impairment coverage		3.4%		3.5%
Stage 3 impairment coverage		30.6%		30.1%

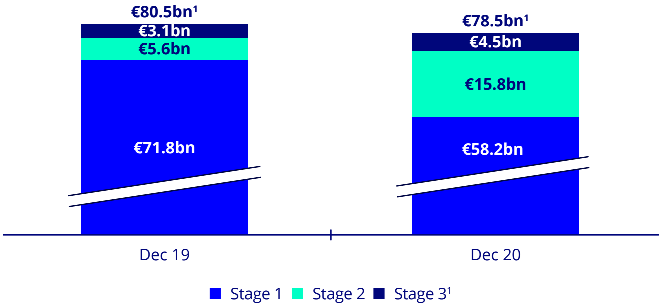
Impairment coverage increased from 1.6% to 2.9%

- Net impairment charge €1.1bn[1] / 134bps (FY 2019: 27bps)
  - Ireland mortgage impairment charge reflects macro-economic outlook offset by incorporation of additional external data on the Irish property market
  - Non-property SME and corporate charge, 77% relating to performing loans, includes increased charge on higher impacted sectors and portfolios
  - Property and construction charge primarily reflects loss emergence on a small number of legacy exposures
- c.60% of the charge is on performing loans reflecting macro-economic assumptions and management adjustment
- Actual loan loss experience €0.4bn / c.40% of charge
- ILA increased by 71% to €2.2bn with impairment coverage increasing across all portfolios
- Not included in the impairment charge is an additional €214m of calendar provisioning for aged NPEs taken as a direct deduction to capital in line with regulatory requirements

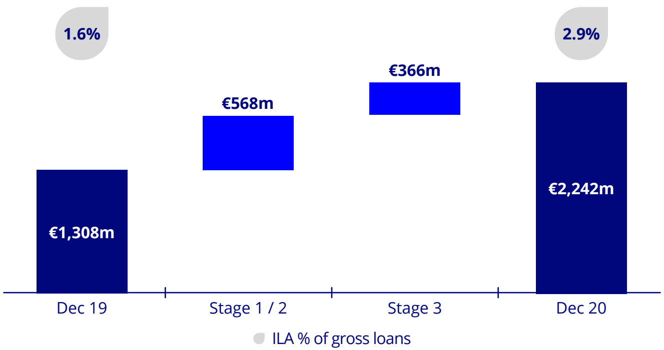
[1] Net impairment charge €1,061m on loans and advances to customers, net impairment charge on other financial instruments €72m, total net impairment charge €1,133m

Macro-economic conditions, outlook and loss experience driving stage migration

Gross loans by stage



ILA movement



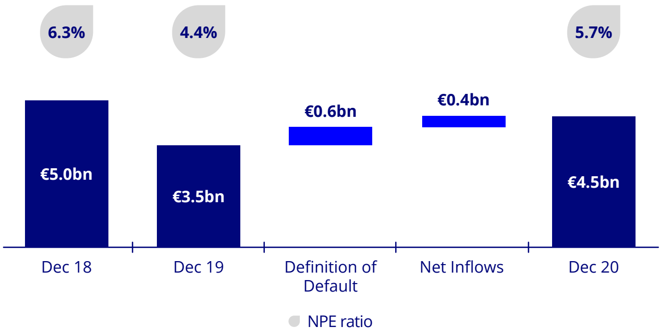
Stage migration and stock of ILA

- €10.2bn increase in Stage 2 loans since 2019 reflecting deteriorated macro-economic outlook
  - Non-property SME and corporate portfolio Stage 2 loans increased €6bn
  - Property and construction Stage 2 loans increased €3.4bn
  - Residential mortgages Stage 2 loans increased €0.8bn
- Stage 3 loans of €4.5bn; increase of €1.3bn since 2019
  - €0.9bn increase on implementation of new Definition of Default; remainder primarily from credit migration in corporate and property portfolios
- ILA increased by €0.9bn to €2.2bn since 2019
  - €0.57bn increase on performing loan books
  - €0.37bn increase in Stage 3 ILA from credit migration in non-property SME and corporate and property and construction portfolios

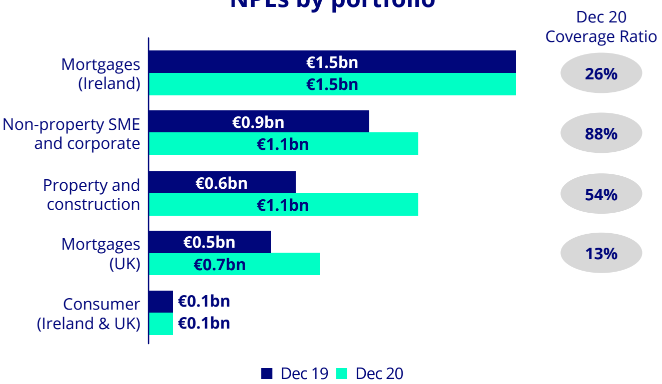
[1] Includes Purchased or Originated Credit Impaired (POCI) loans of €0.1bn in 2019 and 2020

NPE ratio increases to 5.7%

NPE movements



NPEs by portfolio



Non-performing exposures

- NPEs increased by €1.0bn and NPE ratio increased from 4.4% in 2019 to 5.7% in 2020
- Broadly stable NPEs in H2; government fiscal measures supportive
- Implementation of new Definition of Default regulatory framework increased NPEs by €0.6bn
- €0.4bn net inflows primarily from credit migration in property and construction portfolios
- Payment breaks; c.4k forbearance measures requested compared to initial c.100k payment breaks granted[1]
- No NPE transactions completed in 2020 due to market conditions
- Group NPE coverage ratio increased by 13% to 50% at Dec 2020
- Proven track record of working with customers to implement sustainable solutions; significantly below industry average for arrears management[2]

[1] See slide 39
[2] See slide 46

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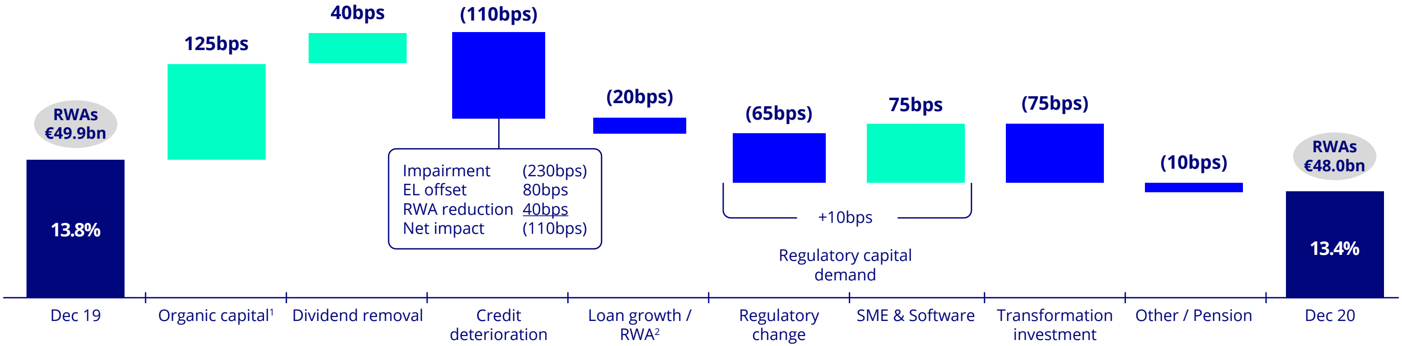
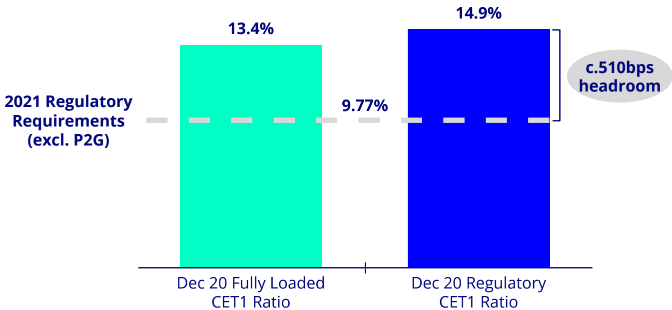
Robust capital ratio performance despite COVID-19

Fully loaded CET1 ratio



Headroom to 2021 CET1 regulatory capital requirements



Strong Capital Position

- Regulatory CET1 ratio 14.9% at Dec 2020, reduced 10bps in the year; supported by IFRS 9 addback which reduced impairment impact on the ratio
- Expected loss absorbed c.80bps of 2020 impairment charge
- RWAs reduced by c.€1.9bn, primarily driven by SME support factor and FX
- 2% reduction in RWA density driven by lower Ireland mortgage risk weights and benefit of SME support factor
- Previously guided 80bps impact of regulatory capital demand by end 2021 is now materially complete

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

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

2021 outlook continues to be impacted by COVID-19

Profitability

- 2021 total income expected to be broadly in line with 2020 reflecting:
  - Lower net interest income
  - Higher business income
  - Lower charge for valuation items
- Costs will continue to reduce:
  - 2021 costs <€1.65bn
  - 2023 costs of €1.5bn

Asset Quality

- Subject to no further deterioration in the economic conditions or outlook, the majority of the credit impairment risk associated with COVID-19 has been captured
  - 2021 impairment charge to be materially lower than 2020

Capital

- 2021 CET1 ratios expected to remain broadly in line with December 2020 levels[1]
- Distributions to recommence on a prudent and progressive basis based on performance and capital position

Medium term targets to be refreshed at strategy update later in the year

[1] Excluding DTA / IFRS 9 phasing impacts on the Group's regulatory CET1 ratio

Summary and conclusion

Economic backdrop	COVID-19 continues to impact, but Irish and UK economies expected to see reopening and a recovery in GDP in 2021, supported by the rollout of vaccine immunisation programmes
Capital	Strong capital ratios and significant buffer to minimum requirements; distributions to recommence on a prudent and progressive basis based on performance and capital position
Asset quality	Payment break performance better than expected with NPE stable in H2; continue to work with customers to find sustainable solutions
Transformation	Multi-year programme delivery against milestones; delivering agile, digitised solutions for customers and creating cost efficiencies
Efficiency	Continued focus on targeting all cost efficiency opportunities; 2021 costs to be <€1.65bn with new 2023 cost target of €1.5bn
Retail UK	Execution against UK strategy to continue, while strategic review of the Northern Ireland business will see material restructure and simplification of business model

Appendix

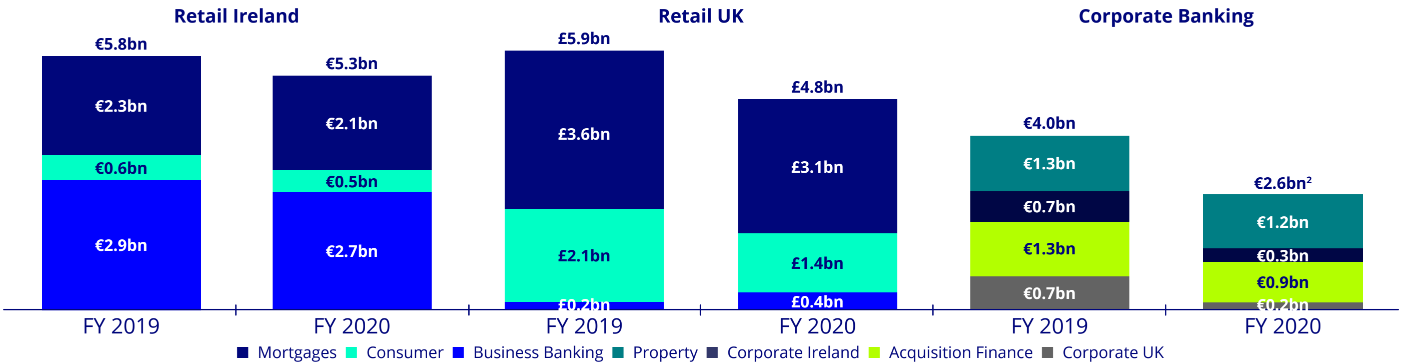
Appendix

BOI Overview

Profile of customer loans[1] at Dec 20 (Gross)

Composition (Dec 20)	Ireland (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	**22.9**	**21.8**	**0.0**	**44.7**	**57%**
Non-property SME and corporate	**10.6**	**5.0**	**4.3**	**19.9**	**25%**
SME	*7.1*	*1.7*	*0.0*	*8.8*	*11%*
Corporate	*3.5*	*3.3*	*4.3*	*11.1*	*14%*
Property and construction	**5.4**	**1.9**	**1.2**	**8.6**	**11%**
Investment	*4.7*	*1.7*	*1.2*	*7.6*	*10%*
Development	*0.7*	*0.2*	*0.0*	*0.9*	*1%*
Consumer	**2.0**	**3.3**	**0.0**	**5.3**	**7%**
Customer loans (gross)	**40.9**	**32.0**	**5.6**	**78.5**	**100%**
Geographic (%)	52%	41%	7%	100%	

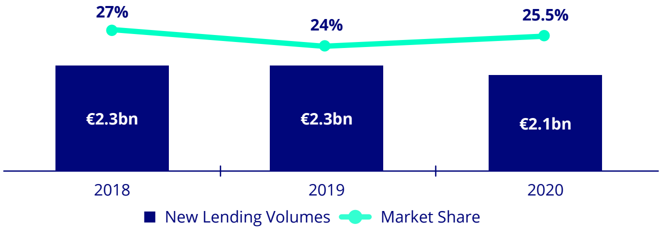
Gross new lending volumes



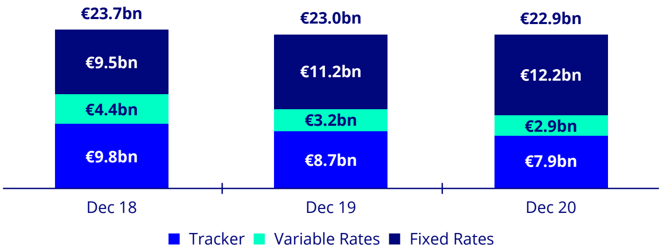
[1] Based on geographic location of customer
[2] Excludes revolving credit facilities

Ireland Mortgages: €22.9bn

New Lending volumes and Market Share



ROI Mortgages (gross)



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.95% of our new lending in 2020, up from c.30% in 2014

Distribution strategy – continued expansion into broker channel

- The Group has continued building out the broker channel expansion in 2020, establishing a large network of active brokers at a national level

Wider proposition

- 6 in 10 Ireland customers who take out a new mortgage take out a life assurance policy through the Bank of Ireland Group
- 4 in 10 Ireland customers who take out a new mortgage take out a general insurance policy through the Bank of Ireland Group with insurance partners

LTV profile

- Average LTV of 60% on mortgage stock at December 2020 (December 2019: 59%)
- Average LTV of 75% on new mortgages in 2020 (2019: 74%)

Tracker mortgages

- €7.5bn or 95% of trackers at December 2020 are on a capital and interest repayment basis
- 82% of trackers are Owner Occupier mortgages; 18% of trackers are Buy-to-Let mortgages
- Loan asset spread on ECB tracker mortgages was c.79bps[1] in 2020

[1] Average customer pay rate of 111bps less Group average cost of funds of 32bps

Bank of Ireland

Income Statement

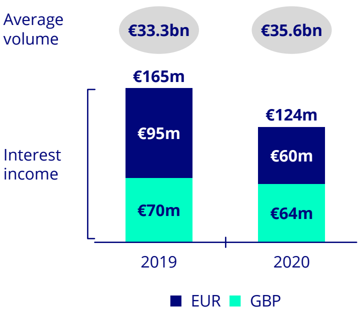
Net interest income analysis

	H1 2019			H2 2019			H1 2020			H2 2020		
	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)
Ireland Loans[1]	34.2	582	3.43%	33.7	583	3.43%	33.4	561	3.38%	33.0	546	3.29%
UK Loans[2]	27.5	395	2.90%	28.0	393	2.79%	28.5	371	2.62%	27.1	349	2.56%
C&T [2]	15.8	296	3.78%	16.8	312	3.69%	17.4	309	3.57%	16.9	292	3.44%
Total Loans and Advances to Customers	**77.5**	**1,273**	**3.31%**	**78.5**	**1,288**	**3.26%**	**79.3**	**1,241**	**3.15%**	**77.0**	**1,187**	**3.07%**
Liquid Assets	22.9	33	0.29%	23.9	30	0.25%	26.6	16	0.12%	28.7	(5)	(0.03%)
NAMA Sub Debt	0.1	2	5.40%	0.1	2	5.26%	0.0	1	5.22%	0.0	(-)	0.00%
Total Liquid Assets	**23.0**	**35**	**0.31%**	**24.0**	**32**	**0.27%**	**26.6**	**17**	**0.13%**	**28.7**	**(5)**	**(0.03%)**
Total Interest Earning Assets	**100.5**	**1,308**	**2.62%**	**102.5**	**1,320**	**2.56%**	**105.9**	**1,258**	**2.36%**	**105.6**	**1,183**	**2.22%**
Ireland Deposits	20.7	(7)	(0.07%)	21.0	(5)	(0.05%)	21.3	(2)	(0.02%)	21.6	(-)	(0.00%)
Credit Balances[3]	34.5	3	0.02%	36.6	6	0.03%	39.6	8	0.04%	43.8	12	0.06%
UK Deposits	18.3	(91)	(1.00%)	18.6	(103)	(1.09%)	18.7	(90)	(0.97%)	16.5	(60)	(0.72%)
C&T Deposits	5.1	(9)	(0.35%)	5.0	(9)	(0.34%)	4.7	(4)	(0.16%)	4.2	2	0.09%
Total Deposits	**78.6**	**(104)**	**(0.27%)**	**81.2**	**(111)**	**(0.27%)**	**84.2**	**(88)**	**(0.21%)**	**86.1**	**(46)**	**(0.11%)**
Wholesale Funding[4]	10.3	(54)	(1.06%)	9.9	(62)	(1.24%)	9.7	(55)	(1.13%)	9.1	(36)	(0.78%)
Subordinated Liabilities	2.0	(49)	(4.85%)	1.5	(41)	(5.44%)	1.5	(34)	(4.61%)	1.4	(28)	(4.02%)
Total Interest Bearing Liabilities	**90.9**	**(207)**	**(0.46%)**	**92.6**	**(214)**	**(0.46%)**	**95.4**	**(177)**	**(0.37%)**	**96.6**	**(110)**	**(0.23%)**
Other[5]		(22)			(18)			(18)			(20)	
Net Interest Margin as reported	**100.5**	**1,079**	**2.16%**	**102.5**	**1,088**	**2.11%**	**105.9**	**1,063**	**2.02%**	**105.6**	**1,052**	**1.98%**
Average ECB Base rate			0.00%			0.00%			0.00%			0.00%
Average 3 month Euribor			(0.31%)			(0.40%)			(0.31%)			(0.50%)
Average BOE Base rate			0.75%			0.75%			0.36%			0.10%
Average 3 month LIBOR			0.84%			0.78%			0.35%			0.06%

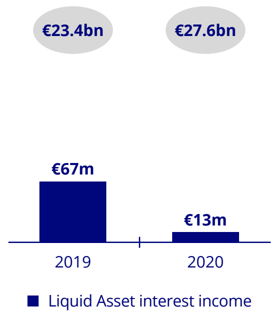
[1] Includes average interest earning assets of c.€0.3bn in 2020 carried at FVTPL with associated FY20 interest income of c.€12m
[2] Previously, income and expense from GBP denominated derivatives in designated cash flow hedge and fair value hedge relationships was allocated to 'UK Loans'. This approach has been refined, and the allocation is now made with a portion of this allocated to 'C&T' (including prior year periods) to better represent the performance of each portfolio
[3] Credit balances in H2 2020: Ireland €34.8bn, UK €4.1bn, C&T €4.9bn
[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 FVTPL items and adjustments that are of a non-recurring nature such as customer termination fees

Structural hedge, liquid assets and negative rate deposits

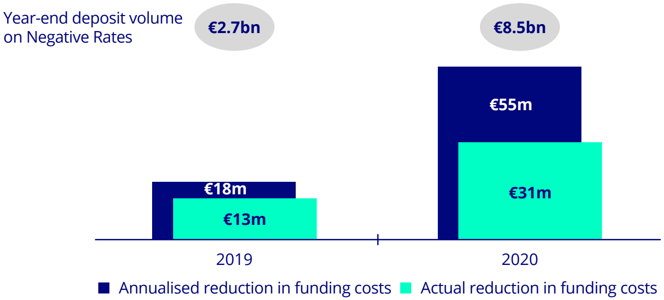
Structural Hedge[1]



Liquid Assets



Increased application of Negative Interest Rates delivering reduction in funding costs



[1] Gross interest income from fixed leg of hedging swap

Structural hedge & liquid assets

- Interest income from structural hedge and liquid assets reducing from low interest rate environment
  - Average structural hedge volume in 2020 of €35.6bn (EUR 84%, GBP 16%); c.73% of equity and credit balances hedged and weighted average life of c.3.5 years
  - In 2020, €4bn of hedges matured at 0.51% and were replaced at (0.40%)
  - Liquid Asset income primarily impacted by higher liquid asset volumes at negative yields and the impact of lower EUR and GBP rates
- 2021 interest income from structural hedge and liquid assets is expected to reduce as the low interest rate environment persists

Negative Interest Rates

- As a mitigant to the negative interest rate environment, the application of negative interest rates to non-personal customers was expanded during 2020
  - Volume of customer deposits on negative rates increased to €8.5bn at Dec 20 vs. €2.7bn Dec 19
  - Reduction in funding costs of €31m in 2020; €55m on an annualised basis
- The Group continues to evaluate options to expand the application of negative interest rates

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 19 (€m)	Dec 20 (€m)
100bps higher	c.210	c.220
100bps lower	(c.250)	(c.220)

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

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

Payment Breaks

Overview of total payment breaks granted and remaining outstanding as at 12 February 2021

Ireland	Total payment breaks granted	Total payment breaks exposure	Payment breaks active	Payment breaks exposure active	% returned to pre-COVID-19 terms	% of payment breaks active	% with approved additional measures
Mortgages	20k	€3.0bn	0.4k	€70m	95%	2%	3%
Consumer	7k	€0.1bn	0.0k	€0m	95%	0%	5%
SME[1]	12k	€2.9bn	0.1k	€67m	88%	1%	11%
Total	**39k**	**€6.0bn**	**0.5k**	**€137m**	**93%**	**1%**	**6%**

UK	Total payment breaks granted	Total payment breaks exposure	Payment breaks active	Payment breaks exposure active	% returned to pre-COVID-19 terms	% of payment breaks active	% with approved additional measures
Mortgages	22k	€3.4bn	1.3k	€212m	94%	6%	0%
Consumer	32k	€0.4bn	3.6k	€41m	87%	11%	2%
SME[1]	6k	€0.3bn	0.1k	€15m	97%	1%	2%
Total	**60k**	**€4.1bn**	**5.0k**	**€268m**	**90%**	**8%**	**2%**

[1] Includes retail business banking property exposures; BIF portfolio of c.€25m updated as at 31 January 2021

Non-performing exposures by portfolio

Composition (Dec 20)	Advances (€bn)	Non-performing exposures (€bn)	Non-performing exposures as % of advances	Impairment loss allowance (€bn)	Impairment loss allowance as % of non-performing exposures
Residential Mortgages	**44.7**	**2.2**	**4.9%**	**0.5**	**22%**
– Ireland	22.9	1.5	6.6%	0.4	26%
– UK	21.8	0.7	3.2%	0.1	13%
Non-property SME and corporate	**19.9**	**1.1**	**5.3%**	**0.9**	**88%**
– Ireland SME	7.1	0.7	9.7%	0.5	73%
– UK SME	1.7	0.1	7.0%	0.1	58%
– Corporate	11.1	0.3	2.3%	0.4	141%
Property and construction	**8.6**	**1.1**	**12.7%**	**0.6**	**54%**
– Investment	7.6	1.1	13.9%	0.6	52%
– Development	1.0	0.0	3.5%	0.0	119%
Consumer	**5.3**	**0.1**	**2.8%**	**0.2**	**163%**
Total loans and advances to customers	**78.5**	**4.5**	**5.7%**	**2.2**	**50%**

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%**
– 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%**
– 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	7.2	0.6	7.7%	0.2	37%
– Development	0.9	0.0	3.8%	0.0	64%
Consumer	**5.7**	**0.1**	**1.7%**	**0.2**	**159%**
Total loans and advances to customers	**80.5**	**3.5**	**4.4%**	**1.3**	**37%**

Portfolio by stage

Composition (Dec 20)	Gross carrying amount (before impairment loss allowance)					Impairment loss allowance					ILA % of gross loans
Sectoral Analysis by stage	**Stage 1 €m**	**Stage 2 €m**	**Stage 3 €m**	**POCI €m**	**Total €m**	**Stage 1 €m**	**Stage 2 €m**	**Stage 3 €m**	**POCI €m**	**Total €m**	
Residential Mortgages	**40,016**	**2,528**	**2,196**	**2**	**44,742**	**74**	**31**	**374**	**–**	**479**	**1.1%**
– Ireland	19,552	1,880	1,508	2	22,942	43	20	329	–	393	1.7%
– UK	20,464	648	688	–	21,800	31	11	45	–	86	0.4%
Non-property SME and corporate	**10,637**	**8,181**	**1,014**	**–**	**19,858**	**134**	**368**	**416**	**13**	**931**	**4.7%**
– Ireland SME	4,155	2,246	672	–	7,073	96	144	261	–	501	7.1%
– UK SME	1,064	612	114	–	1,790	9	37	26	–	72	4.0%
– Corporate	5,418	5,323	228	26	10,995	29	187	129	13	358	3.3%
Property and construction	**2,639**	**4,869**	**1,021**	**62**	**8,591**	**9**	**126**	**442**	**19**	**596**	**6.9%**
– Investment	2,357	4,227	987	62	7,633	7	103	427	19	556	7.3%
– Development	282	642	34	–	958	2	23	15	–	40	4.2%
Consumer	**4,961**	**165**	**145**	**–**	**5,271**	**129**	**27**	**80**	**–**	**236**	**4.5%**
– Motor Lending UK	1,798	71	31	–	1,900	10	5	13	–	28	1.5%
– Loans UK	1,295	43	42	–	1,380	90	17	32	–	139	10.1%
– Motor Lending Ireland	751	–	22	–	773	8	–	8	–	16	2.1%
– Loans Ireland	678	42	33	–	753	18	4	17	–	39	5.2%
– Credit Cards Ireland	439	9	17		465	3	1	10	–	14	3.0%
Total	**58,253**	**15,743**	**4,376**	**90**	**78,462**	**346**	**552**	**1,312**	**32**	**2,242**	**2.9%**

Composition (Dec 19)	Gross carrying amount (before impairment loss allowance)					Impairment loss allowance					ILA % of gross loans
Sectoral Analysis by stage	**Stage 1 €m**	**Stage 2 €m**	**Stage 3 €m**	**POCI €m**	**Total €m**	**Stage 1 €m**	**Stage 2 €m**	**Stage 3 €m**	**POCI €m**	**Total €m**	
Residential Mortgages	**42,898**	**1,677**	**1,693**	**3**	**46,271**	**16**	**36**	**380**	**–**	**432**	**0.9%**
– Ireland	20,610	1,133	1,289	3	23,035	7	22	340	–	369	1.6%
– UK	22,288	544	404	–	23,236	9	14	40	–	63	0.3%
Non-property SME and corporate	**17,474**	**2,175**	**757**	**27**	**20,433**	**56**	**78**	**353**	**–**	**487**	**2.4%**
– Ireland SME	5,799	1,011	495	–	7,305	33	39	225	–	297	4.1%
– UK SME	1,382	225	78	2	1,687	3	8	38	–	49	2.9%
– Corporate	10,293	939	184	25	11,441	20	31	90	–	141	1.2%
Property and construction	**5,985**	**1,513**	**549**	**65**	**8,112**	**6**	**42**	**180**	**2**	**230**	**2.8%**
– Investment	5,418	1,251	519	65	7,253	5	40	162	2	209	2.9%
– Development	567	262	30	–	859	1	2	18	–	21	2.4%
Consumer	**5,421**	**206**	**100**	**–**	**5,727**	**64**	**32**	**63**	**–**	**159**	**2.8%**
– Motor Lending UK	2,147	58	21	–	2,226	6	3	10	–	19	0.9%
– Loans UK	1,232	40	24	–	1,296	42	17	21	–	80	6.2%
– Motor Lending Ireland	821	–	14	–	835	3	–	6	–	9	1.1%
– Loans Ireland	681	74	30	–	785	9	6	19	–	34	4.3%
– Credit Cards Ireland	540	34	11		585	4	6	7	–	17	2.9%
Total	**71,778**	**5,571**	**3,099**	**95**	**80,543**	**142**	**188**	**976**	**2**	**1,308**	**1.6%**

Non-property SME and corporate by stage[1,2]

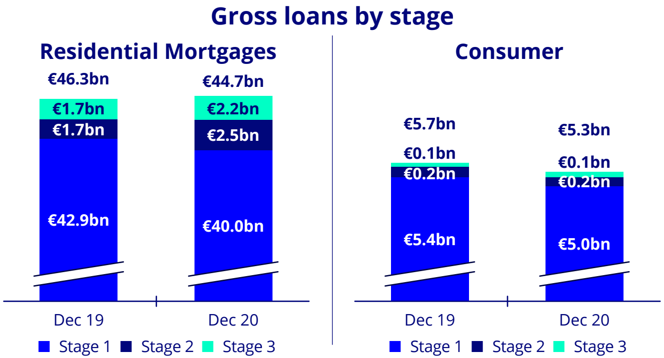
Composition (Dec 20) Sectoral analysis by stage	Gross carrying amount (before impairment loss allowance) Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	Impairment loss allowance Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	ILA % of gross loans
Non-property SME and corporate											
– Manufacturing	2,076	1,742	82	–	3,900	19	75	36	–	130	3.3%
– Administrative and support service activities	1,388	926	96	26	2,436	25	39	55	13	132	5.4%
– Wholesale and retail trade	1,520	688	141	–	2,349	19	31	77	–	127	5.4%
– Accommodation and food service activities	236	1,354	131	–	1,721	5	46	40	–	91	5.3%
– Agriculture, forestry and fishing	1,187	352	132	–	1,671	16	16	35	–	67	4.0%
– Human health services and social work activities	727	760	33	–	1,520	10	55	10	–	75	4.9%
– Transport and storage	436	489	69	–	994	4	23	42	–	69	6.9%
– Other services	431	370	119	–	920	3	15	48	–	66	7.2%
– Professional, scientific and technical activities	475	216	15	–	706	7	9	5	–	21	3.0%
– Financial and insurance activities	588	85	23	–	696	4	5	7	–	16	2.3%
– Real estate activities	308	190	89	–	587	12	10	35	–	57	9.7%
– Arts, entertainment and recreation	78	389	62	–	529	1	20	17	–	38	7.2%
– Education	311	99	1	–	411	2	6	1	–	9	2.2%
– Other sectors	876	521	21	–	1,418	7	18	8	–	33	2.3%
Total	**10,637**	**8,181**	**1,014**	**26**	**19,858**	**134**	**368**	**416**	**13**	**931**	**4.7%**

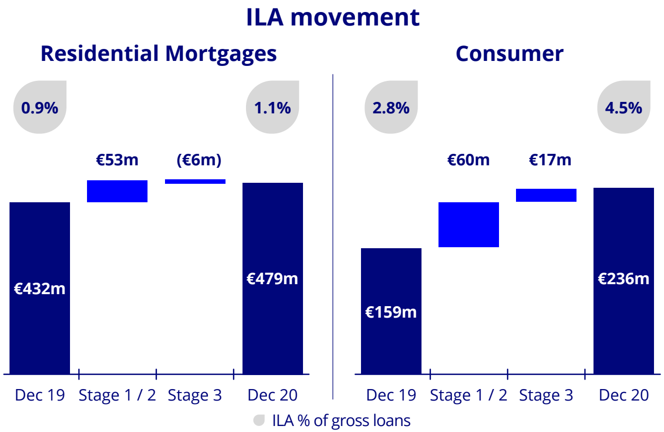
Composition (Dec 19) Sectoral analysis by stage	Gross carrying amount (before impairment loss allowance) Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	Impairment loss allowance Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	ILA % of gross loans
Non-property SME and corporate											
– Manufacturing	3,963	356	99	–	4,418	10	11	41	–	62	1.4%
– Wholesale and retail trade	2,031	327	129	1	2,488	8	10	63	–	81	3.3%
– Administrative and support service activities	1,987	142	67	25	2,221	7	5	39	–	51	2.3%
– Agriculture, forestry and fishing	1,523	127	94	1	1,745	7	5	29	–	41	2.3%
– Accommodation and food service activities	1,476	193	49	–	1,718	3	6	19	–	28	1.6%
– Human health services and social work activities	1,018	414	30	–	1,462	4	15	22	–	41	2.8%
– Transport and storage	902	137	46	–	1,085	3	5	34	–	42	3.9%
– Other services	778	98	123	–	999	2	7	51	–	60	6.0%
– Financial and insurance activities	662	14	19	–	695	1	–	6	–	7	1.0%
– Professional, scientific and technical activities	597	67	9	–	673	2	3	5	–	10	1.5%
– Real estate activities	435	90	60	–	585	3	5	27	–	35	6.0%
– Arts, entertainment and recreation	364	62	18	–	444	1	3	7	–	11	2.5%
– Education	426	8	1	–	435	1	–	1	–	2	0.5%
– Electricity, gas, steam and air conditioning supply	363	38	3	–	404	1	1	2	–	4	1.0%
– Other sectors	949	102	10	–	1,061	3	2	7	–	12	1.1%
Total	**17,474**	**2,175**	**757**	**27**	**20,433**	**56**	**78**	**353**	**–**	**487**	**2.4%**

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

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

Residential Mortgages & Consumer Loans





Residential mortgages

- Mortgage portfolios 57% of Group loan book
  - Average LTV of 60% on stock
  - 83% of the portfolio has LTV <80%
- Implementation of new Definition of Default regulatory framework driving increase in Stage 3 loans
- €47m impairment loss allowance increase largely on performing loans including management adjustment
- Impairment coverage increased from 0.9% at Dec 2019 to 1.1% at Dec 2020

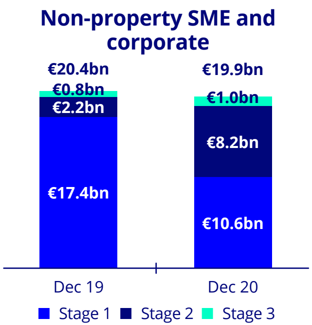
Consumer

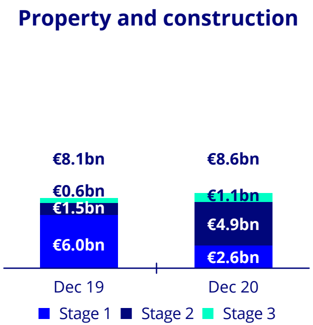
- 7% of Group loan book; exit of UK Credit Cards in 2019
  - €2.0bn Ireland exposure; €0.8bn motor, €0.8bn consumer loans, €0.5bn credit cards
  - €3.3bn UK exposure; €1.9bn motor, €1.4bn consumer loans
- €77m impairment loss allowance increase largely on performing loans including management adjustment
- Impairment coverage increased from 2.8% to 4.5% at Dec 2020

Bank of Ireland

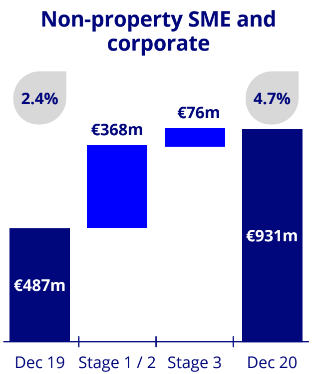
Non-property SME and Corporate & Property and Construction

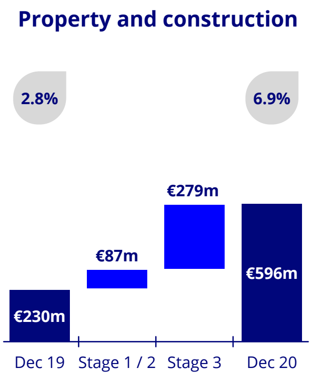
Gross loans by stage





ILA movement





ILA % of gross loans

Non-property SME and corporate

- 25% of Group loan book, well diversified by geography and sector
- €6.0bn increase in Stage 2 loans since Dec 2019 reflecting macro-economic conditions and outlook on higher impacted sectors
- Increased impairment coverage across higher impacted sectors and portfolios:
  - Wholesale and retail trade exposure €2.3bn, impairment coverage 5% (Dec 19: 3%)
  - Accommodation and food services exposure €1.7bn, impairment coverage 5% (Dec 2019: 2%)
  - Acquisition finance exposure €4.5bn, impairment coverage 4.2% (Dec 2019: 1.3%)
- Impairment coverage increased from 2.4% to 4.7% at Dec 2020

Property and construction

- 11% of Group loan book; €7.6bn investment property; €1.0bn development lending
- c.43% of investment property exposures in Dublin; c.29% UK exposures
- Investment property exposures Retail (34%), Office (34%), Residential (21%) and Other (11%); 69% of the book LTV <70%
- Legacy investment property exposures driving €279m increase in Stage 3 ILA
- Impairment coverage increased from 2.8% to 6.9% at Dec 2020

Bank of Ireland

Forward Looking Information – macro-economic scenarios

31 Dec 2020	Republic of Ireland			United Kingdom		
	2021	2022	2023-2025	2021	2022	2023-2025
Central scenario 1 – 45% probability weighting						
GDP growth[1]	5.1%	3.6%	3.0%	6.3%	4.0%	1.9%
GNP growth[1]	5.1%	3.4%	2.8%	n/a	n/a	n/a
Unemployment rate[2]	10.2%	5.9%	5.3%	7.1%	6.0%	4.7%
Residential property price growth[3]	(3.0%)	0.0%	1.7%	(3.0%)	(1.0%)	2.0%
Commercial property price growth[3]	(4.5%)	0.0%	1.0%	(3.5%)	0.0%	0.8%
Central scenario 2 – 5% probability weighting						
GDP growth[1]	2.7%	3.7%	2.9%	4.3%	2.8%	2.1%
GNP growth[1]	1.6%	3.5%	2.8%	n/a	n/a	n/a
Unemployment rate[2]	10.7%	8.1%	5.5%	7.3%	6.2%	4.9%
Residential property price growth[3]	(4.0%)	0.0%	1.7%	(4.0%)	(1.5%)	2.2%
Commercial property price growth[3]	(5.5%)	1.0%	1.0%	(5.0%)	(1.5%)	1.0%
Upside – 20% probability weighting						
GDP growth[1]	8.1%	3.9%	3.2%	9.3%	4.3%	2.1%
GNP growth[1]	8.3%	3.7%	3.0%	n/a	n/a	n/a
Unemployment rate[2]	9.1%	4.7%	4.2%	5.9%	4.8%	3.9%
Residential property price growth[3]	(1.0%)	1.0%	2.0%	(1.0%)	0.0%	2.7%
Commercial property price growth[3]	(2.0%)	1.5%	1.0%	(1.5%)	1.0%	1.0%
Downside scenario 1 – 25% probability weighting						
GDP growth[1]	(1.9%)	3.5%	2.8%	(1.0%)	2.4%	1.8%
GNP growth[1]	(3.0%)	3.3%	2.6%	n/a	n/a	n/a
Unemployment rate[2]	12.9%	10.5%	8.2%	9.8%	9.2%	7.8%
Residential property price growth[3]	(5.0%)	(2.0%)	1.3%	(7.0%)	(4.0%)	1.0%
Commercial property price growth[3]	(7.0%)	(1.0%)	0.8%	(7.0%)	(2.5%)	0.8%
Downside scenario 2 – 5% probability weighting						
GDP growth[1]	(2.1%)	(1.0%)	2.5%	(1.5%)	(1.0%)	1.5%
GNP growth[1]	(3.2%)	(1.2%)	2.3%	n/a	n/a	n/a
Unemployment rate[2]	14.0%	14.3%	11.1%	10.5%	11.7%	10.2%
Residential property price growth[3]	(5.0%)	(4.0%)	0.7%	(8.0%)	(6.0%)	0.0%
Commercial property price growth[3]	(9.0%)	(4.0%)	0.3%	(8.0%)	(4.0%)	0.3%

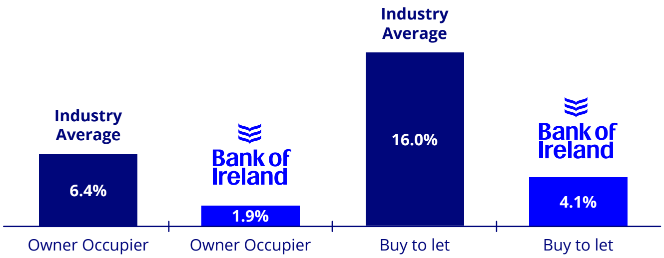
[1] Annual growth rate
[2] Average yearly rate
[3] Year-end figures

Bank of Ireland

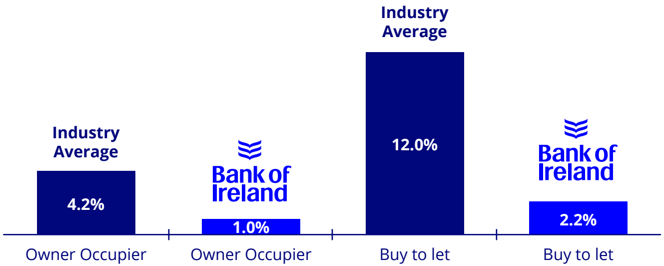
Ireland Mortgages

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 (30% of industry average) and Buy to Let (26% 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)

[1] As at September 2020, based on number of accounts, industry average excluding BOI

Capital and liquidity

	Dec 2019 (€bn)	Dec 2020 (€bn)
Customer loans	79	77
Liquid assets	27	31
Other assets	26	26
Total assets	**132**	**134**
Customer deposits	84	89
Wholesale funding	11	9
Shareholders' equity	10	9
Other liabilities	27	27
Total liabilities	**132**	**134**
TNAV per share	€8.21	€7.32
Closing EUR / GBP FX rates	0.85	0.90

	Dec 2019	Dec 2020
Liquidity Coverage Ratio	138%	153%
Net Stable Funding Ratio	131%	138%
Loan to Deposit Ratio	95%	86%

Liquidity

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

Customer deposits: €88.6bn

- Growth of €4.6bn principally due to the impact of COVID-19 restrictions and lower consumer spending

Wholesale funding: €8.8bn

- AT1 issuance of €975m during 2020
- MREL ratio of 24.6% at Dec 2020
- Jan 2022 interim MREL requirement 24.95%; Jan 2024 MREL requirement of c.28%
- MREL eligible senior debt issuance of c.€1bn – €2bn p.a. anticipated

Leverage Ratio

- Fully Loaded Leverage Ratio: 6.4%
- Regulatory Leverage Ratio: 7.1%

Tangible Net Asset Value

- TNAV decreased to €7.32

Ordinary shareholders' equity and TNAV

Movement in ordinary shareholders' equity	2019 (€m)	2020 (€m)
Ordinary shareholders' equity at beginning of period	**9,243**	**9,625**
Movements:		
Profit (Loss) attributable to shareholders	448	(707)
Dividend paid to ordinary shareholders	(173)	–
Distribution on other equity instruments – additional tier 1 coupon (net of tax)	–	(60)
Re-measurement of the net defined benefit pension liability	39	(80)
Debt instruments at FVOCI reserve movements	26	5
Cash flow hedge reserve movement	(5)	(12)
Foreign exchange movements	132	(174)
Other movements	(85)	(10)
Ordinary shareholders' equity at end of period	**9,625**	**8,587**

Tangible net asset value	2019 (€m)	Dec 20 (€m)
Ordinary shareholders' equity at the end of period	**9,625**	**8,587**
Adjustments:		
Intangible assets and goodwill	(838)	(751)
Own stock held for benefit of life assurance policyholders	30	25
Tangible net asset value (TNAV)	**8,817**	**7,861**
Number of ordinary shares in issue at the end of the period excluding treasury shares	1,074	1,074
TNAV per share (€)	**€8.21**	**€7.32**

Capital – Strong fully loaded and regulatory CET1 ratios

Capital ratios – Dec 2020

	Regulatory ratio (€bn)	Fully loaded ratio (€bn)
Total equity	9.6	9.6
Less Additional Tier 1	(1.0)	(1.0)
Deferred tax	(0.7)	(1.1)
Intangible assets and goodwill	(0.5)	(0.5)
Foreseeable dividend	0.0	0.0
Expected loss deduction	(0.1)	0.0
Pension Fund Asset	(0.1)	(0.1)
IFRS 9 Regulatory Addback	0.4	0.0
Other items[1]	(0.4)	(0.5)
Common Equity Tier 1 Capital	**7.2**	**6.4**
Credit RWA	38.0	37.8
Operational RWA	4.2	4.2
Market, Counterparty Credit Risk and Securitisations	2.2	2.2
Other Assets / 10% / 15% /threshold deduction	3.9	3.7
Total RWA	**48.4**	**48.0**
Common Equity Tier 1 ratio	**14.9%**	**13.4%**
Total Capital Ratio	**19.2%**	**18.0%**
Leverage ratio	**7.1%**	**6.4%**

Phasing impacts on Regulatory ratio

- Deferred tax assets – certain DTAs[2] are deducted at a rate of 60% for 2020, increasing annually at a rate of 10% thereafter until 2024
- IFRS 9[3] – the Group has elected to apply the transitional arrangement. The transitional arrangement allows a 100% addback for impairment charges on Stage 1 and 2 loans in 2020 and 2021, decreasing to 75%, 50%, and 25% in subsequent years

[1] Includes other capital deductions, principal ones being prudential valuation adjustment; 10%/15% deduction and calendar provisioning deduction
[2] Deferred tax assets due to temporary differences are included in other RWA with a 250% risk weighting applied
[3] This includes an addback for the day one impact of IFRS 9 of 70% in 2020, decreasing to 50% and 25% in subsequent years

Regulatory Capital Requirements

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

Regulatory Capital Requirements

- The Group's 2021 regulatory CET1 requirement, excluding P2G, has reduced by 188bps to 9.77%
- CET1 headroom of c.510bps to Dec 2021 regulatory capital requirements of 9.77%
- Regulatory total capital ratio of 19.2% at Dec 2020 provides headroom of c.495bps above 2021 total capital requirement of 14.25%

Risk Weighted Assets (RWAs) / Leverage Ratio

Customer lending average credit risk weights – Dec 2020[1/2]
(Based on regulatory exposure class)

	EAD[3] (€bn)	RWA (€bn)	Avg. Risk Weight
Ireland Mortgages	23.6	6.3	27%
UK Mortgages	22.6	4.5	20%
SME	17.3	12.1	70%
Corporate	10.3	10.3	99%
Other Retail	5.9	4.2	71%
Customer lending credit risk	**79.8**	**37.4**	**47%**

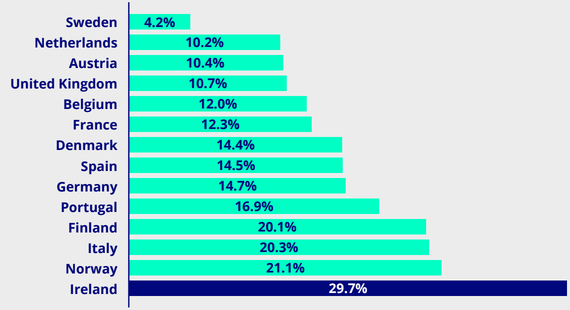
- IRB approach accounts for:
  - 66% of credit EAD (Dec 19: 69%)
  - 73% of credit RWA (Dec 19: 73%)
- Regulatory RWA has decreased from €50.1bn at Dec 2019 to €48.4bn at Dec 2020. The decrease is primarily due to the impact of regulatory change being offset by reductions in RWA from the application of revised SME Supporting Factor, impact of changes in asset quality and foreign exchange movements

Leverage Ratio

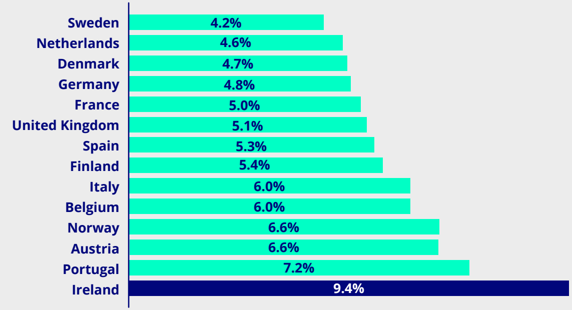
- Fully Loaded Leverage Ratio: 6.4%
- Regulatory Leverage Ratio: 7.1%

EBA Transparency Exercise 2020
Country by Country Average IRB risk weights

Residential Mortgages – Jun 2020



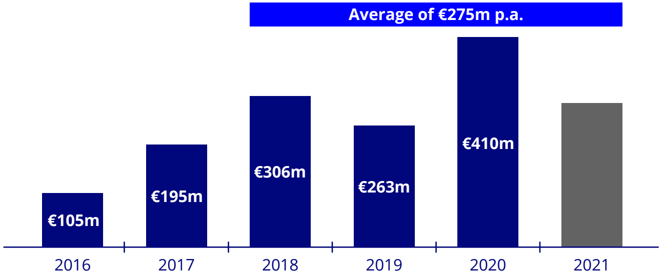
EBA Risk Dashboard – Jun 2020
Country by Country Average Regulatory Leverage ratios



1 EAD and RWA include both IRB and Standardised approaches and comprise both non-defaulted and defaulted loans
2 Securitised exposures are excluded from the table (i.e. excludes exposures included in CRT executed in Nov 2017 and Dec 2019)
3 Exposure at default (EAD) is a regulatory estimate of credit risk exposure consisting of both on balance exposures and off balance sheet commitments

Transformation Investment / Operating expenses

Transformation Investment: €1.4bn (2016-2021)



Operating Expenses	FY 2019 (€m)	FY 2020 (€m)
Total staff costs	844	826
– Staff costs	*710*	*725*
– Pension costs	*134*	*101*
Other costs	544	585
Depreciation and amortisation	289	253
Operating Expenses	**1,677**	**1,664**
Transformation Investment charge	108	56
Operating Expenses (before levies and regulatory charges)	**1,785**	**1,720**
Levies and Regulatory charges	117	125
Impairment of intangibles and goodwill	–	12
Total Operating Expenses	**1,902**	**1,857**
Average staff numbers	10,424	10,303
Cost income ratio[1]	63%	64%

[1] See slide 53 for additional detail

Transformation Investment

- Average annual investment of €275m from 2018-2021; equates to CET1 capital of c.50-60bps
- Investment of €410m in 2020 split across the income statement (14%), balance sheet (28%) and non-core items (58%)
- Total transformation investment of €1.4bn 2016-2021 unchanged. 2021 target for operating expenses <€1.65bn

Cost income ratio: Dec 2020

Headline vs. Adjusted

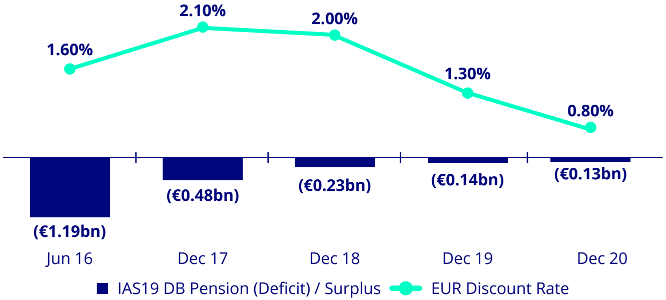
	FY 2020 Headline (€m)	Pro forma adjustments (€m)	FY 2020 Pro forma (€m)
Net interest income	**2,115**	**–**	**2,115**
Other income			
– Business income	561	–	561
– Additional gains	5	(5)	–
– Other valuation items	(61)	61	–
Total Income	**2,620**	**56**	**2,676**
Costs			
– Operating expenses	1,664	–	1,664
– Transformation Investment	56	–	56
Costs	**1,720**	**–**	**1,720**
Cost income ratio	**66%**		**64%**

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

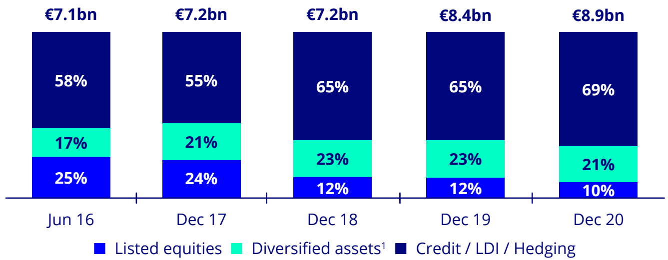
- **2020 adjusted cost income ratio is adjusted for:**
  - Additional gains and valuation items €56m

Defined Benefit Pension Schemes

Group IAS19 Defined Benefit Pension (Deficit) / Surplus

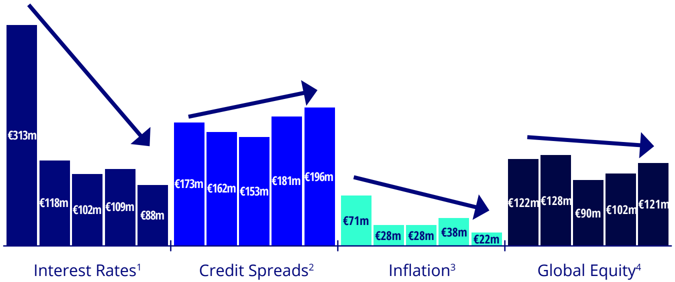


Total Group Defined Benefit Pension Scheme Assets (%)



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

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



[1] Sensitivity of Group deficit to a 0.25% decrease in interest rates
[2] Sensitivity of IAS19 liabilities to a 0.10% decrease in credit spread over risk free rates
[3] Sensitivity of Group deficit to a 0.10% increase in long term inflation
[4] Sensitivity of deficit to a 5% decrease in global equity markets with allowance for other correlated diversified asset classes

- IAS19 pension deficit of €0.13bn at Dec 2020 (€0.14bn deficit Dec 2019). Schemes in deficit €0.29bn, schemes in surplus €0.16bn
- Both euro and sterling discount rates decreased over the year, primarily due to falls in long term risk free interest rates. The credit spread component of the discount rate remained largely unchanged over the period
- The interest rate hedging in the investment portfolios largely compensated for the impact of the reduction in risk free rates
- Long term euro inflation assumptions also decreased in the period with the reduction in liabilities partially offset by the reduction in inflation hedging assets
- De-risking strategies in recent years have also reduced the schemes' exposure to global equity movements. Listed equity asset holdings have been reduced in favour of increases in diversified assets and credit / LDI / hedging allocations

Forward – Looking statement

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 2020. Investors should also read 'Principal Risks and Uncertainties' in the Group's Annual Report for the year ended 31 December 2020 beginning on page 135.

Nothing in this document should be considered to be a forecast of future profitability, dividends or financial position of the Group and none of the information in this document is or is intended to be a profit forecast, dividend 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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