Bank of Ireland Group plc (the "Group")
Publishes Interim Results for the 6 months to 30th June 2023

31 July 2023

Comment: Myles O'Grady, Bank of Ireland Group CEO:
"We're now six months into our refreshed strategy cycle – centred on stronger relationships, simpler business, and sustainable company – and we're announcing a strong set of results today. These results are underpinned by the strategic decisions and investments we've made in recent years, supported by a resilient economy and a favourable rate environment. We are mindful of the challenges posed by the inflationary environment and are supporting our customers as they navigate them.

"During the first half we welcomed more than 150,000 KBC customers to Bank of Ireland. We established Davy as a centre of excellence for our high net worth clients. We brought all of business and corporate lending into one team to better serve companies at every stage of their development. We also grew green lending by 18%, remaining the leading provider of green mortgages in Ireland.

"Housing is a top priority for the country, and we're currently supporting the development of 18,000 residential units in Ireland. To help build more homes, today we're announcing a 70% increase in available funding for residential development to €1.75 billion."

Key highlights:

- €1 billion profit before tax; H1 2023 performance reflects strategic actions, positive business momentum, higher interest rates and continued focus on efficiencies
- Strong capital position; fully loaded CET1 ratio of 14.8%, supported by net organic capital generation of 180 basis points
- Adjusted RoTE of 18.5%
- Cost to income ratio of 42%
- New lending in Ireland of €5.2 billion, up 20% on H1 2022
- Loan book growth of €8.7 billion since December 2022 reflects acquisitions and Irish net lending
- Operating expenses performing in-line with guidance
- Net credit impairment charge of €158 million, in-line with expectations; NPE ratio 3.6%
- Strong liquidity position; deposit growth of €2.5 billion in H1 2023; loan to deposit Ratio 79%

Income
Total income of €2.2 billion in H1 2023. Net interest income growth in H1 2023 reflects higher interest rates, acquisitions and business momentum. Commercial discipline maintained with loan asset spread 27 basis points higher vs H1 2022. Business income (including share of associates and JVs) has increased 23% primarily reflecting six months Davy contribution, growth in Irish fee income and Wealth.

Costs
The Group continues to maintain tight control over its cost base. Reported costs were 12% higher in H1 2023 compared to H1 2022, primarily reflecting acquisition impacts, lifting of variable pay restrictions and additional investment to drive future efficiencies. Like-for-like costs were in line with H1 2022, reflecting efficiencies and lower pension costs, offset by inflation and investment impacts.

Balance Sheet
The Group's loan book increased by €8.7 billion during H1 2023 to €80.7 billion. This increase includes the €8 billion of loans acquired from KBCI in February. On a constant currency basis, excluding the KBCI acquisition, a €0.8 billion increase in net lending in Ireland has been offset by a reduction in net lending in Retail UK and international corporate and property lending. Liquid assets of €44 billion decreased by €4.7 billion since December 2022, primarily reflecting the KBCI transaction.

Customer deposits were €101.7 billion, €2.5 billion higher than end-2022, primarily due to growth in Retail Ireland of €2.6 billion, including the KBCI deposit portfolio. At June, the Group's liquidity coverage ratio was 193% (December 2022: 221%), the loan to deposit ratio was 79% (December 2022: 73%), and the net stable funding ratio was 153% (December 2022: 163%). As expected, the changes in all three ratios in H1 2023 primarily reflect the impact of the KBCI transaction.

Asset Quality

A net credit impairment charge of €158 million arose in H1 2023, reflecting IFRS 9 model updates; model changes; management adjustments; and actual loan loss experience in the period. The Group's non-performing exposures ratio is unchanged from December 2022 at 3.6%.

Capital Position

Strong capital position at June 2023 with the Group's fully loaded and regulatory CET1 capital ratios at 14.8% and 15.0% respectively. The Group's capital ratios performance in H1 2023 benefitted from strong organic capital generation of 180 basis points, offset by the impact of the KBCI acquisition, IFRS17 implementation, investment in lending and the accrual of a foreseeable 2023 dividend.

2023 outlook upgraded

Net interest income in H2 2023 is expected to be modestly higher than H1 2023. Total business income (including JVs) is expected to be broadly in-line with H1 2023. Full year 2023 operating expenses are expected to be c.€1.85 billion, in-line with prior guidance. Levies and regulatory charges expected to be c.€160 million. Non-core items expected to be lower than 2022. On asset quality, guidance is unchanged, 2023 impairment charge is expected to be mid-30s basis points, subject to no material change in economic conditions or outlook.

H2 2023 net organic capital generation is expected to be broadly similar to H1 2023. 2023 dividend and share buyback decisions will be assessed at year-end. 2023 RoTE is expected to be similar to H1 2023.

Ends

https://investorrelations.bankofireland.com/results-centre/

For further information please contact:

Bank of Ireland

Mark Spain, Group Chief Financial Officer	+353 1 2508900 ext 43291
Eamonn Hughes, Chief Sustainability & Investor Relations Officer	+353 (0)87 2026325
Darach O'Leary, Head of Group Investor Relations	+353 (0)87 9480650
Damien Garvey, Head of Group External Communications and Public Affairs	+353 (0)86 8314435

Forward Looking Statement

This announcement 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, 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 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 Annual Report for the year ended 31 December 2021 beginning on p 138.

Nothing in this announcement 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 announcement is or is intended to be a profit forecast, dividend forecast, or profit estimate. Any forward-looking statement speaks only as at the date it is made. The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.