**Bank of Ireland Group plc (the "Group")**
**Publishes Interim Results for the 6 months to 30th June 2020**

**5 August 2020**

**CEO Comment:** Francesca McDonagh, Bank of Ireland Group CEO:

"Our priority in the pandemic has been to proactively support our customers, colleagues and communities, and to stay focussed on delivering our strategy. We put in place a wide range of supports for customers, including more than 100,000 payment breaks in Ireland and the UK, and we transformed how we operate. Notwithstanding the challenges, we've increased our market share in Irish mortgages, reduced costs, and continued to improve our products and services especially through digital.

"The severe impact of COVID-19 – on our customers, the economy, and our business – is seen in our first half 2020 results. COVID-19 has had a material impact on the Group's financial performance and outlook. We have taken an impairment charge of €937 million, resulting in a loss before tax of €669 million for the first six months of 2020.

"Our capital remains strong and resilient, with a fully loaded CET1 ratio of 13.6% and a regulatory CET1 ratio of 14.9%. Our outlook is cautiously more optimistic than our quarter one trading update, resulting in revised guidance for the rest of 2020 in terms of new lending and business income. We remain committed to continuing to support our customers, and helping reboot the economy, in the time ahead."

**H1 2020 Financials:**
- Strong capital position; fully loaded CET1 capital ratio 13.6%, regulatory CET1 capital ratio 14.9%
- Underlying loss of €669 million
- Total income 13% lower; net interest income stable; NIM of 2.02%
- Strong cost discipline; net reduction 3% / €31 million
- IFRS 9 impairment charge €937 million; a prudent and comprehensive approach
- Net lending growth of €0.2 billion including €1.3 billion of revolving credit facilities
- Pre-impairment organic capital generation of 45 basis points

**Income Statement**
Net interest income (NII) of €1.1 billion was broadly in line with the first half of 2019. Net interest margin was 2.02%, in line with our expectations. The Group's NII reflects the benefit from loan book growth since 2017 and reduced liability costs offsetting lower structural hedge income and UK competitive pressures.

Fees and other income arise from diversified business activities including wealth, bancassurance, foreign exchange and transactional banking fees. This includes business income of €266 million which is 14% lower than the same period in 2019 due to the disruption caused by COVID-19. Wealth and Insurance income decreased 16% versus the same period in 2019 from lower new business sales and reduced income on existing business. While Retail Ireland income decreased 20% from reduced current account and FX income and lower levels of card transactions as a result of the economic lockdown.

A loss of €109 million on valuations and other items was reported in the first six months. This reflected falling equity markets and widening credit spreads related to unit linked assets and bond portfolio valuations in Wealth and Insurance of €90 million, and financial instrument valuation adjustments and other items of €19 million.

Delivery on transforming our culture, systems and business model continues to drive efficiencies across the Group. Operating expenses (excluding levies and regulatory charges and impairment of goodwill) reduced by 3% compared to the first half of 2019 and includes COVID-19 related expenses. Expenses reduced by 5% excluding COVID-19 related expenses.

A net credit impairment charge of €937 million in the first six months of 2020 compared to €79 million in the same period of 2019. This charge, largely taken on Stage 1 and Stage 2 performing loans, includes €432 million from the impact on IFRS 9 models from the Group's latest macro-economic outlook, a €184 million management adjustment related to payment breaks, and €321 million from actual loan loss experience in the period. The Group's impairment coverage increased to 2.7% from 1.6% at December 2019 resulting in an impairment loss allowance of €2.1 billion on balance sheet at June 2020.

Non-core charges of €153 million include €136 million impairment relating to intangible software assets. This charge was incurred following a review of the recoverability of assets.

**Balance Sheet**
The Group's loan book decreased by €2.8 billion during the first six months of 2020 (€0.5 billion on a constant currency basis). Net lending growth of €0.2 billion includes €1.3 billion of revolving credit facility (RCF) drawdowns, with mortgage market share in Ireland increasing to 25%. Foreign exchange and other movements of €2.1 billion and impairment charges more than offset net lending. Total new lending volumes, excluding RCF activity, of €5.8 billion were 19% lower than the first half of 2019, reflecting reduced activity in our core markets as a consequence of COVID-19.

Our non-performing exposures (NPE) increased by €1.1 billion to €4.6 billion, equating to an NPE ratio of 5.8% of gross customer loans. This increase primarily reflects credit migration in our corporate and property and construction portfolios, and the implementation of the new Definition of Default regulatory framework.

**Capital**
Our fully loaded CET1 capital ratio of 13.6% at June 2020 remains strong, with a 10 basis point improvement since quarter one 2020. Pre-impairment organic capital generation and the reversal of the dividend declared in respect of 2019 was offset by the impact of credit deterioration, loan book growth, transformation investment and regulatory capital demand. Minimum regulatory capital requirements have been reduced by 218 basis points to 9.27% in 2020 and the Group's regulatory CET1 capital ratio of 14.9% at June provides headroom of c.560 basis points. No dividend deduction has been assumed for 2020.

**Outlook**
- 2020 gross new lending volumes are expected to be c.70% of 2019 volumes
- Net interest income in 2020 to be c.5% lower than 2019
- 2020 business income to be 20%-30% lower than 2019
- Costs will continue to reduce; 2020 costs to be lower than 2019, and 2021 costs to be below previous guidance of €1.65 billion
- While we expect economic recovery commencing in H2 2020, COVID-19 and Brexit are ongoing uncertainties, subject to no further deterioration in the economic environment or outlook, 2020 impairment charge expected to be in a range of c.€1.1 billion to €1.3 billion
- 2020 regulatory CET1 ratio to remain above 13.5%, no dividend deduction assumed for 2020
- The longer term impacts of COVID-19 on the economy and the Group's financial performance remain uncertain; our medium-term targets should therefore no longer be considered current in these circumstances

Ends

http://www.rns-pdf.londonstockexchange.com/rns/1899V_1-2020-8-5.pdf

For further information log on to www.bankofireland.com/investor or contact:

**Bank of Ireland**

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**Forward-Looking Statement**

This announcement contains forward-looking statements with respect to certain of Bank of Ireland Group plc ('BOIG plc') and its subsidiaries' (collectively the '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.

Nothing in this announcement should be considered to be a forecast of future profitability, dividends or financial position of the Group and none of the information in this announcement 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.