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22

2022 Interim Results Announcement

*30 June 2022*



**Bank of  
Ireland**



# Group CEO

## Francesca McDonagh



## Strong business performance and strategic progress in H1 22

Bank of Ireland 2022 Interim Results

### H1 22 Performance

**€419m**  
Underlying profit before tax

- Total income modestly higher vs H1 21 (excluding additional gains, valuation items and acquisitions)
- Maintaining cost discipline while investing to attract customers from exiting banks
- Adjusted RoTE<sup>1</sup> of 8.1%; on track to deliver sustainable RoTE >10% in near term

### Strategic Progress

**110%**  
Increase in new current accounts

- State holding < 3%; expect to be fully privately owned in 2022
- Changing market structure in Irish retail banking; 110% increase in new current accounts opened vs H1 2021, supported by enhanced digital capabilities
- Increased share of Ireland's attractive wealth market; Davy acquisition completed
- Competition approval received for KBC Bank Ireland portfolio acquisition

### Asset Quality

**5.4%**  
NPE ratio

- Asset quality remains strong; NPE ratio reduced during H1 22
- Net credit impairment charge of €47m includes consideration of the uncertain environment
- Quality of loan books provide reassurance; coverage levels remain at 2.5%

### Capital & Distributions

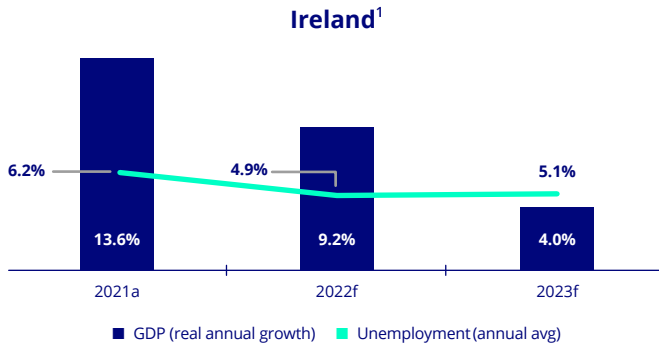
**15.5%**  
Fully Loaded CET1 ratio

- Strong business model generating organic capital of 60bps in H1 22; 80bps of capital invested on completion of Davy acquisition in June 2022
- CET1 target >13.5%; accommodates increased countercyclical buffers
- Strong capital position, combined with organic capital generation, support growth in distributions on a prudent and progressive basis

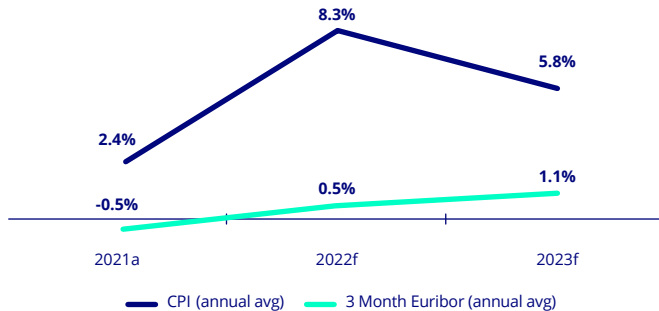
<sup>1</sup> Updated basis of calculation for adjusted RoTE, which excludes the pension surplus, is set out on slide 50

# Irish economy resilient despite external pressures

Bank of Ireland 2022 Interim Results



## Eurozone interest rate<sup>2</sup> and Irish inflation<sup>1</sup> outlook



- Irish economy well positioned to face global economic uncertainties
  - Notwithstanding external headwinds, Ireland is forecast to be the EU's fastest-growing economy for a third successive year in 2022, despite a recent moderation in activity
  - Exports expanding apace +14.8% y/y in Q1 2022
  - Modified domestic demand (excluding multinational sectors and stocks) was +12.6% y/y in Q1 2022
  - Record total employment of 2.5m in Q1 2022 (+8% since 2019); unemployment rate at 4.8% in June
- Irish consumers and SMEs are relatively well positioned
  - Household debt and business borrowings remain near multi-year lows
  - Ratio of household debt to disposable income (98.5% in Q4 2021) is the lowest since the series began in 2003
  - Stock of Irish household deposits at €145bn as of May 2022, +€34bn (+30%) since 2019
  - Irish businesses have strong balance sheets; core (non-property) SME borrowings have reduced to c.€13bn from c.€34bn in 2010
- Irish CPI +9.1% y/y in June 2022
  - Dampening effect of higher interest rates on economic activity and the easing of supply chain pressures expected to see inflation moderate in 2023
- House prices +14.4% y/y in May 2022; increase driven by the continued mismatch between demand and supply
  - Mortgage demand underpinned by demographic fundamentals and robust labour market

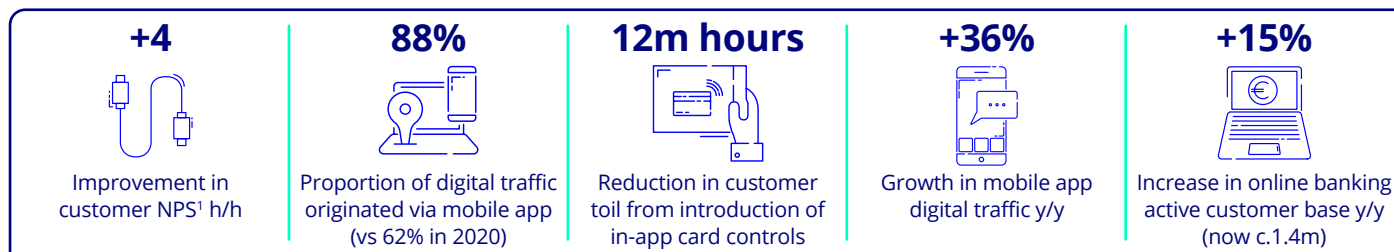
<sup>1</sup> Forecasts from Bank of Ireland Economic Research Unit (ERU), CPI = Consumer Price Index

<sup>2</sup> Market pricing as at 25/7/22

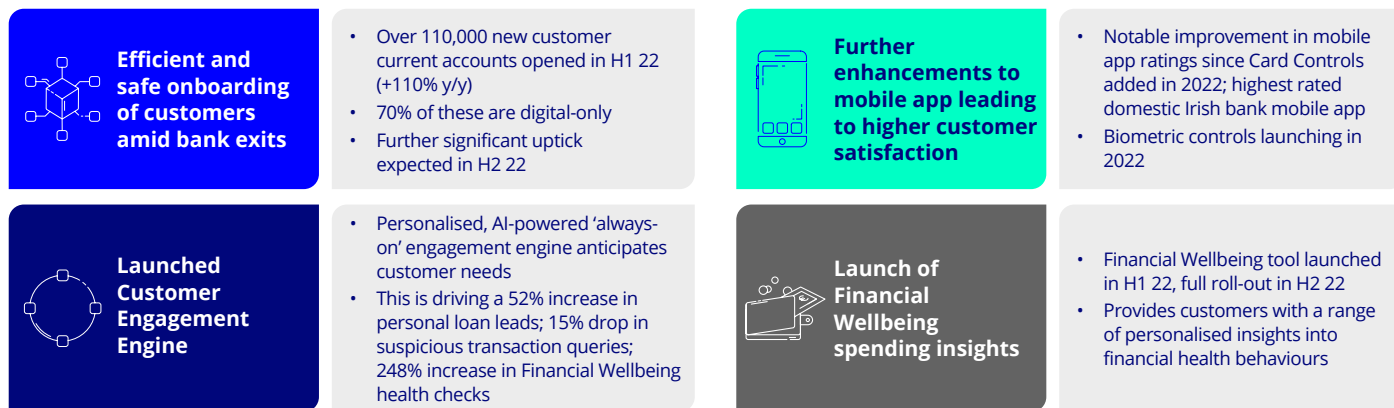
Sources: Bloomberg; Central Bank of Ireland; CSO; EU Commission

# Transformation investment achieving higher customer satisfaction, digital adoption and low-cost acquisition

Bank of Ireland 2022 Interim Results



## Delivering against commitments to enhance digital capabilities in H1 2022



Accelerated digital adoption

Enhanced customer offerings

Efficiency benefits

<sup>1</sup> Net Promoter Score assesses overall level of satisfaction of a customer's relationship with Bank of Ireland

# Responsible and Sustainable Business (RSB) strategy supports our purpose to enable our Customers, Colleagues and Communities to thrive

Bank of Ireland 2022 Interim Results

## RSB – Progress in H1 2022

### Pillar 1 Enabling all Colleagues to Thrive



- **11 new agile work hubs formally launched for colleagues;** 3 regional hubs on track for H2 delivery
- **c.5,000 (> 50% of total)** colleagues visited **Careers Lab** launched in Q1
- **77% of colleagues** are curious learners, accessing material for their own self-development
- **c.30k digital learning modules** consumed by colleagues

### Pillar 2 Enhancing Financial Wellbeing



- Global Co-Lead of UNEP FI PRB<sup>1</sup> **Commitment to Financial Health & Inclusion Working Group**
- **Financial Wellbeing** prompts on mobile app generated 1.7m engagements in H1
- **“Big Move” campaign** to support account switching as banks exit market; **Irish current account openings +110% y/y**
- **Support for Ukrainian nationals;** **> 3k accounts opened<sup>2</sup>**

### Pillar 3 Supporting the Green Transition



- **Green mortgages 48% of new Irish mortgage lending** in H1 22 (35% FY 21). Ireland's leading green mortgage lender at €2.4bn since 2019
- €1.6bn of **sustainability linked pricing** in Corporate lending commitments (+14% vs Dec-21)
- Largest provider of **wholesale finance for electrically chargeable vehicles** in Ireland
- Submission to Science Based Targets Initiative (SBTi) for approval of **SBTs** expected in H2

**New board-level RSB Committee** established in February 2022 and new Chief Sustainability Officer appointed  
Significantly enhanced ESG disclosures following **publication of inaugural standalone 2021 RSB report in June 2022**

<sup>1</sup> UN Environment Programme Financial Initiative Principles for Responsible Banking

<sup>2</sup> As at 18 July 2022

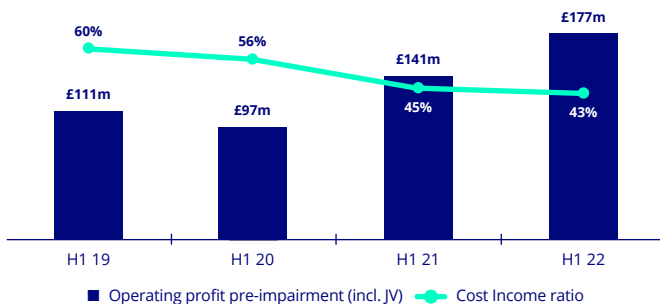


## Continued strategic progress in the UK

Bank of Ireland 2022 Interim Results

| Retail UK                              | H1 2021      | H1 2022      |
|--|--------------|--------------|
| Net interest income                    | £268m        | £292m        |
| Other income (incl JV)                 | (£6m)        | £10m         |
| Costs                                  | (£121m)      | (£125m)      |
| <b>Operating profit pre-impairment</b> | <b>£141m</b> | <b>£177m</b> |
| Impairment                             | (£2m)        | (£10m)       |
| <b>Underlying profit / (loss)</b>      | <b>£139m</b> | <b>£167m</b> |
| Cost income ratio                      | 45%          | 43%          |
| Loan book                              | £23.6bn      | £20.2bn      |
| Deposits                               | £16.9bn      | £13.8bn      |
| NIM                                    | 1.95%        | 2.29%        |

### Sustained improvement in profit and efficiency



<sup>1</sup> Bespoke is a personalised and flexible underwriting service for good quality more complex cases

### Strong operating performance in H1 2022

- 9% increase in net interest income reflects higher net interest margin (+34bps y/y), supported by lower funding costs and strong momentum from 2021 lending activity
- £4m y/y increase in costs reflects digital and service investment
- UK macro outlook has softened in 2022, but modest impact on asset quality at end H1 22. Impairment loss of £10 million reflects portfolio activity and the current economic environment
- Lending balances lower (£20.2bn Jun 22 vs £21.9bn Dec 21), in line with strategy, and commercial focus on value over volume
- Deposit book lower (£13.8bn Jun 22 vs £15.8bn Dec 21), supporting margin improvement

### Strategic actions delivering sustainable returns

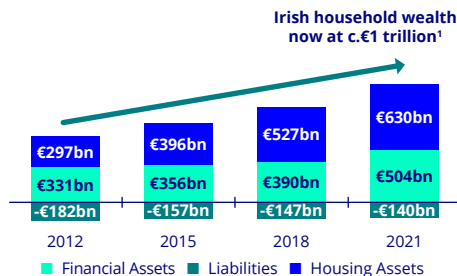
- Growth in Bespoke<sup>1</sup> mortgage lending, with higher margins and typically lower LTV vs standard mortgages
  - Bespoke 53% of new lending in H1 22 (vs 3% in H1 19 and 21% in H1 21)
  - Bespoke margin dynamics outperforming standard in H1 22
- Deleveraging expected to continue in H2 22; pace to reflect ongoing pricing discipline
- Competitive market conditions and macro environment reinforce our UK strategy focused on a smaller, more profitable balance sheet

# Irish market leader in Wealth

Bank of Ireland 2022 Interim Results

## Davy acquisition further strengthens already well diversified Wealth and Insurance model

### Attractive wealth market backdrop



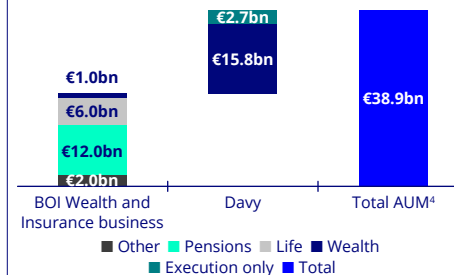
- Growing Irish household wealth relatively underinvested; c.36% of financial assets held in cash/deposits<sup>1</sup>, high vs many European peers (UK c.26%, EU avg 32%)<sup>2</sup>
- Young population<sup>3</sup> and ongoing shift from DB to DC pension schemes provides need for more complex long term retirement planning
- Majority of market serviced by non-specialist investment providers

### Enhanced market leading capabilities



- Combined business offers market leading propositions in retail, mass affluent and high net worth (HNW) wealth advisory segments
  - Range of different channels support c.600k retail and mass affluent customers within Bank of Ireland; investible assets typically < €1m
  - Davy offers wealth advisory to 6.5k affluent and HNW customers; relationship AUM typically > €1m
  - 'Davy Select' provides market leading online execution-only investment platform
- Synergy opportunities through combined capabilities and customer bases of Bank of Ireland and Davy

### Strong market position reflects confidence in outlook



- Total Group AUM almost doubled to €39bn post-Davy acquisition; net inflows of €0.9bn in H1 22 (15% y/y)
- Ireland's only bancassurer; significant investment in transforming Wealth and Insurance offering in recent years
  - 9% increase in Wealth and Insurance business income y/y (ex Davy)
  - Bank channel penetration 35% (vs 26% in 2018)

<sup>1</sup> Central Bank of Ireland; Q4 2021 Household Financial Balance Sheet

<sup>2</sup> Eurostat and UK ONS, end 2020

<sup>3</sup> Ireland median age of population 39 years (2021, Eurostat), second lowest in EU

<sup>4</sup> AUM as at end June 2022

# Retail Ireland franchise will be enhanced by KBC acquisition<sup>1</sup>

Bank of Ireland 2022 Interim Results



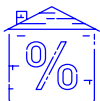
## Retail Ireland performing strongly



Leading Irish retail and SME offering with a unique franchise of c.2.2m customers<sup>2</sup>, €32.4bn of loans and €69bn of deposits; Ireland's only bancassurer



No.1 business bank in Ireland; €1.4bn in new SME term lending (+16% y/y), first period of organic<sup>3</sup> net growth in SME lending since 2015



€1.3bn in new mortgage lending in H1 22 (+33% y/y), 24% market share (H1 21 €1.0bn, 23%)



c.€6.8bn y/y increase in deposits as Irish households (c.32% market share) continue to build savings; positive revenue tailwind as interest rates increase



## KBC portfolios will materially enhance Irish franchise



KBC transaction going through final approvals, expected to close by end Q1 2023, comprising<sup>4</sup>:

- c.€9.0bn of performing loans, primarily residential mortgages
- c.€4.0bn of deposit accounts; cost efficient use of excess liquidity

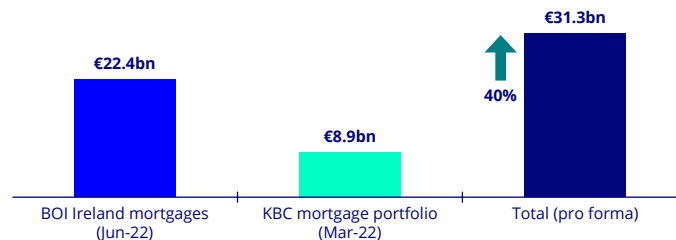


Enhances Irish franchise at low marginal cost



Materially accretive to earnings

## KBC portfolio acquisition will add scale to Irish franchise



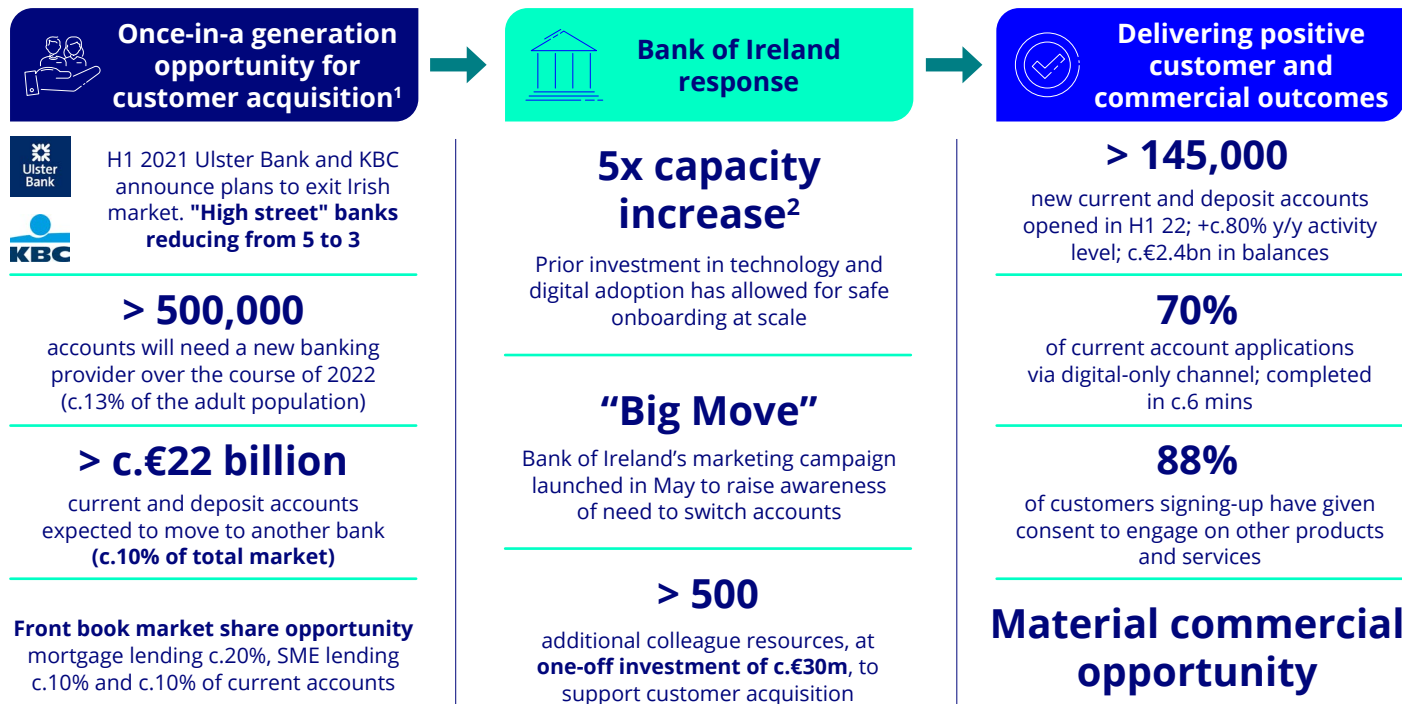
<sup>1</sup> Subject to satisfaction of remaining customary conditions to completion

<sup>2</sup> This figure refers to active customers who have an open product at end June 2022, had a transaction in the previous 3 months and have a balance that is not equal to zero, for personal and business banking customers

<sup>3</sup> Q/Q, excluding disposals

<sup>4</sup> Portfolio figures as at 31 March 2022; numbers at completion will reflect amortisation of portfolios now that KBC has ceased new business

## Unique growth opportunity from structural change in Irish retail banking market



**Notwithstanding macro uncertainty, clear confidence in compelling business model which is poised to deliver improving RoTE trajectory**

<sup>1</sup> Figures are Bank of Ireland estimates based on public financial reports and BPIFI data. Market shares based on end 2020 activity, prior to announcement of planned exits. Excludes loan and deposit back books being acquired from KBC by Bank of Ireland

<sup>2</sup> Number of accounts that can be opened on a daily basis

# Group CFO

## Mark Spain



# H1 2022 financial summary

Bank of Ireland 2022 Interim Results

- Strong business performance in H1 22; underlying profit before tax of €419m
- Total income modestly higher vs H1 21 (ex additional gains, valuation items and acquisitions)
- Net lending of €1.0bn in Corporate & Markets and Retail Ireland; UK deleveraging of €2.0bn in line with strategy
- Business income<sup>1</sup> 16% higher
- Operating costs 1% higher; costs 1% lower excluding acquisitions and one-off investment to capture opportunities from exiting banks
- Net credit impairment charge of €47m; NPE ratio 5.4%
- Fully Loaded CET1 15.5% post Davy completion, supported by organic capital generation
- Adjusted RoTE<sup>2</sup> of 8.1%

<sup>1</sup> Including Share of Associates and JVs and excluding Davy

<sup>2</sup> Updated basis of calculation for adjusted RoTE, which excludes the pension surplus, is set out on slide 50

## Strong business performance in H1 2022

Bank of Ireland 2022 Interim Results

|  | H1 2021<br>(€m) | H1 2022<br>(€m) |
|--|-----------------|-----------------|
| Net interest income                          | 1,080           | 1,072           |
| Business income                              | 282             | 320             |
| Additional gains, valuation and other items  | 36              | (3)             |
| <b>Total Income</b>                          | <b>1,398</b>    | <b>1,389</b>    |
| Operating expenses                           | (837)           | (849)           |
| Levies and Regulatory charges                | (96)            | (95)            |
| <b>Operating profit pre-impairment</b>       | <b>465</b>      | <b>445</b>      |
| Net impairment charges                       | (1)             | (47)            |
| Share of associates / JVs                    | 1               | 21              |
| <b>Underlying profit / (loss) before tax</b> | <b>465</b>      | <b>419</b>      |
| Non-core Items                               | (59)            | (84)            |
| <b>Profit before tax</b>                     | <b>406</b>      | <b>335</b>      |

|  | H1 2021<br>(€m) | H1 2022<br>(€m) |
|--|-----------------|-----------------|
| Net interest margin (NIM)                                | 1.90%           | 1.73%           |
| Cost income ratio <sup>1</sup>                           | 61%             | 61%             |
| Underlying earnings per share                            | 33.6c           | 27.3c           |
| Return on Tangible Equity (RoTE) - adjusted <sup>2</sup> | 8.8%            | 8.1%            |
| TNAV <sup>2</sup>  | 789c            | 922c            |

- H1 22 performance<sup>3</sup> reflects positive business income momentum and continued focus on cost reduction, offset by market and TLTRO impact
- Operating profit pre-impairment -4% y/y reflecting
  - Net interest income modestly higher excluding TLTRO impacts
  - Business income<sup>4</sup> +16% y/y reflecting increased customer activity and recovery from COVID-19 impacts in H1 21
  - Additional gains, valuation and other items (€3m) vs €36m in H1 21
  - Operating expenses +1% y/y; 1% lower excluding acquisitions and one-off investment to capture opportunities from exiting banks
- Net credit impairment charge of (€47m); consideration given to the current macro uncertainties
- Non-core items of (€84m); primarily comprise acquisition, Tracker Mortgage Examination and transformation costs
- Adjusted RoTE<sup>2</sup> of 8.1%

<sup>1</sup> See slide 51 for calculation

<sup>2</sup> Updated basis of calculation for adjusted RoTE, which excludes the pension surplus, is set out on slide 50

<sup>3</sup> H1 22 reflects stronger yoy performance of €63m in net interest income, business income, costs and share of associates & JVs. Impairments are (€46m) higher and other impacts of (€63m) from lower TLTRO income, valuations, bond sales impact, additional investment costs, partially offset by positive FX impact

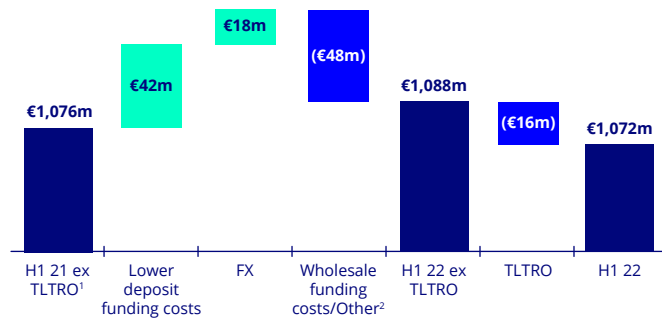
<sup>4</sup> Including Share of Associates and JVs and excluding Davy



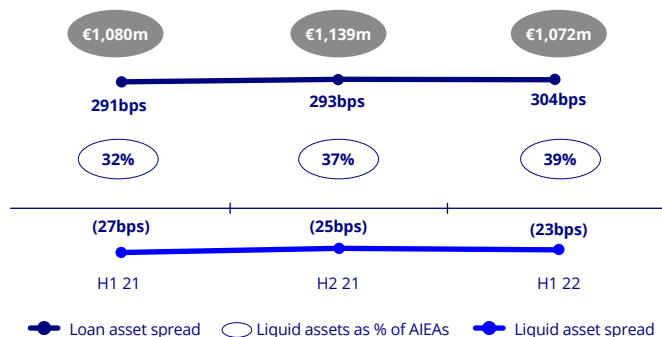
## Net interest income modestly higher excluding TLTRO impacts

Bank of Ireland 2022 Interim Results

### Net interest income movement



### Net interest income<sup>3</sup>



- Net interest income H1 performance modestly higher in H1 22 vs H1 21 excluding TLTRO impacts
  - Lower funding costs due to improved UK deposit margins and expansion of negative interest rates on deposits, offset by higher wholesale funding costs
  - Positive FX impact of c.€18m
- Bond sales in H1 22 will reduce 2022 net interest income by c.(€20m), c.(€7m) impact in H1 22
- Expect to maintain TLTRO participation to maturity in March 2024, subject to no change in terms and conditions
  - Accounting impact of (€16m) in H1 22 to reverse in H2 22 with FY 22 benefit of c.€19m (H2 22 c.€35m)
- Pricing discipline maintained; loan asset spread 13bps higher H1 22 vs H1 21

### 2022 Outlook

- 2022 net interest income expected to be modestly higher than 2021, based on expectations for interest rates<sup>4</sup>, and projected TLTRO benefit of c.€19m

<sup>1</sup> c.€4m of TLTRO income included in H1 2021 NII of EUR1,080m

<sup>2</sup> Other includes lower structural hedge income of €5m and lower liquid asset income of €4m

<sup>3</sup> Spread = Loan asset yield or Liquid asset yield less Group's average cost of funds, excludes impact from TLTRO

<sup>4</sup> Interest rate assumptions; ECB deposit rate of 75bps, BOE base rate of 280bps and Fed Funds rate of 325bps at end 2022

## Net interest income positively geared to higher interest rates

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### Net interest income sensitivity to parallel shift in interest rates (annualised)

|              | -100bps        | +50bps       | +100bps            |
|--------------|----------------|--------------|--------------------|
| EUR (0bps)   | (€160m)        | €200m        | €370m <sup>1</sup> |
| GBP          | (€80m)         | €25m         | €50m               |
| USD          | (€10m)         | €10m         | €15m               |
| <b>Total</b> | <b>(€250m)</b> | <b>€235m</b> | <b>€435m</b>       |

### Key simplifying assumptions

- An instantaneous and sustained parallel movement in all interest rates
  - Starting point for ECB deposit rate / Euribor of 0%
- A static balance sheet in size and composition
- Assets and liabilities whose pricing is mechanically linked to market / central bank rates assumed to reprice accordingly
- Certain other assumptions including pass-throughs to assets and liabilities
- The sensitivities should not be considered a forecast of future performance in these rate scenarios as they do not capture potential management actions
- Net interest income sensitivities will change depending on interest rate starting point

### TLTRO

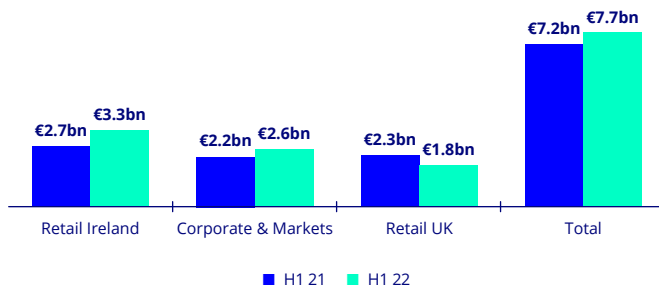
- Any incremental benefit from TLTRO is excluded from the sensitivity table above
- Potential for aggregate incremental net interest income of c.€100m from TLTRO in 2023/24 assuming an ECB deposit rate of 0.75% at end-2022 and 1.25% at end-2023 and no change to terms and conditions

<sup>1</sup> +100bps interest rate sensitivity at FY21 = €190m. The difference to €370m at HY22 is explained by deposit balances (c.€15bn) on negative interest rates, the impact of positive interest rates on Euribor floored loans (€7bn), balance sheet growth in the period and other smaller items

## Net lending of €1.0bn in Corporate and Retail Ireland; UK deleveraging of €2.0bn in line with strategy

Bank of Ireland 2022 Interim Results

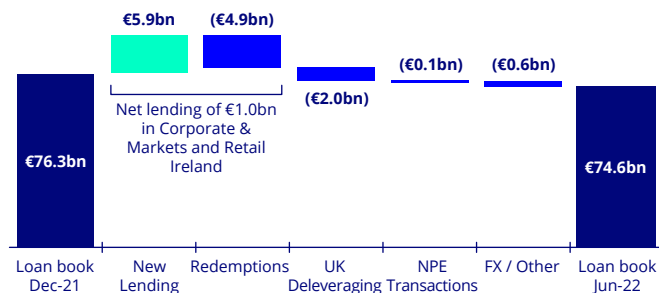
### New lending<sup>1</sup> by division



### Signs of inflection in Irish retail lending trends

- Total new lending of €7.7bn in H1 22
  - Retail Ireland +25% y/y with strong growth across mortgage, business banking and consumer portfolios
  - Corporate & Markets +12% y/y with growth diversified across portfolios
  - Retail UK -19% y/y primarily driven by reduction in mortgages, reflecting pricing discipline and focus on value over volume
- Net lending of €1.0bn in Corporate and Retail Ireland in H1; further net lending in Retail Ireland anticipated in H2
- UK deleveraging of €2.0bn in line with strategy; deleveraging expected to continue in H2 22. Pace to reflect ongoing pricing discipline and market dynamics

### Group loan book movement



<sup>1</sup> On a constant currency basis

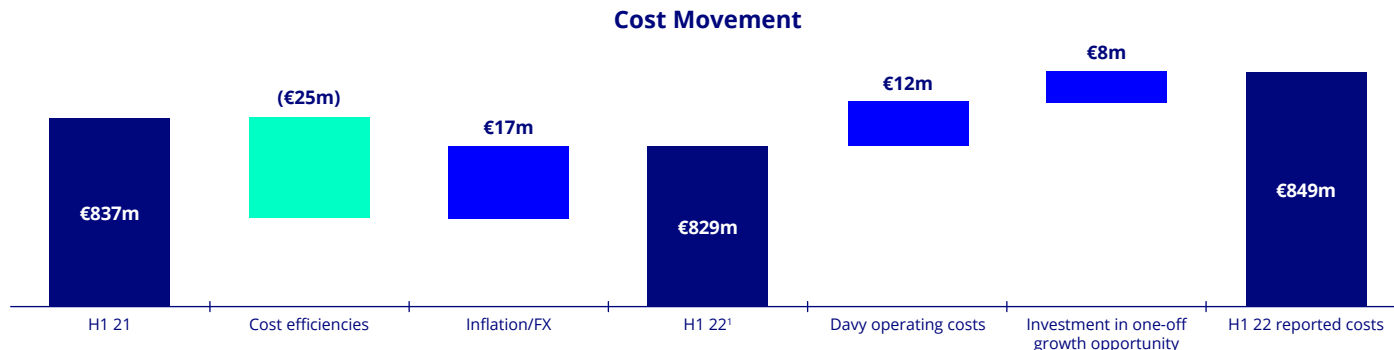
## Business income<sup>1</sup> +16% reflecting improving momentum

|  | H1 2021<br>(€m) | H1 2022<br>(€m) |
|--|-----------------|-----------------|
| Wealth and Insurance                       | 105             | 114             |
| Retail Ireland                             | 101             | 131             |
| Retail UK                                  | (2)             | (13)            |
| Corporate and Markets                      | 83              | 85              |
| Group Centre and other                     | (5)             | (10)            |
| <b>Business Income</b>                     | <b>282</b>      | <b>307</b>      |
| Share of associates / JVs                  | 1               | 21              |
| <b>Business Income incl. JVs (ex Davy)</b> | <b>283</b>      | <b>328</b>      |
| Davy                                       | 0               | 13              |
| <b>Total Business Income</b>               | <b>283</b>      | <b>341</b>      |
| Additional gains                           | 2               | 83              |
| Valuation and other items                  | 34              | (86)            |
| <b>Other Income</b>                        | <b>319</b>      | <b>338</b>      |

- Wealth & Insurance +9% y/y from higher new life business and improved performance on the existing book
- Retail Ireland +30% y/y vs H1 21 due to higher current account, card fees and FX commission income. H1 21 impacted by COVID-19
- Retail UK fee expense primarily reflects profit sharing arrangement, with benefits reflected in net interest income
- Associates and JVs benefitting from recovery of UK travel industry
- Davy reflects one month's income following acquisition completion on 1 June
- Additional gains reflect H1 22 bond sales (c.€3.6bn)
- Valuation and other items reflect lower equity and bond markets

<sup>1</sup> Including Share of Associates and JVs and excluding Davy

## Costs 1% higher; 1% lower ex Davy and one-off investment



### H1 performance

- Operating cost<sup>1</sup> reduction of 1% y/y reflects ongoing cost efficiencies partially offset by inflation and FX impact<sup>2</sup>
- Davy operating costs of €12m reflect one month impact following completion of acquisition on 1 June
- Additional one-off costs of €8m supporting investment to capture opportunities from exiting banks in Ireland; expect further investment of c.€20m in H2 to support new account acquisition
- Levies and regulatory charges of €95m in H1; expect full year charge of c.€140m

<sup>1</sup> H1 22 operating costs excluding Davy, one-off investment and levies and regulatory charges

<sup>2</sup> Inflation €12m and FX €5m

### Cost outlook

- 2022 costs to be lower than 2021 after absorbing inflation, excluding acquisitions and one-off investment relating to onboarding customers from exiting banks
- Expect further reduction in cost base (ex acquisitions and one-off investment for growth opportunities) in 2023 supported by initiatives underway. Reported cost base will also reflect impact of acquisitions
- One-off costs for growth opportunities not anticipated beyond 2022

## Non-core costs

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| Non-core items   | H1 2021<br>(€m) | H1 2022<br>(€m) |
|--|-----------------|-----------------|
| Transformation programme costs                                     | (69)            | (23)            |
| Acquisition costs  | -               | (25)            |
| Customer redress charges   | (5)             | (26)            |
| Investment return on treasury stock held for policyholders         | (6)             | (4)             |
| Gross-up for policyholder tax in the Wealth and Insurance business | 15              | (8)             |
| Other  | 6               | 2               |
| <b>Total non-core items</b>  | <b>(59)</b>     | <b>(84)</b>     |

- Transformation programme charge (€23m) primarily relates to Retail UK restructuring
- Acquisition costs (€25m) relates to the Davy transaction. Further deferred consideration costs of c.€20m expected in H2 22
- Customer redress charges (€26m), primarily related to the ongoing Tracker Mortgage Examination review

# H1 2022 net impairment charge of €47m

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## IFRS 9 models Macro-economic update and management adjustment

### €59m gain

- Gain of €19m from improved macroeconomic outlook and model updates, partially offset by higher weighting to downside scenarios (+10ppts) relative to December 2021
- Reduction in total management adjustment by €40m including
  - Reduction in COVID-19 management adjustment by €70m to €62m, partially offset by
  - New €32m management adjustment related to the uncertain economic environment
- Stock of management adjustments<sup>2</sup> assumed to be utilised or brought in model during H2 22

## Loan loss experience and portfolio activity

### €106m charge

- Net charge primarily reflects
  - Loan loss emergence on stage 3 assets and net losses related to case specific credit events

H1 2022

## Macroeconomic scenarios<sup>1</sup> updated to reflect changes in economic outlook since 31 December 2021

| 30 June 2022                                   | 2022  | 2023  | 2024-2026 |
|--|-------|-------|-----------|
| <b>Ireland - Probability Weighted Scenario</b> |       |       |           |
| GDP growth                                     | 5.0%  | 3.7%  | 3.5%      |
| Inflation (CPI)                                | 6.7%  | 3.7%  | 1.9%      |
| Unemployment rate                              | 6.0%  | 5.9%  | 5.8%      |
| Irish House Price Index                        | 4.0%  | -1.9% | 0.0%      |
| <b>Delta vs Central Scenario</b>               |       |       |           |
| GDP growth                                     | -0.6% | -0.9% | -0.1%     |
| Inflation (CPI)                                | 0.5%  | 0.5%  | -0.2%     |
| Unemployment rate                              | 0.2%  | 0.7%  | 0.8%      |
| Irish House Price Index                        | -1.0% | -3.9% | -1.3%     |

FY 22  
Outlook



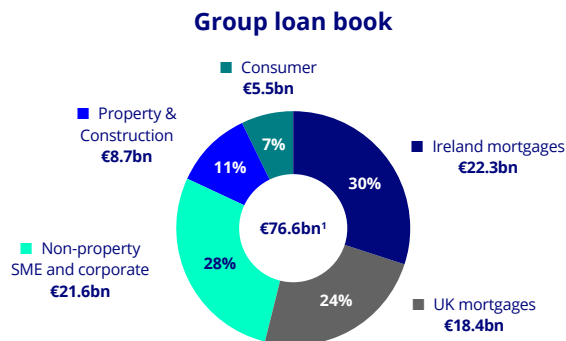
Subject to no material change in the economic conditions or outlook, we expect the 2022 impairment charge to be lower than 20bps

<sup>1</sup> See slide 42 for 2022-2026 macro-economic assumptions used in IFRS 9 models

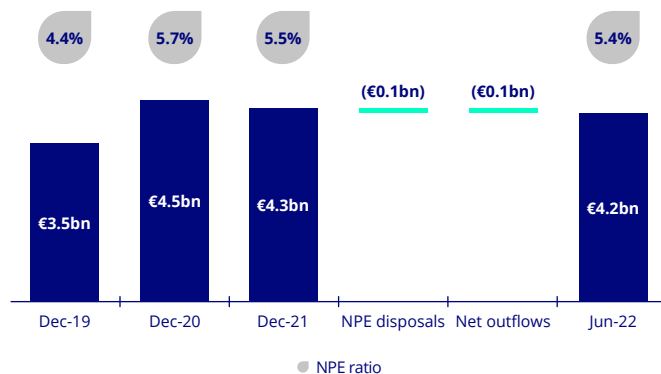
<sup>2</sup> Total stock of management adjustments of €352m at June 2022 comprised of: NPEs €130m; Mortgage LGD €104m; COVID-19 €62m; economic uncertainty €32m; BBROI PD €24m

## Well diversified loan book with progress on NPEs

Bank of Ireland 2022 Interim Results



### NPE movements – NPE ratio at 5.4%



<sup>1</sup> Gross volumes do not include fair value adjustment of (€0.4bn)

### Loan book strongly collateralised >80% secured

- Weighted average LTV of Ireland mortgages 53%; H1 22 new lending 74%
  - c.54% of Irish mortgages originated since introduction of macroprudential rules in 2015; strong affordability; fixed rate mortgages 62%
- Weighted average LTV of UK mortgages 55%; H1 22 new lending 70%
- CRE average LTV of 60%; with c.58% with LTV<65%
- LAF book (€5.2bn, 6.8% of Group) de-risked post FY 21 CRT (c.50% of loans)
- Consumer portfolios diversified across personal loans, credit cards and car finance

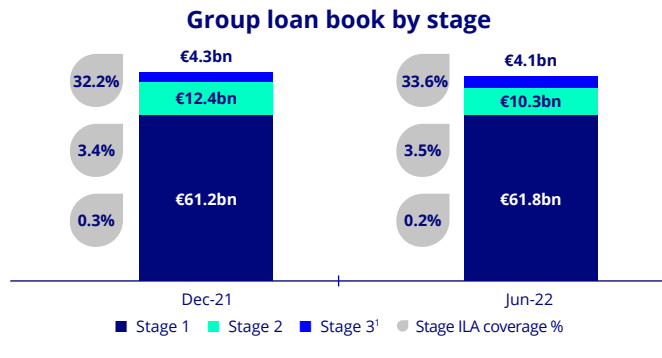
### Non-performing exposures reduce to €4.2bn

- NPE ratio reduced modestly by 10bps to 5.4%
- Proven track record of
  - Sustainable solutions with customers
  - Successful transaction execution
- Further reductions expected in H2 22 through combination of organic and inorganic activity



## Prudent asset quality coverage levels in face of economic uncertainty

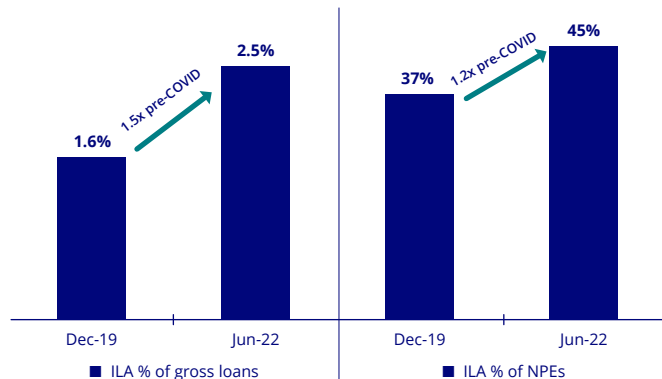
Bank of Ireland 2022 Interim Results



### Stock of impairment loss allowance of €1.9bn

- June 2022 coverage of 2.5% unchanged vs Dec 2021; remains prudent given uncertain economic backdrop
  - Management adjustments €352m on balance sheet, 19% of total provision stock (FY 21 20%)
  - Stage 1, 2 and 3 coverage all above pre-COVID levels
- Stage 2 volumes reduced from 16% to 13% in H1 22; primarily reflects the net impact of updated COVID-19 post model staging adjustment

### Coverage levels remain conservative



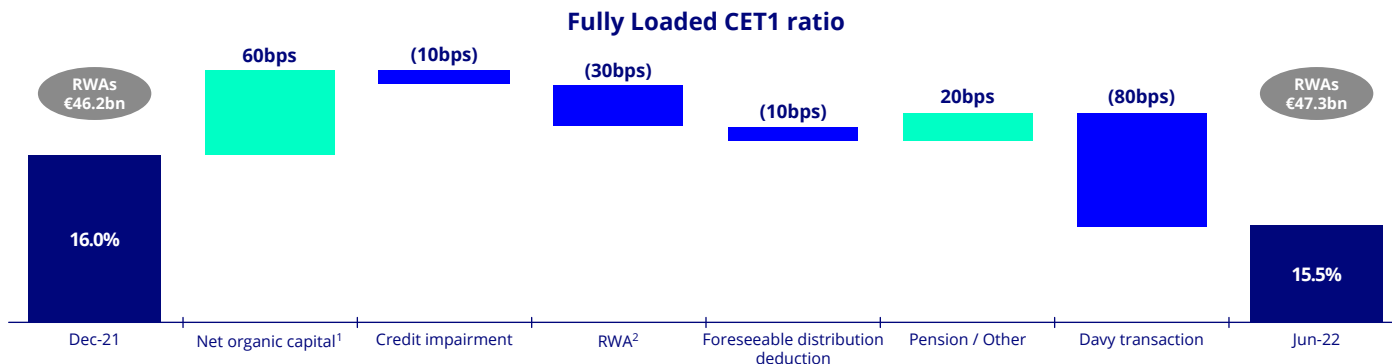
### Prudent provision coverage levels

- Provision coverage remains well above pre-COVID levels; loan book coverage 1.5x pre-COVID levels, primarily driven by
  - UK mortgage coverage at 1.9x
  - Non-property SME & Corporate at 1.5x
  - Property & Construction at 1.8x
- NPE coverage at 45% is 1.2x pre-COVID level

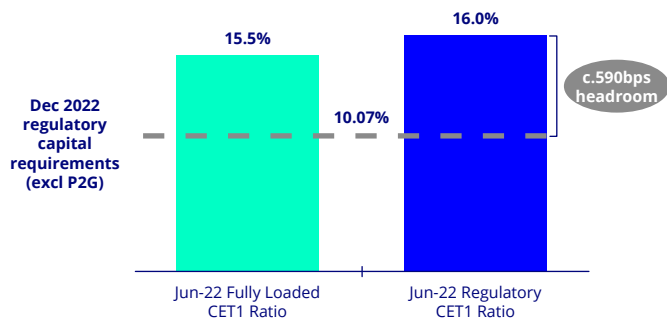
<sup>1</sup> Includes POCI

## Capital ratios remain strong

Bank of Ireland 2022 Interim Results



### Headroom to 2022 CET1 regulatory capital requirements



### Strong capital position driven by organic capital generation

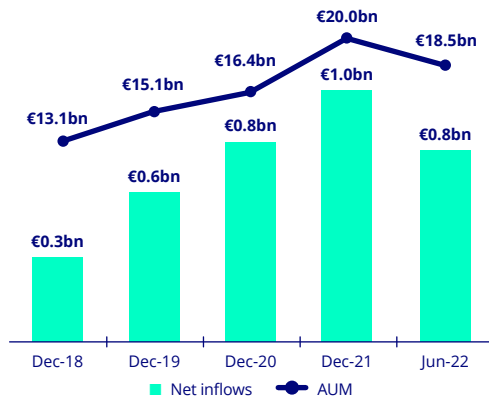
- Substantial buffer (c.590bps) to regulatory capital requirements
- Davy acquisition completed in H1; sufficient capital available for the acquisition of the KBCI portfolios (c.120bps) expected to complete by end Q1 2023
- RWAs increased by c.€1.1bn, primarily reflecting loan book mix
- Target CET1 ratio of >13.5% reflects increased countercyclical buffers
- Foreseeable distribution accrual at c.50% of FY 21 levels; final full year distribution decision to be taken with FY 22 results

<sup>1</sup> Net organic capital generation primarily consists of attributable profit and movements in regulatory deductions excluding impairment. H1 22 includes transformation investment previously excluded from organic capital; H1 21 net organic capital generation of 60bps on a like-for-like basis

<sup>2</sup> RWA movements from changes in loan book mix, asset quality and movements in other RWAs

## Financial benefits of acquisitions

Bank of Ireland 2022 Interim Results



### Material enhancement of Wealth franchise

- Momentum in Davy wealth business translating into strong profit growth; reflects quality of franchise
- Davy track record of strong net inflows<sup>1</sup> growth in recent years; H1 performance robust despite challenging market conditions
- Overall Davy underlying profit of €12m in H1 22<sup>2</sup>, reflecting income of c.€86m and costs of c.€74m. Similar performance expected in H2 22
- Financial performance will benefit from BOI's distribution reach over time



### KBC transaction expected to close by end Q1 2023

- Comprises loans of c.€9.2bn and deposits of c.€4.0bn at end March 2022
  - Loans include performing mortgages c.€8.9bn, SME/consumer finance of c.€0.1bn and NPEs of c.€0.2bn
  - Loan portfolios will reduce by completion as KBC has ceased new origination
- Financial effects remain in line with previous guidance
  - Annualised 2023 net interest income benefit of c.€160m, incremental operating expenses of c.€25m; contribution to earnings will reduce over time as the portfolios redeem
  - Capital investment of c.120bps on completion, reflecting RWA impacts and day 1 expected credit loss
  - Group's June 2022 pro forma NPE ratio would reduce by c.0.3% to 5.1%

<sup>1</sup> New funds inflows minus redemptions; excludes impact on AUM from market movement

<sup>2</sup> On pro forma basis assuming Davy was part of Group from January 1, 2022. Deal actually completed on June 1 2022

## 2022 outlook

Bank of Ireland 2022 Interim Results



### Profitability

- Total income (excluding acquisitions)
  - Modestly higher net interest income
  - Higher business income
  - Unchanged additional gains and valuation items vs H1 22
- 2022 costs to be lower than 2021 after absorbing inflation, excluding acquisitions and one-off investment relating to onboarding customers from exiting banks
  - One-off investment of c.€30m expected to capture opportunities from exiting banks
- Davy H2 performance expected to be similar to H1



### Asset Quality

- Impairment charge to be lower than 20bps subject to no material change in economic conditions or outlook
- NPEs to continue to reduce through combination of organic and inorganic activity



### Capital

- Strong organic capital generation in 2022; capital outlook supports continued growth and investment
- CET1 target >13.5%; accommodates increased countercyclical buffers
- Distributions expected to increase on a prudent and progressive basis

## Summary

Bank of Ireland 2022 Interim Results

- Strong business performance in H1 22 reflected in financial performance
- Net interest income positively geared to higher interest rates
- Maintaining rigorous cost discipline, notwithstanding inflationary headwinds
- Vigilance on credit quality, with a prudent approach to coverage levels
- Davy acquisition complete; materially increases Bank of Ireland's share of attractive Irish wealth market
- KBC transaction adds scale to Irish retail franchise (expected to complete by end Q1 2023)
- Business model positioned to attract customers from exiting banks - once in a generation opportunity; positive start to H1 22
- State shareholding < 3%; full private ownership in sight

**On track to deliver sustainable RoTE > 10% in near term**



# Appendix

## Appendix

Bank of Ireland 2022 Interim Results

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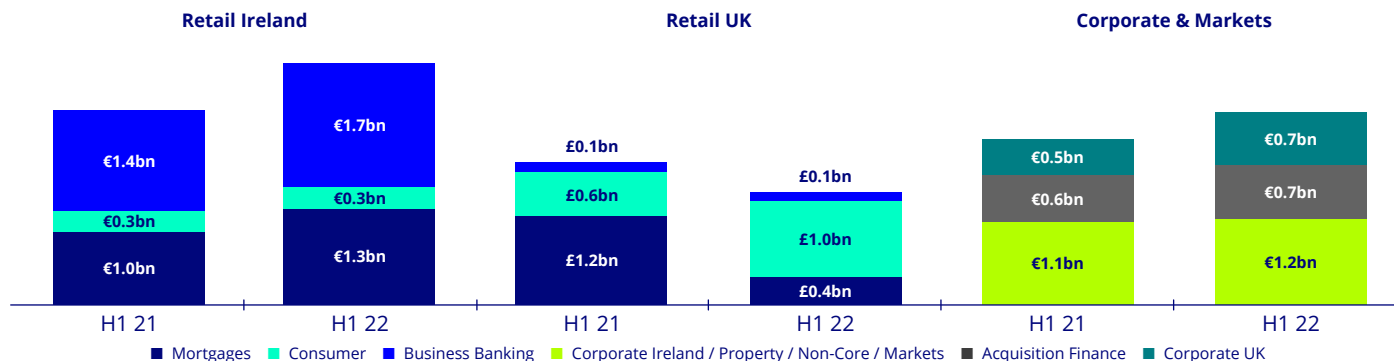
# Overview of customer loans

Bank of Ireland 2022 Interim Results

## Profile of customer loans<sup>1</sup> at June 2022 (Gross)

| Composition (Jun 22)           | Ireland (€bn) | UK (€bn)    | RoW (€bn)  | Total (€bn) | Total (%)   |
|--------------------------------|---------------|-------------|------------|-------------|-------------|
| Mortgages                      | 22.3          | 18.4        | 0.0        | 40.7        | 53%         |
| Non-property SME and corporate | 10.7          | 5.6         | 5.3        | 21.6        | 28%         |
| Property & construction        | 5.4           | 1.5         | 1.8        | 8.7         | 11%         |
| Consumer                       | 2.0           | 3.4         | 0.0        | 5.5         | 7%          |
| Other <sup>2</sup>             | (0.2)         | (0.2)       | 0.0        | (0.4)       | 0%          |
| <b>Customer loans (gross)</b>  | <b>40.3</b>   | <b>28.7</b> | <b>7.2</b> | <b>76.2</b> | <b>100%</b> |
| <b>Geographic (%)</b>          | 53%           | 38%         | 9%         | 100%        |             |

## Gross new lending volumes

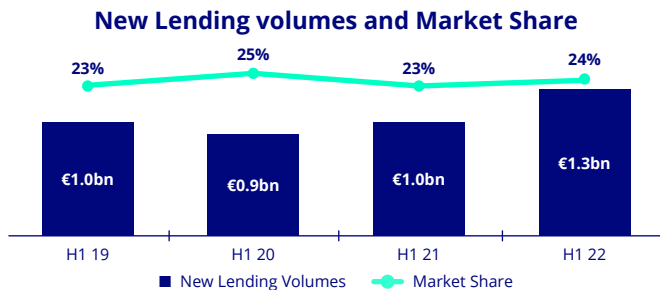


<sup>1</sup> Based on geographic location of customer

<sup>2</sup> Other reflects fair value hedge adjustments at 30 June 2022

## Ireland Mortgages: €22.3bn

Bank of Ireland 2022 Interim Results



### 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.96% of our new lending in H1 2022, up from c.30% in 2014

### Distribution strategy – continued expansion into broker channel

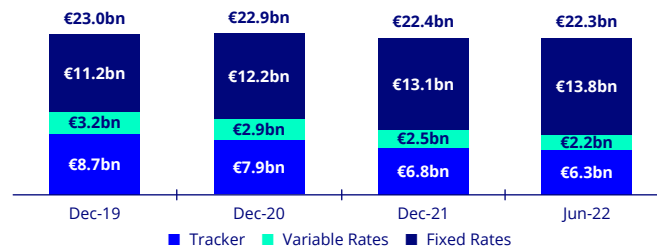
- The Group has continued building out The Mortgage Store broker channel in 2022, establishing a large network of active brokers at a national level

### 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

<sup>1</sup> Average customer pay rate of 113bps less Group average cost of funds of 11bps

### Ireland Mortgages (gross)



### LTV profile

- Average LTV of 53% on mortgage stock at June 2022 (December 2021: 54%)
- Average LTV of 74% on new mortgages in H1 2022 (2021: 71%)

### Tracker mortgages

- €6bn or 97% of trackers at June 2022 are on a capital and interest repayment basis
- 83% of trackers are Owner Occupier mortgages; 17% of trackers are Buy-to-Let mortgages
- Loan asset spread on ECB tracker mortgages was c.102bps<sup>1</sup> in H1 2022

# Income statement

## Net interest income analysis

Bank of Ireland 2022 Interim Results

|  | H2 2020               |                     |                | H1 2021               |                     |                | H2 2021               |                     |                | H1 2022               |                     |                |
|--|-----------------------|---------------------|----------------|-----------------------|---------------------|----------------|-----------------------|---------------------|----------------|-----------------------|---------------------|----------------|
|  | 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                                | 33.0                  | 546                 | 3.29%          | 32.8                  | 537                 | 3.30%          | 32.3                  | 526                 | 3.23%          | 32.2                  | 507                 | 3.17%          |
| UK Loans                                     | 27.1                  | 349                 | 2.56%          | 27.8                  | 350                 | 2.54%          | 26.8                  | 341                 | 2.53%          | 25.0                  | 351                 | 2.83%          |
| C&T  | 16.9                  | 292                 | 3.44%          | 17.5                  | 296                 | 3.41%          | 18.1                  | 317                 | 3.47%          | 18.8                  | 334                 | 3.58%          |
| <b>Total Loans and Advances to Customers</b> | <b>77.0</b>           | <b>1,187</b>        | <b>3.07%</b>   | <b>78.1</b>           | <b>1,183</b>        | <b>3.05%</b>   | <b>77.2</b>           | <b>1,184</b>        | <b>3.04%</b>   | <b>76.0</b>           | <b>1,192</b>        | <b>3.16%</b>   |
| Liquid Assets <sup>1</sup>                   | 28.7                  | (5)                 | (0.03%)        | 36.8                  | (24)                | (0.13%)        | 46.2                  | (32)                | (0.14%)        | 49.3                  | (28)                | (0.11%)        |
| <b>Total Liquid Assets</b>                   | <b>28.7</b>           | <b>(5)</b>          | <b>(0.03%)</b> | <b>36.8</b>           | <b>(24)</b>         | <b>(0.13%)</b> | <b>46.2</b>           | <b>(32)</b>         | <b>(0.14%)</b> | <b>49.3</b>           | <b>(28)</b>         | <b>(0.11%)</b> |
| <b>Total Interest Earning Assets</b>         | <b>105.6</b>          | <b>1,183</b>        | <b>2.22%</b>   | <b>114.9</b>          | <b>1,159</b>        | <b>2.03%</b>   | <b>123.4</b>          | <b>1,152</b>        | <b>1.85%</b>   | <b>125.3</b>          | <b>1,164</b>        | <b>1.87%</b>   |
| Ireland Deposits                             | 21.6                  | (-)                 | (0.00%)        | 22.2                  | 6                   | 0.05%          | 22.5                  | 9                   | 0.08%          | 22.9                  | 11                  | 0.09%          |
| Credit Balances <sup>2</sup>                 | 43.8                  | 12                  | 0.06%          | 47.1                  | 18                  | 0.08%          | 50.2                  | 26                  | 0.10%          | 53.2                  | 32                  | 0.12%          |
| UK Deposits                                  | 16.5                  | (60)                | (0.72%)        | 15.5                  | (40)                | (0.52%)        | 14.3                  | (28)                | (0.38%)        | 12.4                  | (17)                | (0.28%)        |
| C&T Deposits                                 | 4.2                   | 2                   | 0.09%          | 3.8                   | 4                   | 0.20%          | 3.9                   | 4                   | 0.20%          | 4.1                   | 3                   | 0.15%          |
| <b>Total Deposits</b>                        | <b>86.1</b>           | <b>(46)</b>         | <b>(0.11%)</b> | <b>88.7</b>           | <b>(12)</b>         | <b>(0.03%)</b> | <b>90.9</b>           | <b>11</b>           | <b>0.02%</b>   | <b>92.7</b>           | <b>29</b>           | <b>0.06%</b>   |
| Wholesale Funding <sup>1,3</sup>             | 9.1                   | (36)                | (0.78%)        | 14.6                  | (30)                | (0.42%)        | 20.4                  | (40)                | (0.39%)        | 21.3                  | (61)                | (0.58%)        |
| Subordinated Liabilities                     | 1.4                   | (28)                | (4.02%)        | 1.5                   | (30)                | (3.95%)        | 1.9                   | (33)                | (3.36%)        | 2.0                   | (36)                | (3.69%)        |
| <b>Total Interest Bearing Liabilities</b>    | <b>96.6</b>           | <b>(110)</b>        | <b>(0.23%)</b> | <b>104.9</b>          | <b>(72)</b>         | <b>(0.14%)</b> | <b>113.3</b>          | <b>(61)</b>         | <b>(0.11%)</b> | <b>116.0</b>          | <b>(68)</b>         | <b>(0.12%)</b> |
| Other <sup>1,4</sup>                         |                       | (20)                |                |                       | (5)                 |                |                       | 48                  |                |                       | (24)                |                |
| <b>Net Interest Margin as reported</b>       | <b>105.6</b>          | <b>1,052</b>        | <b>1.98%</b>   | <b>114.9</b>          | <b>1,080</b>        | <b>1.90%</b>   | <b>123.4</b>          | <b>1,139</b>        | <b>1.83%</b>   | <b>125.3</b>          | <b>1,072</b>        | <b>1.73%</b>   |
| Average ECB Base rate                        |                       |                     | 0.00%          |                       |                     | 0.00%          |                       |                     | 0.00%          |                       |                     | 0.00%          |
| Average 3 month Euribor                      |                       |                     | (0.50%)        |                       |                     | (0.54%)        |                       |                     | (0.56%)        |                       |                     | (0.44%)        |
| Average BOE Base rate                        |                       |                     | 0.10%          |                       |                     | 0.10%          |                       |                     | 0.11%          |                       |                     | 0.71%          |

<sup>1</sup> Volume impact of TLTRO included in liquid assets and wholesale funding; Income impact (€16m) of TLTRO in H1 22 included in Other

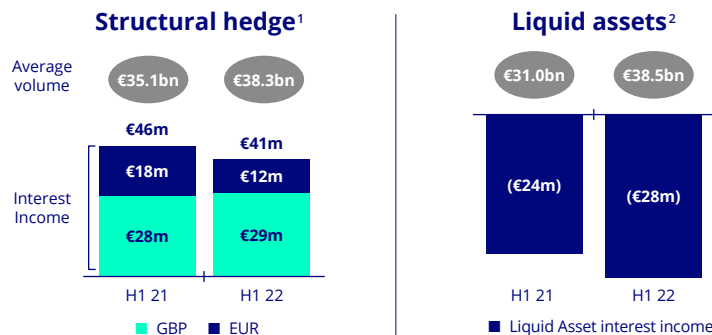
<sup>2</sup> Credit balances in H1 2022: ROI €41.7bn, UK €5.3bn, C&T €6.2bn

<sup>3</sup> Includes impact of credit risk transfer transactions executed in Dec 2016, Nov 2017, Dec 2019, Oct 2021 and Dec 2021

<sup>4</sup> Includes IFRS 16 lease expense, interest on certain FVPTL items and adjustments that are of a non-recurring nature such as customer termination fees and EIR adjustments

# Structural hedge, liquid assets, net interest margin and negative interest rates

Bank of Ireland 2022 Interim Results

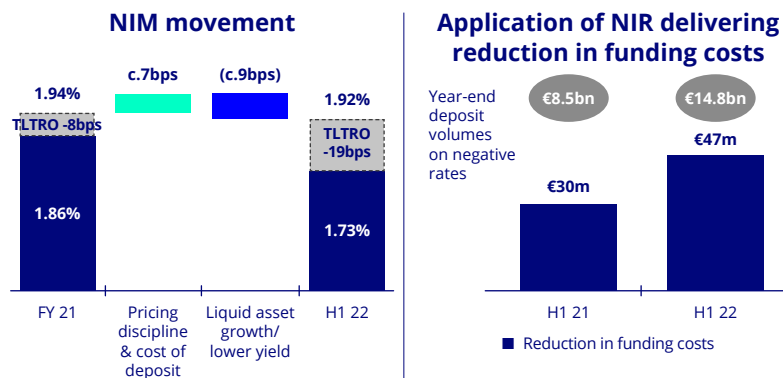


## Structural hedge & liquid assets

- Structural hedge and liquid asset income reducing as a result of the negative interest rate environment
  - Avg structural hedge yield fell from c.26bps to c.21bps between H1 21 and H1 22
  - Decline in liquid asset income primarily from c.€7.5bn increase in liquid assets (reflecting retail deposit growth), partially offset by increase in avg 3 month Euribor rate (c.10bps)

## Net interest margin (NIM)

- Underlying NIM -2bps vs FY 21
  - Pricing discipline on lending and deposits +c.7bps contribution to NIM
  - Growth in volume of liquid assets (ex TLTRO) and lower yields -c.9bps impact on NIM
  - TLTRO mechanically lowers NIM by 19bps



## Negative interest rates (NIR)

- Application of NIR to deposit customers expanded during 2021, minimal attrition during H1 22
  - Volume of customer deposits on negative rates was €14.8bn at June 2022
  - Reduction in funding costs of €47m in H1 22

<sup>1</sup> Gross interest income from fixed leg of hedging swap

<sup>2</sup> Excludes any impact from TLTRO on liquid assets

## Non-performing exposures by portfolio

Bank of Ireland 2022 Interim Results

| Composition (Jun-22)                         | Advances (€bn) | Non-performing exposures (€bn) | Non-performing exposures as % of advances | Impairment loss allowance (€bn) | Impairment loss allowance as % of non-performing exposures |
|--|----------------|--------------------------------|---|---------------------------------|--|
| <b>Residential Mortgages</b>                 | <b>40.7</b>    | <b>1.6</b>                     | <b>4.0%</b>                               | <b>0.5</b>                      | <b>31%</b>   |
| – Republic of Ireland                        | 22.4           | 0.9                            | 4.0%                                      | 0.4                             | 45%  |
| – UK   | 18.4           | 0.7                            | 4.0%                                      | 0.1                             | 15%  |
| <b>Non-property SME and corporate</b>        | <b>21.6</b>    | <b>1.6</b>                     | <b>7.2%</b>                               | <b>0.8</b>                      | <b>49%</b>   |
| – Republic of Ireland SME                    | 7.2            | 0.7                            | 9.5%                                      | 0.4                             | 58%  |
| – UK SME                                     | 1.7            | 0.1                            | 7.7%                                      | 0.0                             | 39%  |
| – Corporate                                  | 12.7           | 0.7                            | 5.8%                                      | 0.3                             | 43%  |
| <b>Property and construction</b>             | <b>8.7</b>     | <b>0.8</b>                     | <b>9.6%</b>                               | <b>0.4</b>                      | <b>53%</b>   |
| – Investment                                 | 7.6            | 0.8                            | 10.6%                                     | 0.4                             | 52%  |
| – Development                                | 1.1            | 0.0                            | 2.5%                                      | 0.0                             | 73%  |
| <b>Consumer</b>                              | <b>5.5</b>     | <b>0.1</b>                     | <b>2.4%</b>                               | <b>0.2</b>                      | <b>116%</b>  |
| Other <sup>1</sup>                           | (0.4)          | -                              | -   | -                               | 0%   |
| <b>Total loans and advances to customers</b> | <b>76.2</b>    | <b>4.2</b>                     | <b>5.5%</b>                               | <b>1.9</b>                      | <b>45%</b>   |

| Composition (Dec-21)                         | Advances (€bn) | Non-performing exposures (€bn) | Non-performing exposures as % of advances | Impairment loss allowance (€bn) | Impairment loss allowance as % of non-performing exposures |
|--|----------------|--------------------------------|---|---------------------------------|--|
| <b>Residential Mortgages</b>                 | <b>43.3</b>    | <b>1.8</b>                     | <b>4.2%</b>                               | <b>0.5</b>                      | <b>28%</b>   |
| – Republic of Ireland                        | 22.4           | 1.1                            | 4.7%                                      | 0.4                             | 39%  |
| – UK   | 20.9           | 0.7                            | 3.6%                                      | 0.1                             | 12%  |
| <b>Non-property SME and corporate</b>        | <b>20.9</b>    | <b>1.3</b>                     | <b>6.4%</b>                               | <b>0.8</b>                      | <b>57%</b>   |
| – Republic of Ireland SME                    | 7.0            | 0.7                            | 9.8%                                      | 0.4                             | 61%  |
| – UK SME                                     | 1.8            | 0.1                            | 7.8%                                      | 0.1                             | 45%  |
| – Corporate                                  | 12.1           | 0.5                            | 4.2%                                      | 0.3                             | 55%  |
| <b>Property and construction</b>             | <b>8.6</b>     | <b>1.0</b>                     | <b>12.2%</b>                              | <b>0.5</b>                      | <b>51%</b>   |
| – Investment                                 | 7.6            | 1.0                            | 13.4%                                     | 0.5                             | 50%  |
| – Development                                | 1.0            | 0.0                            | 3.1%                                      | 0.0                             | 56%  |
| <b>Consumer</b>                              | <b>5.2</b>     | <b>0.2</b>                     | <b>2.6%</b>                               | <b>0.2</b>                      | <b>125%</b>  |
| Other <sup>1</sup>                           | (0.1)          | -                              | -   | -                               | 0%   |
| <b>Total loans and advances to customers</b> | <b>77.9</b>    | <b>4.3</b>                     | <b>5.5%</b>                               | <b>2.0</b>                      | <b>46%</b>   |

<sup>1</sup> Other reflects fair value hedge adjustments

## Portfolio by stage

Bank of Ireland 2022 Interim Results

| Composition (Jun-22)                  | Gross carrying amount<br>(before impairment loss allowance) |               |               |            |               | Impairment loss allowance |               |               |            |              | ILA %<br>of gross<br>loans |
|---------------------------------------|---|---------------|---------------|------------|---------------|---------------------------|---------------|---------------|------------|--------------|----------------------------|
|                                       | Stage 1<br>€m   | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m   | Stage 1<br>€m             | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m  |                            |
| <b>Sectoral analysis by stage</b>     |   |               |               |            |               |                           |               |               |            |              |                            |
| <b>Residential Mortgages</b>          | <b>37,278</b>   | <b>1,832</b>  | <b>1,606</b>  | <b>4</b>   | <b>40,720</b> | <b>23</b>                 | <b>54</b>     | <b>433</b>    | <b>1</b>   | <b>511</b>   | <b>1.3%</b>                |
| - Ireland                             | 20,141  | 1,304         | 884           | 4          | 22,333        | 13                        | 43            | 351           | 1          | 408          | 1.8%                       |
| - UK                                  | 17,137  | 528           | 722           | -          | 18,387        | 10                        | 11            | 82            | -          | 103          | 0.6%                       |
| <b>Non-property SME and corporate</b> | <b>15,612</b>   | <b>4,475</b>  | <b>1,530</b>  | <b>16</b>  | <b>21,633</b> | <b>60</b>                 | <b>205</b>    | <b>500</b>    | <b>3</b>   | <b>768</b>   | <b>3.6%</b>                |
| - Ireland SME                         | 4,721   | 1,819         | 684           | -          | 7,224         | 38                        | 102           | 269           | -          | 409          | 5.7%                       |
| - UK SME                              | 1,298   | 293           | 128           | -          | 1,719         | 4                         | 13            | 26            | -          | 43           | 2.5%                       |
| - Corporate                           | 9,593   | 2,363         | 718           | 16         | 12,690        | 18                        | 90            | 205           | 3          | 316          | 2.5%                       |
| <b>Property and construction</b>      | <b>4,166</b>  | <b>3,710</b>  | <b>768</b>    | <b>62</b>  | <b>8,706</b>  | <b>9</b>                  | <b>58</b>     | <b>352</b>    | <b>25</b>  | <b>444</b>   | <b>5.1%</b>                |
| - Investment                          | 3,525   | 3,285         | 740           | 62         | 7,612         | 6                         | 47            | 345           | 25         | 423          | 5.6%                       |
| - Development                         | 641   | 425           | 28            | -          | 1,094         | 3                         | 11            | 7             | -          | 21           | 1.9%                       |
| <b>Consumer</b>                       | <b>5,129</b>  | <b>233</b>    | <b>133</b>    | <b>-</b>   | <b>5,495</b>  | <b>45</b>                 | <b>37</b>     | <b>73</b>     | <b>-</b>   | <b>155</b>   | <b>2.8%</b>                |
| - Motor Lending UK                    | 1,844   | 48            | 25            | -          | 1,917         | 7                         | 4             | 11            | -          | 22           | 1.1%                       |
| - Loans UK                            | 1,370   | 46            | 40            | -          | 1,456         | 22                        | 21            | 30            | -          | 73           | 5.0%                       |
| - Motor Lending Ireland               | 771   | -             | 24            | -          | 795           | 6                         | -             | 8             | -          | 14           | 1.8%                       |
| - Loans Ireland                       | 684   | 123           | 31            | -          | 838           | 8                         | 10            | 15            | -          | 33           | 3.9%                       |
| - Credit Cards Ireland                | 460   | 16            | 13            | -          | 489           | 2                         | 2             | 9             | -          | 13           | 2.7%                       |
| - Other (fair value adjustment)       | (400)   | -             | -             | -          | (400)         | -                         | -             | -             | -          | -            | -0.0%                      |
| <b>Total</b>                          | <b>61,785</b>   | <b>10,250</b> | <b>4,037</b>  | <b>82</b>  | <b>76,154</b> | <b>137</b>                | <b>354</b>    | <b>1,358</b>  | <b>29</b>  | <b>1,878</b> | <b>2.5%</b>                |

| Composition (Dec-21)                  | Gross carrying amount<br>(before impairment loss allowance) |               |               |            |               | Impairment loss allowance |               |               |            |              | ILA %<br>of gross<br>loans |
|---------------------------------------|---|---------------|---------------|------------|---------------|---------------------------|---------------|---------------|------------|--------------|----------------------------|
|                                       | Stage 1<br>€m   | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m   | Stage 1<br>€m             | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m  |                            |
| <b>Sectoral analysis by stage</b>     |   |               |               |            |               |                           |               |               |            |              |                            |
| <b>Residential Mortgages</b>          | <b>38,708</b>   | <b>2,779</b>  | <b>1,773</b>  | <b>2</b>   | <b>43,262</b> | <b>28</b>                 | <b>60</b>     | <b>416</b>    | <b>-</b>   | <b>504</b>   | <b>1.2%</b>                |
| - Ireland                             | 19,573  | 1,776         | 1,047         | 2          | 22,398        | 17                        | 47            | 362           | -          | 426          | 1.9%                       |
| - UK                                  | 19,135  | 1,003         | 726           | -          | 20,864        | 11                        | 13            | 54            | -          | 78           | 0.4%                       |
| <b>Non-property SME and corporate</b> | <b>14,430</b>   | <b>5,100</b>  | <b>1,305</b>  | <b>15</b>  | <b>20,850</b> | <b>67</b>                 | <b>247</b>    | <b>439</b>    | <b>2</b>   | <b>755</b>   | <b>3.6%</b>                |
| - Ireland SME                         | 4,258   | 2,076         | 680           | -          | 7,014         | 39                        | 136           | 258           | -          | 433          | 6.2%                       |
| - UK SME                              | 1,161   | 450           | 137           | -          | 1,748         | 4                         | 16            | 30            | -          | 50           | 3.0%                       |
| - Corporate                           | 9,011   | 2,574         | 488           | 15         | 12,088        | 24                        | 95            | 151           | 2          | 272          | 2.3%                       |
| <b>Property and construction</b>      | <b>3,280</b>  | <b>4,299</b>  | <b>970</b>    | <b>64</b>  | <b>8,613</b>  | <b>10</b>                 | <b>78</b>     | <b>416</b>    | <b>23</b>  | <b>527</b>   | <b>6.1%</b>                |
| - Investment                          | 2,596   | 3,953         | 939           | 64         | 7,552         | 6                         | 71            | 408           | 23         | 508          | 6.7%                       |
| - Development                         | 684   | 346           | 31            | -          | 1,061         | 4                         | 7             | 8             | -          | 19           | 1.8%                       |
| <b>Consumer</b>                       | <b>4,863</b>  | <b>229</b>    | <b>137</b>    | <b>-</b>   | <b>5,229</b>  | <b>65</b>                 | <b>31</b>     | <b>76</b>     | <b>-</b>   | <b>172</b>   | <b>3.3%</b>                |
| - Motor Lending UK                    | 1,731   | 46            | 26            | -          | 1,803         | 7                         | 3             | 11            | -          | 21           | 1.2%                       |
| - Loans UK                            | 1,297   | 48            | 43            | -          | 1,388         | 39                        | 19            | 33            | -          | 91           | 6.6%                       |
| - Motor Lending Ireland               | 720   | -             | 27            | -          | 747           | 8                         | -             | 9             | -          | 17           | 2.3%                       |
| - Loans Ireland                       | 653   | 122           | 30            | -          | 805           | 9                         | 7             | 16            | -          | 32           | 4.0%                       |
| - Credit Cards Ireland                | 462   | 13            | 11            | -          | 486           | 2                         | 2             | 7             | -          | 11           | 2.3%                       |
| - Other (fair value adjustment)       | (76)  | -             | -             | -          | (76)          | -                         | -             | -             | -          | -            | 0.0%                       |
| <b>Total</b>                          | <b>61,205</b>   | <b>12,407</b> | <b>4,185</b>  | <b>81</b>  | <b>77,878</b> | <b>170</b>                | <b>416</b>    | <b>1,347</b>  | <b>25</b>  | <b>1,958</b> | <b>2.5%</b>                |

## Non-property SME and Corporate by stage<sup>1,2</sup>

Bank of Ireland 2022 Interim Results

| Composition (Jun-22)                                | Gross carrying amount<br>(before impairment loss allowance) |               |               |            |               | Impairment loss allowance |               |               |            |             | ILA %<br>of gross<br>loans |
|---|---|---------------|---------------|------------|---------------|---------------------------|---------------|---------------|------------|-------------|----------------------------|
|   | Stage 1<br>€m   | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m   | Stage 1<br>€m             | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m |                            |
| <b>Sectoral analysis by stage</b>                   |   |               |               |            |               |                           |               |               |            |             |                            |
| <b>Non-property SME and corporate</b>               |   |               |               |            |               |                           |               |               |            |             |                            |
| - Manufacturing                                     | 3,631   | 981           | 244           | -          | 4,856         | 12                        | 51            | 80            | -          | 143         | 2.9%                       |
| - Administrative and support service activities     | 2,337   | 663           | 202           | 16         | 3,218         | 7                         | 37            | 83            | 3          | 130         | 4.0%                       |
| - Wholesale and retail trade                        | 1,689   | 351           | 82            | -          | 2,122         | 9                         | 12            | 37            | -          | 58          | 2.7%                       |
| - Accommodation and food service activities         | 553   | 879           | 232           | -          | 1,664         | 2                         | 20            | 53            | -          | 75          | 4.5%                       |
| - Agriculture, forestry and fishing                 | 1,304   | 144           | 117           | -          | 1,565         | 9                         | 5             | 37            | -          | 51          | 3.3%                       |
| - Human health services and social work activities  | 865   | 389           | 193           | -          | 1,447         | 3                         | 18            | 25            | -          | 46          | 3.2%                       |
| - Financial and insurance activities                | 981   | 48            | 16            | -          | 1,045         | 1                         | 5             | 7             | -          | 13          | 1.2%                       |
| - Transport and storage                             | 501   | 231           | 147           | -          | 879           | 2                         | 8             | 55            | -          | 65          | 7.4%                       |
| - Professional, scientific and technical activities | 640   | 87            | 34            | -          | 761           | 2                         | 3             | 16            | -          | 21          | 2.8%                       |
| - Real estate activities                            | 331   | 255           | 111           | -          | 697           | 4                         | 15            | 47            | -          | 66          | 9.5%                       |
| - Other services                                    | 452   | 111           | 72            | -          | 635           | 2                         | 5             | 32            | -          | 39          | 6.1%                       |
| - Education   | 439   | 30            | 1             | -          | 470           | 2                         | 1             | 1             | -          | 4           | 0.9%                       |
| - Arts, entertainment and recreation                | 224   | 187           | 39            | -          | 450           | -                         | 18            | 14            | -          | 32          | 7.1%                       |
| - Other sectors                                     | 1,665   | 119           | 40            | -          | 1,824         | 5                         | 7             | 13            | -          | 25          | 1.4%                       |
| <b>Total</b>  | <b>15,612</b>   | <b>4,475</b>  | <b>1,530</b>  | <b>16</b>  | <b>21,633</b> | <b>60</b>                 | <b>205</b>    | <b>500</b>    | <b>3</b>   | <b>768</b>  | <b>3.6%</b>                |

| Composition (Dec-21)                                | Gross carrying amount<br>(before impairment loss allowance) |               |               |            |               | Impairment loss allowance |               |               |            |             | ILA %<br>of gross<br>loans |
|---|---|---------------|---------------|------------|---------------|---------------------------|---------------|---------------|------------|-------------|----------------------------|
|   | Stage 1<br>€m   | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m   | Stage 1<br>€m             | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m |                            |
| <b>Sectoral analysis by stage</b>                   |   |               |               |            |               |                           |               |               |            |             |                            |
| <b>Non-property SME and corporate</b>               |   |               |               |            |               |                           |               |               |            |             |                            |
| - Manufacturing                                     | 3,239   | 876           | 127           | -          | 4,242         | 12                        | 39            | 32            | -          | 83          | 2.0%                       |
| - Administrative and support service activities     | 1,803   | 762           | 122           | 15         | 2,702         | 7                         | 41            | 51            | 2          | 101         | 3.7%                       |
| - Wholesale and retail trade                        | 1,895   | 301           | 111           | -          | 2,307         | 10                        | 16            | 49            | -          | 75          | 3.3%                       |
| - Agriculture, forestry and fishing                 | 1,427   | 159           | 124           | -          | 1,710         | 11                        | 7             | 36            | -          | 54          | 3.2%                       |
| - Accommodation and food service activities         | 243   | 1,231         | 227           | -          | 1,701         | 1                         | 44            | 53            | -          | 98          | 5.8%                       |
| - Human health services and social work activities  | 994   | 604           | 65            | -          | 1,663         | 5                         | 30            | 21            | -          | 56          | 3.4%                       |
| - Financial and insurance activities                | 988   | 50            | 16            | -          | 1,054         | 2                         | 4             | 7             | -          | 13          | 1.2%                       |
| - Transport and storage                             | 568   | 189           | 150           | -          | 907           | 3                         | 8             | 56            | -          | 67          | 7.4%                       |
| - Other services                                    | 619   | 170           | 97            | -          | 886           | 2                         | 11            | 48            | -          | 61          | 6.9%                       |
| - Real estate activities                            | 418   | 242           | 112           | -          | 772           | 5                         | 15            | 46            | -          | 66          | 8.5%                       |
| - Professional, scientific and technical activities | 578   | 99            | 26            | -          | 703           | 4                         | 3             | 9             | -          | 16          | 2.3%                       |
| - Arts, entertainment and recreation                | 199   | 233           | 60            | -          | 492           | -                         | 21            | 16            | -          | 37          | 7.5%                       |
| - Education   | 375   | 28            | 1             | -          | 404           | 2                         | 1             | -             | -          | 3           | 0.7%                       |
| - Other sectors                                     | 1,084   | 156           | 67            | -          | 1,307         | 3                         | 7             | 15            | -          | 25          | 1.9%                       |
| <b>Total</b>  | <b>14,430</b>   | <b>5,100</b>  | <b>1,305</b>  | <b>15</b>  | <b>20,850</b> | <b>67</b>                 | <b>247</b>    | <b>439</b>    | <b>2</b>   | <b>755</b>  | <b>3.6%</b>                |

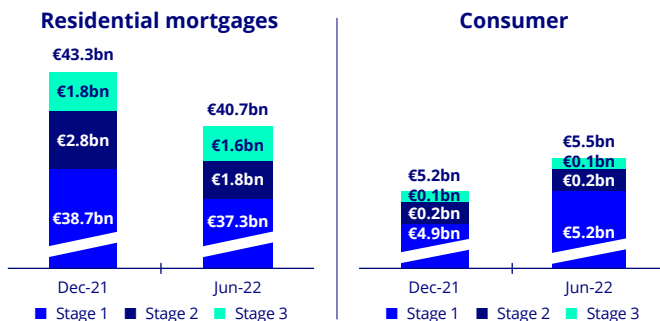
<sup>1</sup> The Non-property SME and corporate portfolio is analysed by NACE code. The NACE code classification system is a pan-European classification system that groups organisations according to their business activities.

<sup>2</sup> 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

Bank of Ireland 2022 Interim Results

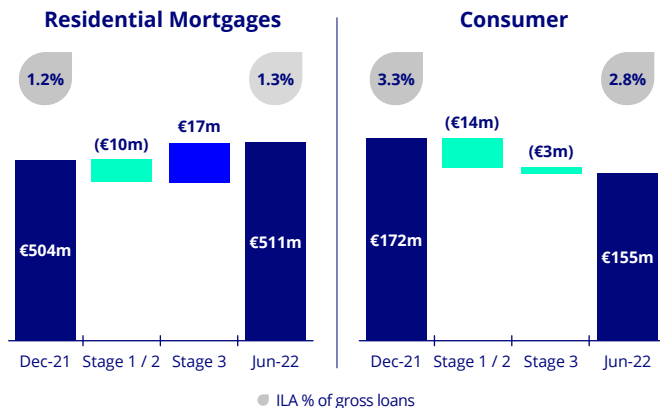
## Gross loans by stage



## Residential mortgages

- Mortgage portfolios 53% of Group loan book
  - Average LTV of 53% of stock
  - 94% of the portfolio has LTV >80%
- Stage 2 loans decreased from €2.8bn at Dec 2021 to €1.8bn at June 2022 due to reductions from FLI/model updates and positive portfolio activity
- Stage 3 loans reduced by €0.2bn primarily reflecting the NPE mortgage transaction, with stage 3 cover increasing to 27% at June 2022 (24% at Dec 2021) reflecting changes to LGD model and impact of management adjustments
- €7m increase in impairment loss allowance due to impact of changes to the LGD model components and management adjustments, partly offset by improved FLI update
- Impairment coverage increased from 1.2% at Dec 2021 to 1.3% at June 2022, and remains above Dec 2019 level of 0.9%

## ILA movement



## Consumer

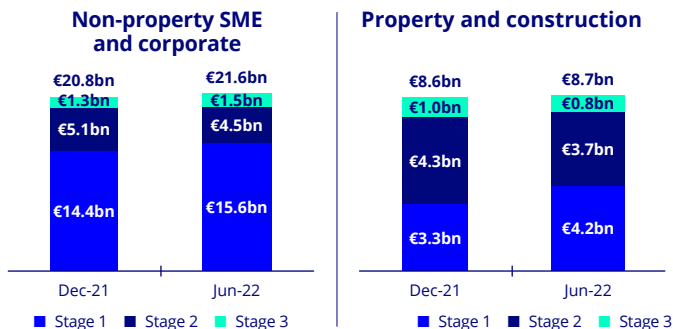
- 7% of Group loan book
- €17m decrease in impairment loss allowance primarily related to FLI model updates
- Impairment coverage decreased from 3.3% at Dec 2021 to 2.8% at June 2022, primarily due to reduction in COVID-19 PMA



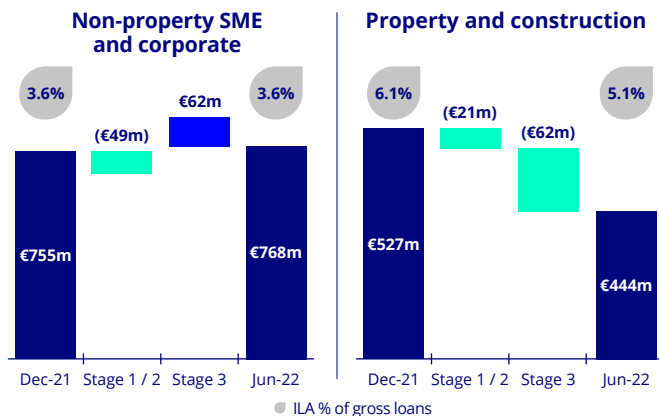
# Non-property SME and corporate / Property & Construction

Bank of Ireland 2022 Interim Results

## Gross loans by stage



## ILA movement



## Non-property SME and corporate

- 28% of Group loan book, well diversified by geography and sector
- €0.6bn decrease in Stage 2 loans since Dec 2021 due to a reduction in the COVID-19 PMA and net repayments/redemptions
- Impairment coverage was stable at 3.6% at June 22 vs Dec 21, but remains higher than Dec 2019 (2.4%)
- While impairment coverage has remained stable on a total portfolio basis since Dec 2021, there has been some sub-portfolio movement, including
  - Manufacturing impairment coverage 2.9% (Dec 2021: 2.0%)
  - Accommodation and food services impairment coverage 4.5% (Dec 2021: 5.8%)
  - Wholesale and retail trade impairment coverage 2.7% (Dec 2021: 3.3%)

## Property and Construction

- 11% of Group loan book; €7.6bn investment property; €1.1bn development lending
- €0.6bn reduction in stage 2 loans since Dec 21 due to net repayments/redemptions and a reduction in the COVID-19 PMA, partly offset by increases due to FLI/ model updates
- Investment property exposures Retail 29%, Office 35%, Residential 18% and Other 18%
- Impairment coverage decreased from 6.1% at Dec 2021 to 5.1% at June 2022 but remains higher than Dec 2019 (2.8%)

## Forward looking information – macro-economic scenarios

Bank of Ireland 2022 Interim Results

| 30 June 2022   | Ireland |         |           | United Kingdom |         |           |
|--|---------|---------|-----------|----------------|---------|-----------|
|  | 2022    | 2023    | 2024-2026 | 2022           | 2023    | 2024-2026 |
| <b>Central scenario - 45% probability weighting</b>    |         |         |           |                |         |           |
| GDP growth <sup>1</sup>                                | 5.6%    | 4.6%    | 3.6%      | 3.7%           | 1.2%    | 1.6%      |
| GNP growth <sup>1</sup>                                | 5.6%    | 4.1%    | 3.2%      | n/a            | n/a     | n/a       |
| Unemployment rate <sup>2</sup>                         | 5.8%    | 5.2%    | 5.0%      | 4.0%           | 4.3%    | 4.3%      |
| Residential property price growth <sup>3</sup>         | 5.0%    | 2.0%    | 1.3%      | 6.0%           | (1.0%)  | 1.0%      |
| Commercial property price growth <sup>3</sup>          | 0.5%    | 1.5%    | 2.0%      | 0.5%           | 1.0%    | 2.2%      |
| <b>Upside scenario - 10% probability weighting</b>     |         |         |           |                |         |           |
| GDP growth <sup>1</sup>                                | 6.2%    | 5.2%    | 3.9%      | 4.3%           | 1.7%    | 1.8%      |
| GNP growth <sup>1</sup>                                | 6.2%    | 4.6%    | 3.5%      | n/a            | n/a     | n/a       |
| Unemployment rate <sup>2</sup>                         | 5.6%    | 4.8%    | 4.5%      | 3.8%           | 3.7%    | 3.6%      |
| Residential property price growth <sup>3</sup>         | 7.0%    | 3.0%    | 2.0%      | 7.0%           | 2.0%    | 1.7%      |
| Commercial property price growth <sup>3</sup>          | 2.0%    | 2.5%    | 3.0%      | 2.5%           | 3.0%    | 3.0%      |
| <b>Downside scenario 1 - 35% probability weighting</b> |         |         |           |                |         |           |
| GDP growth <sup>1</sup>                                | 4.4%    | 3.2%    | 3.4%      | 2.5%           | (0.4%)  | 1.4%      |
| GNP growth <sup>1</sup>                                | 3.8%    | 2.6%    | 3.0%      | n/a            | n/a     | n/a       |
| Unemployment rate <sup>2</sup>                         | 6.6%    | 6.6%    | 6.3%      | 4.7%           | 5.7%    | 6.0%      |
| Residential property price growth <sup>3</sup>         | 3.0%    | (6.0%)  | (1.3%)    | 2.0%           | (6.0%)  | (2.0%)    |
| Commercial property price growth <sup>3</sup>          | (3.0%)  | (2.5%)  | 0.3%      | (3.0%)         | (2.5%)  | 0.5%      |
| <b>Downside scenario 2 - 10% probability weighting</b> |         |         |           |                |         |           |
| GDP growth <sup>1</sup>                                | 2.9%    | 0.7%    | 2.9%      | 1.2%           | (2.7%)  | 1.1%      |
| GNP growth <sup>1</sup>                                | 2.3%    | (0.1%)  | 2.6%      | n/a            | n/a     | n/a       |
| Unemployment rate <sup>2</sup>                         | 7.4%    | 8.4%    | 8.5%      | 5.3%           | 7.4%    | 8.3%      |
| Residential property price growth <sup>3</sup>         | 0.0%    | (10.0%) | (3.7%)    | (1.0%)         | (10.0%) | (3.7%)    |
| Commercial property price growth <sup>3</sup>          | (8.0%)  | (6.5%)  | (1.8%)    | (8.0%)         | (7.0%)  | (1.7%)    |

<sup>1</sup> Annual growth rate<sup>2</sup> Average yearly rate<sup>3</sup> Year-end figures

## ILA sensitivity to macro-economic scenarios

Bank of Ireland 2022 Interim Results

The following table indicates the approximate extent to which impairment loss allowance (ILA), excluding Group management adjustments, would be higher or lower than reported were a 100% weighting applied to the central, upside and downside future macroeconomic scenarios respectively

| 30 June 2022  | Multiple scenarios | Change in impairment loss allowance |             |                                 |             |                                 |           |                                 |            |
|---|--------------------|-------------------------------------|-------------|---------------------------------|-------------|---------------------------------|-----------|---------------------------------|------------|
|   |                    | Central scenario                    |             | Upside scenario                 |             | Downside scenario 1             |           | Downside scenario 2             |            |
|   |                    | Impairment loss allowance<br>€m     | Impact %    | Impairment loss allowance<br>€m | Impact %    | Impairment loss allowance<br>€m | Impact %  | Impairment loss allowance<br>€m | Impact %   |
| Impact of applying only a central, upside or downside scenario rather than multiple probability weighted scenarios <sup>1</sup> |                    |                                     |             |                                 |             |                                 |           |                                 |            |
| <b>Total</b>  | <b>1,524</b>       | <b>(80)</b>                         | <b>(4%)</b> | <b>(120)</b>                    | <b>(8%)</b> | <b>81</b>                       | <b>5%</b> | <b>385</b>                      | <b>25%</b> |

The following table indicates the approximate extent to which impairment loss allowances for the residential mortgage portfolios, excluding post model Group management adjustments, would be higher or lower than the application of a central scenario if there was an immediate change in residential property prices. Although such changes would not be observed in isolation, as economic indicators tend to be correlated in a coherent scenario, this gives insight into the sensitivity of the Group's impairment loss allowance to a once-off change in residential property values.

| 30 June 2022  | Central scenario | Change in impairment loss allowance         |            |  |           |   |             |  |              |
|---|------------------|---|------------|--|-----------|---|-------------|--|--------------|
|   |                  | Residential property price reduction of 10% |            | Residential property price reduction of 5% |           | Residential property price increase of 5% |             | Residential property price increase of 10% |              |
|   |                  | Impairment loss allowance<br>€m             | Impact %   | Impairment loss allowance<br>€m            | Impact %  | Impairment loss allowance<br>€m           | Impact %    | Impairment loss allowance<br>€m            | Impact %     |
| Impact of an immediate change in residential property prices compared to a central scenario impairment loss allowance |                  |   |            |  |           |   |             |  |              |
| <b>Residential mortgages</b>  | <b>259</b>       | <b>47</b>                                   | <b>18%</b> | <b>22</b>                                  | <b>8%</b> | <b>(19)</b>                               | <b>(7%)</b> | <b>(35)</b>                                | <b>(14%)</b> |

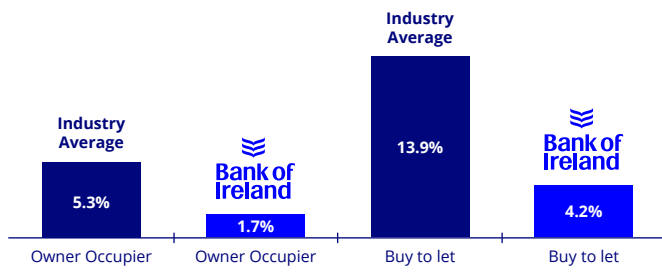
<sup>1</sup> The scenarios outlined in the table are based on the FLI weightings outlined on page 42

# Ireland mortgages

Bank of Ireland 2022 Interim Results

## Continued proactive arrears management

### >90 days arrears<sup>1</sup>



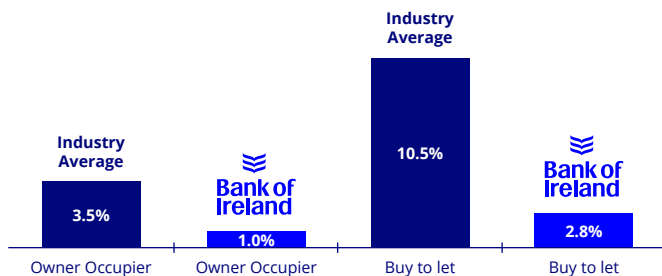
### >90 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (32% of industry average) and Buy to Let (30% of industry average)

### >720 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (29% of industry average) and Buy to Let (27% of industry average)

### >720 days arrears<sup>1</sup>



<sup>1</sup> As at December 2021, based on number of accounts, industry average excluding BOI

## Capital and liquidity

Bank of Ireland 2022 Interim Results

|                            | Dec-21     | Jun-22     |
|----------------------------|------------|------------|
| Customer loans             | 76         | 75         |
| Liquid assets              | 50         | 52         |
| Other assets               | 29         | 29         |
| <b>Total assets</b>        | <b>155</b> | <b>156</b> |
| Customer deposits          | 93         | 93         |
| Wholesale funding          | 21         | 21         |
| Shareholders' equity       | 10         | 11         |
| Other liabilities          | 31         | 31         |
| <b>Total liabilities</b>   | <b>155</b> | <b>156</b> |
| TNAV per share             | €8.80      | €9.22      |
| Closing EUR / GBP FX rates | 0.84       | 0.86       |

|                          | Dec-21 | Jun-22 |
|--------------------------|--------|--------|
| Liquidity Coverage Ratio | 181%   | 218%   |
| Net Stable Funding Ratio | 144%   | 149%   |
| Loan to Deposit Ratio    | 82%    | 81%    |

### Liquidity

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

### Customer deposits: €92.6bn

- Overall Group customer deposit volumes of €94.1bn (excluding fair value hedge adjustment) at 30 Jun 2022 are €1.3bn higher than 31 Dec 2021, due to growth in Retail Ireland of €3.6bn, predominantly driven by higher household and SME volumes and an increase in Corporate and Markets volumes of €0.3bn, partially offset by lower Retail UK deposits of €2.6bn arising from planned deleveraging

### Wholesale funding: €21.3bn

- €0.1bn lower than Dec 2021 primarily due to an ACS bond maturity of €1.0bn and a negative FX impact of €0.1bn, partially offset by senior MREL bond issuance of €1.0bn
- MREL ratio of 32.4% at Jun 2022

### Leverage Ratio

- Fully Loaded Leverage Ratio: 6.1%
- Regulatory Leverage Ratio: 6.3%

### Tangible Net Asset Value

- TNAV increased c.4% to €9.22 since Dec 21

## Ordinary shareholders' equity and TNAV

Bank of Ireland 2022 Interim Results

|   | Dec-21<br>(€m) | Jun-22<br>(€m) |
|---|----------------|----------------|
| <b>Movement in ordinary shareholders' equity</b>                                      |                |                |
| <b>Ordinary shareholders' equity at beginning of period</b>                           | <b>8,587</b>   | <b>10,304</b>  |
| <b>Movements:</b>   |                |                |
| Profit / (Loss) for the period  | 1,055          | 279            |
| Share buy back - repurchase of shares   | -              | (50)           |
| Dividend paid to ordinary shareholders  | -              | (54)           |
| Dividends on preference equity interests  | -              | -              |
| Distribution on other equity instruments – additional tier 1 coupon (net of tax)      | (68)           | (33)           |
| Re-measurement of the net defined benefit pension liability                           | 597            | 675            |
| Debt instruments at FVOCI reserve movements   | (34)           | (128)          |
| Available for sale (AFS) reserve movements  | -              | -              |
| Cash flow hedge reserve movements   | (10)           | 11             |
| Liability credit reserve movements  | (5)            | 13             |
| Foreign exchange movements  | 184            | 6              |
| Other movements   | (7)            | (4)            |
| Shareholder equity issued during the period (AT1)                                     | 0              | 0              |
| Reserve for stock to be redeemed  | 5              | 3              |
| <b>Ordinary shareholders' equity at end of period</b>                                 | <b>10,304</b>  | <b>11,022</b>  |
| <b>Tangible net asset value</b>   |                |                |
| <b>Ordinary shareholders' equity at the end of period</b>                             | <b>10,304</b>  | <b>11,022</b>  |
| <b>Adjustments:</b>   |                |                |
| Intangible assets and goodwill  | (852)          | (1,192)        |
| Own shares held for benefit of life assurance policyholders                           | 20             | 17             |
| <b>Tangible net asset value (TNAV)</b>  | <b>9,472</b>   | <b>9,847</b>   |
| Number of ordinary shares in issue at the end of the period excluding treasury shares | 1,076          | 1,068          |
| <b>TNAV per share (€)</b>   | <b>€8.80</b>   | <b>€9.22</b>   |

# Capital – Strong fully loaded and regulatory CET1 ratios

Bank of Ireland 2022 Interim Results

Capital ratios – 30 June 2022

|  | Regulatory ratio<br>(€bn) | Fully loaded ratio<br>(€bn) |
|--|---------------------------|-----------------------------|
| Total equity   | 12.0                      | 12.0                        |
| Less Additional Tier 1                               | (1.0)                     | (1.0)                       |
| Deferred tax <sup>1</sup>                            | (0.8)                     | (1.1)                       |
| Intangible assets and goodwill                       | (0.9)                     | (0.9)                       |
| Foreseeable dividend                                 | (0.1)                     | (0.1)                       |
| Expected loss deduction                              | (0.0)                     | (0.0)                       |
| Pension Fund Asset                                   | (1.2)                     | (1.2)                       |
| IFRS 9 Regulatory Add-back                           | 0.0                       | 0.0                         |
| Other items <sup>2</sup>                             | (0.4)                     | (0.4)                       |
| <b>Common Equity Tier 1 Capital</b>                  | <b>7.6</b>                | <b>7.3</b>                  |
| Credit RWA   | 36.0                      | 36.0                        |
| Operational RWA                                      | 4.6                       | 4.6                         |
| Market, Counterparty Credit Risk and Securitisations | 2.6                       | 2.6                         |
| Other Assets / 10% / 15% threshold deduction         | 4.2                       | 4.1                         |
| <b>Total RWA</b>                                     | <b>47.4</b>               | <b>47.3</b>                 |
| <b>Common Equity Tier 1 ratio</b>                    | <b>16.0%</b>              | <b>15.5%</b>                |
| <b>Total Capital ratio</b>                           | <b>21.2%</b>              | <b>20.7%</b>                |
| <b>Leverage ratio</b>                                | <b>6.3%</b>               | <b>6.1%</b>                 |

## Phasing impacts on Regulatory ratio

- Deferred tax assets - certain DTAs<sup>1</sup> are deducted at a rate of 80% for 2022, increasing annually at a rate of 10% thereafter until 2024
- IFRS 9 - the Group has elected to apply the transitional arrangement. The transitional arrangement allows a 75% add-back in 2022 decreasing to 50% and 25% in subsequent years. The IFRS 9 add-back to the regulatory ratios is €22m at Jun 22 (Dec 21: €151m)

<sup>1</sup> Deferred tax assets due to temporary differences are included in other RWA with a 250% risk weighting applied

<sup>2</sup> Other items includes other capital deductions, principal ones being prudential valuation adjustment, 10%/15% deduction and calendar provisioning deduction

## Regulatory capital requirements

Bank of Ireland 2022 Interim Results

| Pro forma CET1 regulatory capital requirements        | 2021  | 2022          | 2023          |
|---|---|---------------|---------------|
| Pillar 1 – CET1                                       | 4.50%   | <b>4.50%</b>  | 4.50%         |
| Pillar 2 Requirement (P2R)                            | 1.27%   | <b>1.27%</b>  | 1.27%         |
| Capital Conservation Buffer (CCB)                     | 2.50%   | <b>2.50%</b>  | 2.50%         |
| Ireland Countercyclical buffer (CCyB) <sup>1</sup>    | 0.00%   | <b>0.00%</b>  | 0.30%         |
| UK Countercyclical buffer (CCyB)                      | 0.00%   | <b>0.30%</b>  | 0.60%         |
| O-SII Buffer  | 1.50%   | <b>1.50%</b>  | 1.50%         |
| Systemic Risk Buffer – Ireland                        | –   | –             | –             |
| <b>Pro forma minimum CET1 regulatory requirements</b> | <b>9.77%</b>  | <b>10.07%</b> | <b>10.67%</b> |
| <b>Pillar 2 Guidance (P2G)</b>                        | <b>Not disclosed in line with regulatory preference</b> |               |               |

### Regulatory capital requirements

- The Group is required to maintain a CET 1 ratio of 9.77% on a regulatory basis at 30 June 2022, increasing to 10.07% from Dec 2022 and 10.67% in Dec 2023 (excluding P2G)
- 2022 requirements include the phase-in of the UK CCyB from 0% to 1% from Dec 2022
- 2023 requirements include the phase-in of (i) the ROI CCyB to 0.5% from Jun 2023; and (ii) the UK CCyB to 2% from Jul 2023
- CET1 headroom of c.590bps to Dec 2022 regulatory capital requirements of 10.07%
- Regulatory total capital ratio of 21.2% at June 2022 provides headroom of c.665bps above 2022 total capital requirement of 14.55%

<sup>1</sup> The CBI stated its intention to increase the ROI CCyB to 1.5% in mid-2023 (effective mid-2024) provided the economic recovery continues, which if introduced would increase the Group's capital requirement by a further c.0.6% in 2024



## Risk weighted assets (RWAs) / Leverage ratio

Bank of Ireland 2022 Interim Results

### Customer lending average credit risk weights – June 2022<sup>1,2</sup>

(Based on regulatory exposure class)

|                                     | EAD <sup>3</sup><br>(€bn) | RWA<br>(€bn) | Avg. Risk<br>Weight |
|-------------------------------------|---------------------------|--------------|---------------------|
| Ireland Mortgages                   | 22.1                      | 4.9          | 22%                 |
| UK Mortgages                        | 18.9                      | 3.7          | 19%                 |
| SME                                 | 16.6                      | 11.5         | 69%                 |
| Corporate                           | 12.0                      | 10.8         | 92%                 |
| Other Retail                        | 6.1                       | 4.4          | 72%                 |
| <b>Customer lending credit risk</b> | <b>75.7</b>               | <b>35.3</b>  | <b>45%</b>          |

- IRB approach accounts for:
  - 54% of credit EAD (Dec 2021: 55%)
  - 70% of credit RWA (Dec 2021: 70%)
- Regulatory RWA has increased from €46.4bn at Dec 2021 to €47.5bn at June 2022. The increase primarily reflects book mix change and new lending

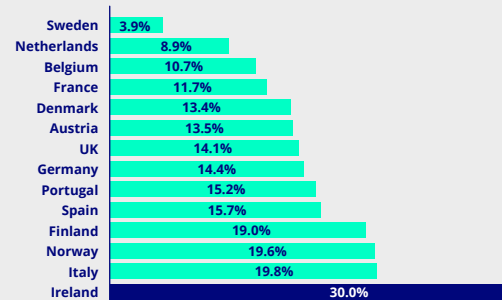
### Leverage Ratio

- Fully Loaded leverage ratio: 6.1%
- Regulatory leverage ratio: 6.3%

### EBA Transparency Exercise 2021

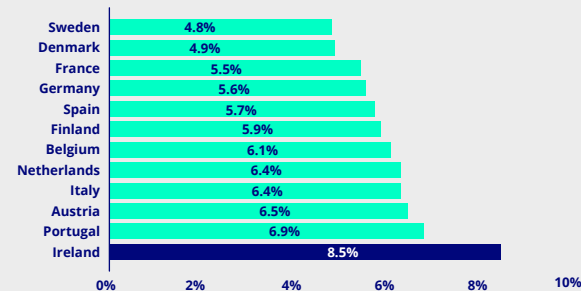
Country by Country Average IRB risk weights

#### Residential Mortgages – Jun 2021



### EBA Risk Dashboard - Jun 2021

Country by Country Average Regulatory Leverage ratios



<sup>1</sup> EAD and RWA include both IRB and Standardised approaches and comprise both non-defaulted and defaulted loans

<sup>2</sup> Securitised exposures are excluded from the table (i.e. excludes exposures included in CRT transactions)

<sup>3</sup> Exposure at default (EAD) is a regulatory estimate of credit risk exposure consisting of both on balance exposures and off balance sheet commitments

## Return on tangible equity (RoTE)

Bank of Ireland 2022 Interim Results

H1 2022: Headline vs Adjusted

|  | H1 2022<br>Headline<br>(€m) | Additional gains<br>& valuation items,<br>net of tax | Adjustments<br>Adjusted for<br>CET1 ratio<br>at 13.5% | Pension<br>Surplus | H1 2022<br>Adjusted<br>(€m) |
|--|-----------------------------|--|---|--------------------|-----------------------------|
| <b>Profit for the period</b>                   | <b>279</b>                  |  |   |                    |                             |
| Non-core items including tax                   | 51                          |  |   |                    |                             |
| Coupon on Additional Tier 1 securities         | (33)                        |  |   |                    |                             |
| Preference share dividends                     | (4)                         |  |   |                    |                             |
| <b>Adjusted profit after tax</b>               | <b>293</b>                  | <b>3</b>   | <b>-</b>  | <b>-</b>           | <b>296</b>                  |
| <b>Annualised profit after tax<sup>1</sup></b> | <b>617</b>                  | <b>6</b>   | <b>-</b>  | <b>-</b>           | <b>623</b>                  |
| <b>At June 2022</b>                            |                             |  |   |                    |                             |
| Shareholders' equity                           | 11,022                      |  | (839)   | (1,382)            | <b>8,801</b>                |
| Intangible assets                              | (1,192)                     |  |   |                    | <b>(1,192)</b>              |
| Shareholders' tangible equity                  | <u>9,830</u>                |  | (839)   | (1,382)            | <u><b>7,609</b></u>         |
| <b>Average shareholders' tangible equity</b>   | <b>9,855</b>                | <b>-</b>   | <b>(1,088)</b>  | <b>(1,121)</b>     | <b>7,646</b>                |
| <b>Return on tangible equity (RoTE)</b>        | <b>6.3%</b>                 |  |   |                    | <b>8.1%</b>                 |

- **H1 2022 Adjusted return on tangible equity is adjusted for:**
  - Additional gains and valuation items, net of tax (€3m)
  - Average shareholders' tangible equity calculated on a CET1 Ratio at 13.5% - €1,088m
  - Removal of average pension surplus €1,121m
- Tangible Net Asset Value (TNAV) as at end June 2022 was €9.22, or €7.93 excluding the pension surplus

<sup>1</sup> Annualised profit after tax assumes a FY 2022 effective tax rate of c.18%

## Cost income ratio: June 2022

Bank of Ireland 2022 Interim Results

### Headline vs Adjusted

|                            | H1 2022<br>Headline<br>(€m) | Pro forma<br>adjustments<br>(€m) | H1 2022<br>Pro forma<br>(€m) |
|----------------------------|-----------------------------|----------------------------------|------------------------------|
| <b>Net interest income</b> | <b>1,072</b>                | -                                | <b>1,072</b>                 |
| <b>Other income</b>        |                             |                                  |                              |
| - Business income          | 320                         | -                                | 320                          |
| - Additional gains         | 83                          | -                                | 83                           |
| - Other valuation items    | (86)                        | -                                | (86)                         |
| <b>Total Income</b>        | <b>1,389</b>                | <b>3</b>                         | <b>1,392</b>                 |
| <b>Costs</b>               |                             |                                  |                              |
| - Operating expenses       | (849)                       | -                                | (849)                        |
| <b>Costs</b>               | <b>(849)</b>                | -                                | <b>(849)</b>                 |
| <b>Cost income ratio</b>   | <b>61%</b>                  |                                  | <b>61%</b>                   |

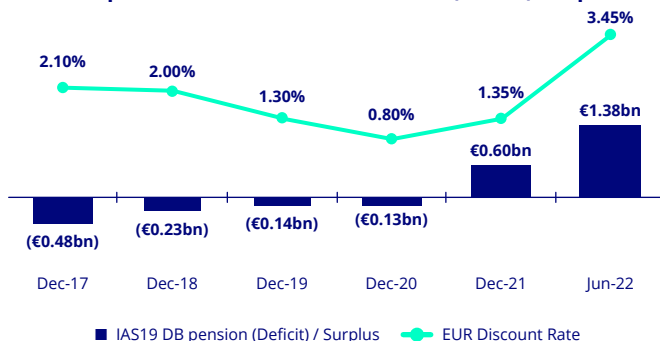
- **Cost income ratio excludes:**
  - Levies and regulatory charges
  - Non-core items

- **H1 2022 adjusted cost income ratio is adjusted for:**
  - Additional gains and valuation items of (€3m)

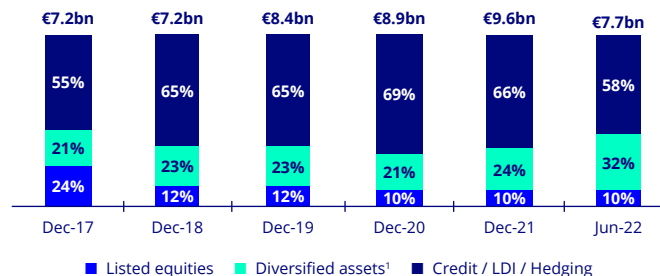
## Defined benefit pension schemes

Bank of Ireland 2022 Interim Results

### Group IAS19 Defined Benefit Pension (deficit)/surplus

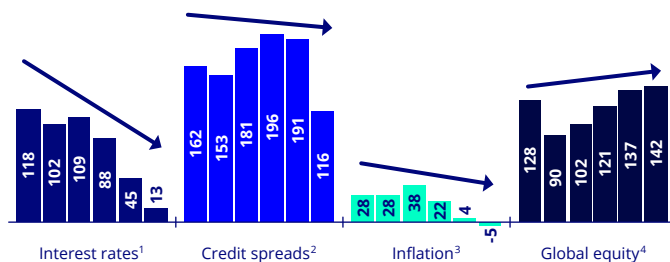


### Total Group defined benefit pension scheme assets (%)



<sup>1</sup> Diversified assets includes infrastructure, private equity, hedge funds and property

### IAS19 pension sensitivities (Dec 2017 / Dec 2018 / Dec 2019 / Dec 2020 / Dec 2021 / Jun 2022) Euro €m



<sup>1</sup> Sensitivity of Group funding position to a 0.25% decrease in interest rates

<sup>2</sup> Sensitivity of IAS19 liabilities to a 0.10% decrease in credit spread over risk free rates

<sup>3</sup> Sensitivity of Group funding position to a 0.10% increase in long term inflation

<sup>4</sup> Sensitivity of Group funding position to a 5% decrease in global equity markets with allowance for other correlated diversified asset classes

- IAS19 net pension surplus of €1.377bn at June 2022 (€0.6bn net surplus Dec 2021). Schemes in surplus €1.382bn, schemes in deficit €0.005bn
- Both euro and sterling discount rates increased significantly over the half year (210 bps and 195 bps respectively) due to increases in long term risk free interest rates and corporate bond credit spreads
- The discount rate increases resulted in a reduction in Group DB pension scheme liabilities, somewhat offset by a corresponding reduction in the interest rate hedging assets
- Long term euro inflation assumptions increased in the period (by 25bps) while long term sterling inflation assumptions reduced marginally, with the resulting increase in liabilities partially offset by the increase in inflation hedging assets
- The decrease in asset valuations over the period has changed the percentage mix in the overall asset portfolio, which is being rebalanced to strategic asset allocations

## Forward-looking statement

Bank of Ireland 2022 Interim Results

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, LDRs, 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, future share buybacks, the implementation of changes in respect of certain of the Group's pension schemes, estimates of capital expenditures, discussions with Irish, UK, European and other regulators, plans and objectives for future operations, and the impact of the COVID-19 pandemic and / or the invasion of Ukraine particularly on certain of the above issues and generally on the global and domestic economies. 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 2021. Investors should also read 'Principal Risks and Uncertainties' in the Group's Interim Report for the six months ended 30 June 2022 beginning on page 29.

Nothing in this document should be considered to be a forecast of future profitability, dividend forecast 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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