

# Bank of Ireland Key Messages

31<sup>st</sup> December 2020



## Strong retail & commercial customer franchises to support the recovery

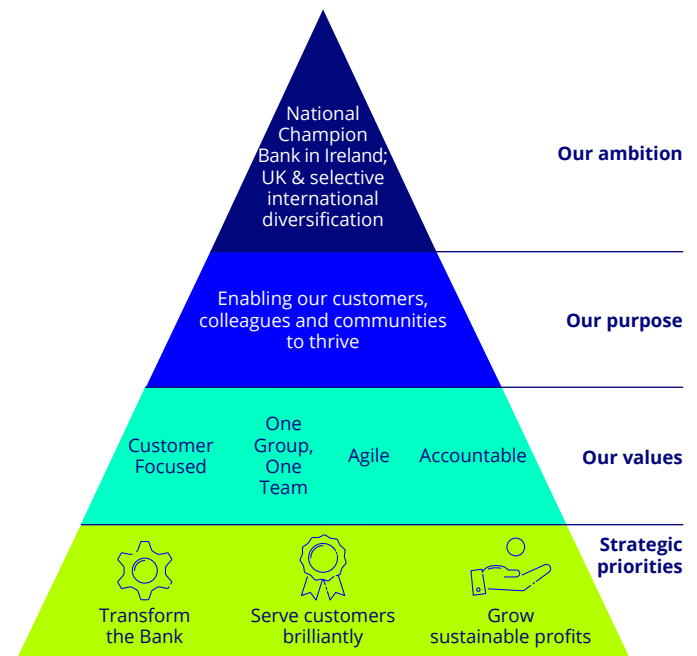
### Ireland's leading retail and commercial bank

- Over 2 million consumer, business and wealth and insurance customers
- Leading market shares in mortgage, SME, consumer and wealth products
- Ireland's only bancassurer
- Leading Business Bank in Ireland
- #1 Corporate Bank in Ireland<sup>1</sup>; #1 Bank for FDI into Ireland<sup>2</sup>
- c.70% of day to day banking product applications are fully digitised<sup>3</sup>; branch footprint to reduce with closure of 103 branches across the Island of Ireland
- New RSB strategy "Investing in Tomorrow" launched
- Distributed €1m in emergency funds for c.150 island of Ireland charities and communities impacted by COVID-19

### UK and International businesses provide diversification and further opportunities for growth

- Further progress in the UK; Northern Ireland strategic review complete and strategic actions to improve returns underway

## Our Strategy



## 2020 Highlights

### 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<sup>4</sup>

### 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

<sup>1</sup> Based on corporate lending information sourced from publicly available annual reports for 2018 & 2019 for all Irish banks, Bank of Ireland analysis of its banking relationships with the top 500 companies from the 2020 Irish Times Top 1,000 companies list and Bank of Ireland analysis of its banking relationships with companies on the published listing of international companies setting up operations in RoI 2020

<sup>2</sup> Based on Bank of Ireland's analysis of its banking relationships with international companies who set up operations in Republic of Ireland in 2020 (international company data sourced from IDA Ireland year end annual statement 2020)

<sup>3</sup> Day-to-day banking products include: current accounts, deposits, credit cards & personal loans; 'fully digitised' means no human engagement required to complete purchase as standard

<sup>4</sup> Balances now categorised as arrears that were not previously in arrears prior to payment breaks; as at 12 February 2021

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**

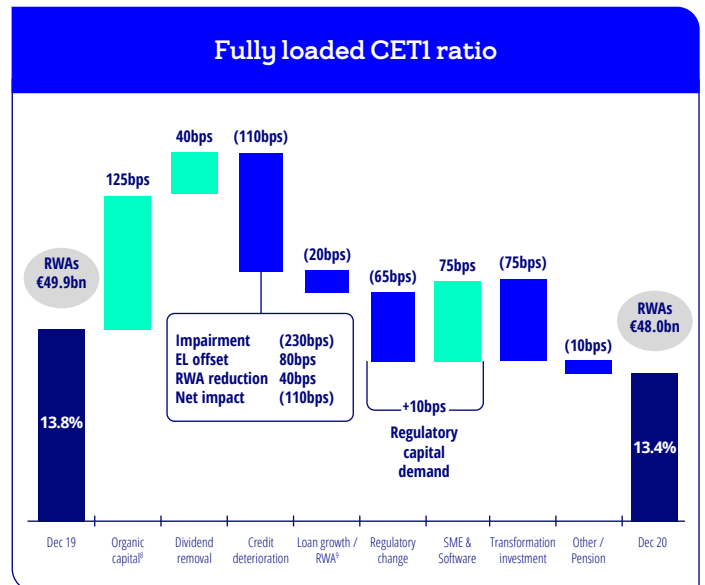
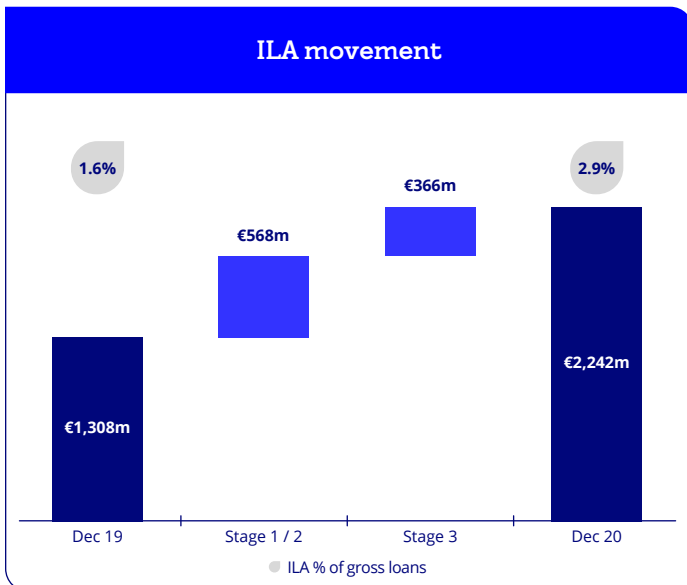
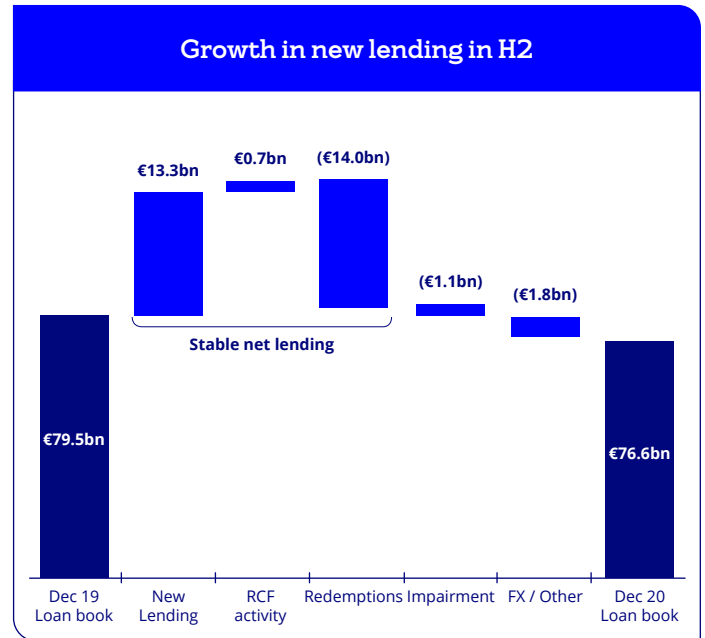
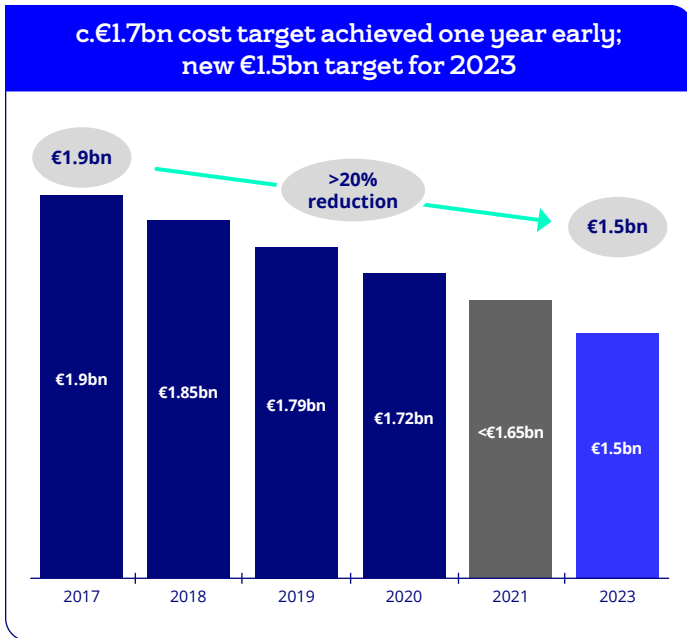


Increasing capability and inclusion  
 Protecting the most vulnerable  
 Enabling better financial decisions  
 Improve customer Financial Wellbeing<sup>6</sup> Index to >70

**Pillar 3**  
**Supporting the Green Transition**



Setting Science Based Targets<sup>7</sup> by 2022  
 Providing Sustainable Finance  
 Transparently report progress  
 Own operations Net Zero by 2030



<sup>5</sup> Full 'Investing in Tomorrow' RSB Strategy explained in Strategic Report section of the Group's 2020 Annual Report  
<sup>6</sup> National survey conducted by BOI covering saving, spending, borrowing and planning, scored on a 0-100 scale  
<sup>7</sup> Using methodology aligned with Partnership for Carbon Accounting Financials (PCAF) standards  
<sup>8</sup> Pre-impairment organic capital generation primarily consists of attributable profit excluding impairment and movements in regulatory deductions  
<sup>9</sup> 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<sup>10</sup>
- 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**

## Credit ratings and key capital and liquidity ratios remain strong

### Bank of Ireland Group plc (holding company of the Group)

Rating Agencies	Standard & Poor's	Moody's	Fitch
Long Term	BBB-	Baa2	BBB
Outlook*	Negative	Stable	Negative
Short Term	A-3	N/A	F2

Capital	
Fully Loaded	13.4%
Transitional	14.9%
Fully Loaded Leverage Ratio	6.4%
MREL Ratio	24.6%

### Governor and Company of the Bank of Ireland

Rating Agencies	Standard & Poor's	Moody's	Fitch
Long Term	A-	A2 (Deposit Rating A2)	BBB+
Outlook*	Negative	Stable (Deposit Outlook Stable)	Negative
Covered Bond Rating	N/A	Aaa	N/A
Short Term	A-2	Prime-1	F2

Liquidity	
Liquidity Coverage Ratio	153%
Net Stable Funding Ratio	138%
Loan to Deposit Ratio	86%

#### Disclaimer

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') plans and its current goals and expectations relating to its strategy, future financial condition and performance and the markets in which it operates. 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, loan to deposit ratios, expected impairment charges, the level of the Group's assets and the Group's financial position, future income, margins, business strategy, future payment of dividends, estimates of capital expenditures, projected costs and cost reduction targets. 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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\* Long term outlook

<sup>10</sup> Excluding DTA / IFRS 9 phasing impacts on the Group's regulatory CET1 ratio