Bank of Ireland | H1 2026 Results Announcement | 31 July 2026

Eamonn Hughes, Chief Sustainability & Investor Relations Officer:
Good morning everyone. I'm Eamonn Hughes, Investor Relations Officer, and you're all very welcome to Bank of Ireland's H1 2026 results presentation. You'll shortly hear from our CEO, Myles O'Grady and CFO Mark Spain, about our performance since the start of the year. And then we'll open the floor to questions. So, over to you, Myles.

Myles O'Grady, Group Chief Executive Officer:
Thanks Eamonn and good morning everyone.

SLIDE 4 | H126 RESULTS – KEY TAKEAWAYS

I'm pleased to report a profit before tax of €960 million driving EPS growth of 36% and returns of 14.4%. We are meeting or beating all strategic targets, growing loans and deposits and wealth assets under management. All of this supports upgraded guidance for this year and reaffirms a positive outlook to 2028.

SLIDE 5 | STRATEGY 2028 – GROWTH, OPERATING LEVERAGE, RETURNS

On slide five, I've summarised our updated three year strategy. And as a quick reminder, we are driving growth in Ireland, optimising capital allocation and investing for the future. All of which drive growth, create operating leverage and substantially improve returns.

SLIDE 6 | IRELAND – HIGHLY ATTRACTIVE HOME MARKET

Turning to the macro environment, Ireland is a highly attractive market and we have an unrivalled position as Ireland's National Champion Bank. Ireland benefits from being an open economy, but there are also some risks. And while the team and I remain alert to the uncertain geopolitical backdrop, the Irish economy is resilient. We expect the domestic economy to grow an average of 2% to 3% out to 2028, and the UK economy is also forecast to grow. Favourable demographics are also very supportive, whether that's growth in population or household wealth.

Bank of Ireland's business model is uniquely positioned to both drive and benefit from this backdrop, supporting much needed homebuilding, vital infrastructure investment, and financial security and wealth creation for our customers.

SLIDE 7 | CUSTOMER VOLUMES TO GROW >12% OVER FY26-28

The strength of the Bank of Ireland franchise is translating into growth in total customer volumes. Put simply, more customers are choosing Bank of Ireland. Deposits, loans, and assets under management had a combined growth of 6%. And I expect that momentum to continue driving sustainable balance sheet growth and value creation.

SLIDE 8 | EXCELLENT MOMENTUM IN H126

We see examples of this excellent momentum in H1. In an evolving competitive environment, the Irish loan book grew by 7%, while Everyday Banking deposits grew by 3%. Wealth AUM, an important source of growing fee income, increased by 18%. And this strong franchise performance is driving a reported Return on Tangible Equity of 14.4% and supports the 39 cent dividend per share we announced today, up 56% year-on-year.

SLIDE 9 | RETAIL IRELAND EVERYDAY BANKING – DRIVING GROWTH IN IRELAND

Turning now to slide nine and the first of our divisional performances. Supported by Ireland's resilient economy, Retail Ireland continues to perform very strongly.

Everyday Banking delivered 4% growth in new product opening and customer experience continues to improve supported by digital investment. This includes our new Mobile App, the busiest, most important touchpoint for our customers, bringing greater functionality and improved user experience.

SLIDE 10 | RETAIL IRELAND HOME BUYING – THE MARKET LEADER

Turning to the mortgage business where we continue to hold a market leading position. The Irish mortgage book grew 6% during H1, and this growth was underpinned by strong pricing and risk discipline. This book growth also offers valuable cross-sell opportunities for life and general insurance, and we continue to innovate.

As an example, we rolled out a new Trade Down mortgage proposition, which will help to improve the supply of second hand homes in the market. Supported by the annual demand for housing units and the increasing supply of homes, I expect this book to grow by 5% on average over the coming years, a key source of value creation for the group.

SLIDE 11 | WEALTH AND INSURANCE – STRONG AUM MOMENTUM

We are seeing great momentum in our Wealth business. AUM grew to a new all-time high of €65.5 billion, and that's up 18% supported by net inflows of €1.6 billion. Ireland's strong demographics offer a structural growth opportunity for our two leading brands, Davy Wealth and New Ireland Assurance.

Meeting the financial needs of our mass affluent, high net worth and life protection customers is a strategic priority for Bank of Ireland. It's the engine of capital lite fee income growth for the group. And I am pleased that we are so well positioned to meet this important customer need.

SLIDE 12 | RETAIL UK – GROWING INCOME WITH FOCUS ON VALUE OVER VOLUME

Turning to slide 12 and our Retail UK division continues to perform well. Total income increased by 8%. While the lending book reduced by 2%, margins improved eight basis points, both of which reflect our disciplined strategy, which is focused on optimising returns over volume.

SLIDE 13 | CORPORATE & COMMERCIAL – OPTIMISING CAPITAL TO SUPPORT GROWTH IN IRELAND

Our Corporate and Commercial business enjoyed a good H1 as Ireland's number one commercial lender. A notable highlight was the 14% increase in Irish lending, a key strategic outcome driving growth in Ireland. And against an uncertain geopolitical backdrop and accelerated international deleveraging, I'm pleased to report strengthening asset quality with the NPE ratio falling to 3.8%. This overall outcome is a great example of optimising capital while growing our Irish franchise.

SLIDE 14 | GROWING AND STRENGTHENING OUR UNRIVALLED POSITION IN IRISH MARKET

During H1, we delivered a number of important product and service enhancements. There are many examples set out on slide 14, all of which point to a relentless focus on investing for the future.

I referenced our new Mobile App earlier, while Zippay, the industry led peer-to-peer payments platform, launched in March. We've also introduced payment enhancements in the UK and a new brand platform, Right With You. This represents our focus on supporting our customers through every step and stage of their financial lives. And there is more to come. As we set out in March, we are investing around €1.5 billion to strengthen the relationship with our customers and strongly position the group in an evolving competitive market.

Focus areas include product and service enhancements for consumers and businesses in Ireland, a new UK savings platform, Irish savings and investment account propositions in Wealth and Insurance, and improving digital capabilities in Corporate and Commercial.

SLIDE 15 | BANK OF IRELAND BUSINESS MODEL CREATING OPERATING LEVERAGE

In March, I set out our plan to 2028 to create significant operating leverage of circa 600 basis points. And we've laid the groundwork for this and the H1 scorecard is positive. Growing income faster than costs has improved the cost to income ratio by 0.8%, supported by securing €41 million of cost efficiencies and a reduction in FTE of 2%.

And there's more to come. We will continue to transform our operating model, streamline customer processes, and secure more value from our supplier partnerships. And I look forward to sharing more progress on this important work over the course of the strategic cycle.

SLIDE 16 | PROGRESS ON A RANGE OF AI-ENABLED INITIATIVES THROUGH H1

Creating that operating leverage is supported by a range of AI enabled initiatives, some of which are set out on slide 16. We've laid strong enterprise AI foundations and established a scalable AI platform. We are seeing early value being achieved in areas such as easier customer onboarding and KYC, faster software development, and reduced contact centre handoffs as some examples. And we have more to do here.

We are working hard on a number of priority AI initiatives that will deliver further value. And alongside this value creation, we continue to invest in new cybersecurity to address emerging AI frontier model risk.

SLIDE 17 | STRATEGY 2028 DRIVING SIGNIFICANT SHAREHOLDER VALUE

We are two quarters into our 12 quarter strategy. Ireland is a highly attractive market driving quality growth. We have an unrivalled position as Ireland's National Champion Bank. We've upgraded guidance and I reaffirm our targets to 2028 and continued momentum to 2030. And let me pause here for a moment.

Bank of Ireland continues to be a highly capital generative business. This makes it possible for us to grow our balance sheet, invest in our operating model and reward our shareholders. And while the environment continues to evolve, at Bank of Ireland, we have a winning strategy and we are executing strongly against it. Thank you. I'll now hand over to Mark.

Mark Spain, Group Chief Financial Officer:

SLIDE 19 | H1 2026 FINANCIALS

Thanks, Myles, and good morning everyone. As Myles said, we've made a strong start to our new strategic cycle. We especially see this in:

- The momentum in our Irish businesses;
- A growing NII with added resilience; and
- Materially higher returns with a statutory ROTE of 14.4%

Today, we are upgrading our full year guidance for net interest income, asset quality, ROTE, and capital generation. Our performance and our positive outlook underline our conviction on delivering a ROTE of greater than 16% in 2028.

SLIDE 21 | H1 FINANCIAL PERFORMANCE

Slide 21 sets out our key financial metrics. Total income was up 7%. We retained cost discipline and we had a strong asset quality outturn.

Our interim dividend per share is up 56%. This is in line with our new distribution policy and it's a clear indication of confidence in our prospects.

SLIDE 22 | NII GROWING IN 2026; GUIDANCE UPGRADED

Slide 22 focuses on our NII, which shows continuing momentum. In the first half, NII grew 2% with balance sheet growth and structural hedge rollovers more than offsetting the impact of lower rates and planned deleveraging. Interest rate expectations are now higher than when we announced our strategy and our structural hedge is larger. Reflecting these changes, we now expect NII of around €3.5 billion for 2026, up from €3.4 billion previously. The same factors support an upgraded outlook for 2027 and 2028.

We now expect net interest income of around €3.75 billion euros and greater than €3.95 billion euros respectively. This revised guidance assumes an ECB rate of 2.5% from the end of this year to end 2028, noting that current rate expectations are higher but volatile.

If I stand back, I've spoken at previous results presentations about the drivers of our NII trajectory being Irish balance sheet growth and the structural hedging decisions we have taken. We are seeing these factors play out now, both in terms of our H1 performance and our positive and upgraded outlook.

SLIDE 23 | GROWING LOAN BOOK, WITH EXCELLENT PERFORMANCE IN IRISH FRANCHISE

Our loan book grew by €1.5 billion, up 4%. Ireland grew 7% with strong performances in mortgages and commercial lending. In the UK, we continued our focus on value over volume, responding agilely to dynamic market conditions. And planned deleveraging in selected international corporate portfolios has progressed well in the first half. For FY26, we continue to expect around 4% growth in our loan book.

SLIDE 24 | CUSTOMER DEPOSITS GROWING, DRIVEN BY IRISH FRANCHISE

Customer deposits continue to grow, with Group volumes up 2%. Our Irish Everyday Banking franchise is the key driver of this growth. This has continued to perform well in an evolving competitive landscape. For the full year we continue to expect deposit growth of around 3%.

SLIDE 25 | STRUCTURAL HEDGE KEY DRIVER OF NII TRAJECTORY IN FY26 AND BEYOND

Turning to the structural hedge, average volumes were modestly higher in the first half. Rollovers and additions of swaps were down at an average yield of 2.79%, more than double the rate on maturing yields. This rollover dynamic will continue to be a key driver of NII over this strategic cycle. The average yield for H1 was 2.01%, up 17 basis points year and year, while the exit yield was 2.09%. In July, we increased the size of the hedge by €8 billion euro. This decision enhances our NII resilience. As a result, the sensitivity of our NII to interest rates has reduced by approximately a third.

SLIDE 26 | FEE INCOME GROWTH OF +6% Y/Y

We grew fee income by 6%. This was driven by our market leading Wealth and Insurance franchises and supported by investment gains in Corporate and Commercial. I also note the positive impact from valuation items, which we don't budget for.

For the full year, we continue to expect total fee income growth of around 4%.

SLIDE 27 | TOTAL COSTS +2%, IN LINE WITH GUIDANCE

Total costs were up 2%, in line with our expectations. The moving parts here are inflation and investment, partly offset by efficiencies and lower restructuring costs. Our efficiency initiatives are delivering with savings equivalent to around 4% of H1 costs achieved. For the full year, we continue to expect total costs, which includes restructuring, of around €2.2 billion, up around 2% from last year's outturn.

SLIDE 28 | POSITIVE H1 IMPAIRMENT OUTTURN SUPPORTS IMPROVED FY GUIDANCE

Notwithstanding the uncertain geopolitical backdrop, our asset quality is strong with the NPE ratio improving to 2.0% at end-June from 2.2% in December. The impairment charge is €32 million, reflecting an excellent performance across our portfolios. Our updated full-year cost of risk guidance is mid- to high-teens basis points, reflecting a balanced view for H2 in the context of the evolving external environment. This is an improvement on our previous guidance of low- to mid-20s basis points.

SLIDE 29 | CONTINUED EXCELLENT ORGANIC CAPITAL GENERATION

Our business model is highly capital generative, with 135 basis points of organic capital generated in the first half. After taking RWA investment and dividends into account, our CET1 ratio was 15.5%. We have declared a dividend of 39 cents, equivalent to half of our H1 earnings, and we are progressing the €530 million buyback announced in March, with more than 40% now executed. For the full year, we see capital generation of around 270 basis points, up from circa 250 basis points previously, and we expect RWA investment to consume around 25% of this. Our objective remains to operate at around a CET1 guidance of around 14.5%.

SLIDE 30 | UPGRADED FY26 GUIDANCE

Slide 30 recaps on our guidance for FY26. At the heart of this is our expectation for statutory ROTE of greater than 14%. This is a meaningful upgrade on our previous guidance of 12.5%. We also expect EPS growth of greater than 35% this year. And looking further ahead, our 2026 performance and our positive outlook both enhance our conviction on delivering a ROTE of greater than 16% in 2028. Thank you for your time this morning, and we'll now turn to questions.

Q&A

Eamonn Hughes:
Thank you, Mark. At this time, we invite those analysts wishing to ask a question to click on the raise hand button, which can be found at the bottom of your screen. When it's your turn, you will receive a prompt to be promoted as a panelist. Please accept, wait a moment. And once you have been introduced, you may unmute yourself, turn your video on and ask your question. We'll just wait a moment now for the queue to form. It looks like our first question comes from Sanjena in UBS. Sanjena, will you unmute your audio, turn on your video and ask your question please?

Sanjena Dadawala, UBS:
Thank you. Good morning. Two questions from me, please. The first on so basically if you could provide more colour on the credit performance in the period? And the eight basis points, what it would look like excluding the insurance credit and recoveries, and how are you thinking about developments into the second half and next year?

And second, if you could talk about some of the customer initiatives in more detail, the launch of Zippay, how the take-up has been, the new Mobile Banking App, what are the changes and what functionalities were missing and have been added, and any other examples that basically how you're competing with the neobanks? Thank you.

Myles O'Grady:
Good morning, Sanjena, and thank you for those questions. I'll ask Mark to take the credit quality question, and I'll cover the significant improvements that we're making to our retail franchise in terms of

product services and related technology investments. Firstly, Sanjena, we've committed in the region of €1.5 billion to invest in our business model over the next three years, and we're on a kind of relentless path now of delivering great improvements. We saw last year SEPA instant payment, peer-to-peer payments in Q1, and the communication now of the rollout of our Mobile App, which we announced yesterday.

Our App, at its heart, will be faster and easier to use. It's a native App, which means that its response time will be better. New functionality includes a greater visibility of content and balances, easier to scroll, less clicks, but also importantly, been able to stay within App to progress or to apply for other products, particularly in the deposit space. I'm thinking about our Smart Start, our SuperSaver, our MortgageSaver products. You'll be able to do that from within App. But importantly, it also allows us to deploy greater upgrades more easily.

And I'm thinking about as we develop our wealth affluent product over the course of this year and being able to access that from our App is important as well, and we've more to come as well where we'll be investing in the Corporate and Commercial space in the context of making it easier for our customers to manage their operational finances. I mentioned the Wealth investment, but also in the UK, a new savings platform out over the strategic cycle. So investments across the breadth of our franchise, it's a key pillar of our overall strategy and it supports our outlook out to 2028. And Mark, on asset quality, over to you.

Mark Spain:
Yeah, thanks Myles. And morning, Sanjena. Yeah, we've had a really strong outturn on asset quality in the first half, Sanjena. Our NP ratio at 2.0%, that's at multi-year lows. If you look at our stage two volumes, also down versus December as well. And if I look across our portfolios overall, our customers are in good shape and are weathering the uncertain geopolitical environment very, very well, so and that's contributed to the H1 charge of eight basis points.

Maybe if I just go to our full-year guidance first and I'll come back on the credit insurance. So if you recall back in March, our guidance for the full year was in the low- to mid-20s. And in the context and the environment that we're in, we've simply for our full-year guidance, we've taken that guidance, that full-year guidance and applied that to the second half and added that to our first half outturn. That's what leads to the mid to high teens.

We think that's a balanced approach in the context of the environment that we're in, but I'd say what we're seeing on the ground is our customers are in really, really good shape. And just specifically on the credit insurance, so the credit insurance, €30 million benefit in the first half in the impairment charge, Sanjena. And that's really the mechanics of credit insurance mechanism working out. By that I mean that the bank takes a reduced first loss over time, but the actual underlying credit quality in relation to the insured portfolios is stable relative to where it was in December.

Sanjena Dadawala:
Thank you. And would you be able to quantify the recoveries? Because there's a mention of some recoveries.

Mark Spain:
Yes.

Sanjena Dadawala:
Just trying to get a sense of the underlying in the first half.

Mark Spain:
Yeah, exactly. So this is separate to the credit insurance. Yeah. I mean, we've had the benefit of recoveries in the first half, primarily in our Corporate portfolios, about €30 million, Sanjena. And that really reflects, I would say, really good work on the ground by our teams in relation to optimising positions on NPEs.

Sanjena Dadawala:
Thank you very much.

Myles O'Grady:
Thanks, Sanjena.

Eamonn Hughes:
Our next question comes from Diarmaid in Davy. Diarmaid, if you turn your video on, unmute and ask your question.

Diarmaid Sheridan, Davy:
Hey, good morning. Thanks Eamonn. Good morning, Myles. Good morning, Mark. Two questions, if I may. Firstly, just a very strong activity level in the first half, particularly in Q2. I just wonder within that context, it's not showing much by way of signs of competition impacting at this point. If you have any observations of what you're seeing on the ground, that would be very helpful. Thank you.

And secondly, just around risk-weighted assets. I guess as we look at outside of normal lending dynamics, what are you seeing or what are you thinking about in terms of risk-weighted asset initiatives on SRT, CRTs, and any other model kind of refreshes that you're expecting to come through going forward? That'd be helpful. Thank you.

Myles O'Grady:
Good morning, Diarmaid. I'll ask Mark to take the RWA-related question, and I'll take the start to the year. Diarmaid, we've had a very good start to our new strategy. We've hit the ground running. I would characterise it as we've created an engine that's firing on all cylinders and generating a very strong performance. And for sure in an evolving competitive backdrop in H1, we have retained our number one position for mortgages, our number one position for wealth. We've seen deposits grow by 3%, and of course, we remain the largest commercial lender in the marketplace as well, so we're performing very strongly.

And I should say to you as well that when we think about our performance out over the next three years, the biggest source of growth for Bank of Ireland is going to be the overall market growing. And we're very well positioned, whether that's a mortgage market, whether that's the wealth business. We're particularly well positioned for that. And when we set our targets, we assume that our growth is a little less than the overall market growth. So that's a pragmatic view on how competition may evolve, but no real change in H1 in the context of significant changes in competition. We had a very strong performance indeed.

Mark Spain:

Morning, Diarmaid. Yeah. So on RWA playing out really exactly as we planned. So if you recall back in March, we guided for RWA to account for around 25% of our capital generation. You'll see that in H1. That's our expectation for the full year. And if I think out over the three years, that's how it'll play out as well. Specifically then on CRTs, Diarmaid, we're very experienced users of CRTs. They're an important part of our risk and capital management toolkit, and typically we'll have about four or five transactions live at any one point in time. We'll typically do a new one every 12 to 18 months, so I expect our next CRT transaction to be in the first half of next year.

Diarmaid Sheridan:
Thanks, Mark. And anything on any model refreshes that we should be thinking about going through?

Mark Spain:
No. So, Diarmaid, there's nothing to call there. And again, the 25% investment in RWA, that's how I think about it. There's always moving parts under the hood, but actually there's nothing material to call out.

Diarmaid Sheridan:
Great. Thank you.

Myles O'Grady:
Thanks, Diarmaid.

Eamonn Hughes:
We'll go next to Mike in Autonomous. Mike, if you want to turn your video on and unmute, ask your question.

Mike Evison, Autonomous:
Morning. Yeah. So two questions from me. So firstly, deposit growth obviously recovered in the quarter. It looks like it's about 3% annualised now. I just wanted to ask, you call out the Savings and Investment Account as an opportunity in the presentation. I just wanted to know what you're seeing in terms of competition on the ground now as we've seen sort of some international players coming into the market and how you see that progressing, and particularly around that sort of Savings and Investment Account and the potential opportunity and risks there, please? Particularly given obviously a 77% loan-to-deposit ratio. That's a key focus. And then just a slightly technical point. On the hedging that's been put on about… I think it was about €8 billion in July. Has that been done sort of in line with the original hedge? Has anything been done to the duration there? Just want to understand a bit more about what you've got on there, please. Thanks.

Myles O'Grady:
Good morning, Mike. Mark, grab the hedging question, and let me take the deposit and the Savings and Investment Account. I mean, firstly, we're very pleased with the performance of our deposit book. Everyday Banking balances are up by 3%. So that structural dynamic, that household wealth piece around deposit balances growing in the Irish market and our franchise well positioned to benefit from that, hence the growth.

I'm very supportive of the Savings and Investment Account. And just to put that into context, we have a unique wealth business in the Irish franchise. It's underpinned by two very strong brands, New Ireland Assurance for life and protection, and Davy Wealth is Ireland's leading wealth provider. We've seen our AUM grow to all-time high at €65.5 billion.

Our strategy, of course, is to build on that very strong performance and, in particular, to grow our affluent and our mass affluent wealth business. So in many ways, we're entirely aligned with this government initiative.

It also offers an opportunity to really deepen and expand our franchise out over time. And I'm very comfortable. We have more than four million customers. We have two and a half million retail customers. And so, I want them to have a current account, a deposit account, an investment account, and indeed a mortgage over time as well.

So I'm comfortable with the economics that will play out as we build this affluent business on the back of that Savings and Investment Account. Again, I point to the fact that as part of our guidance out to 2028, and we've seen it in H1, that expectation that each year, both deposits and wealth through AUM will grow. Mark, on the hedge?

Mark Spain:
Great. Yeah. Hi. Morning, Mike. Yeah, on the hedge, and, Mike, maybe to link it to an overall theme, I mean one of the themes this morning is our enhanced conviction on achieving returns of greater than 16% in 2028 and sustainability of those returns as well beyond that. The hedge very much plays into that. So the work we've done in the first half of the year was looking at the performance and the behaviours of our Irish deposit base over the last cycle. When we did that work, that supported an increase in the hedge by €8 billion. We put that on at 2.96%, same duration as the hedge, existing hedge of three and a half years.

I suppose one way of thinking about that is a reflection of our confidence in our deposit base. And Myles has obviously spoken to the growth that we've seen, that we expect there as well. Just as an output from that as well, obviously our sensitivity to rates reduced by about a third.

Myles O'Grady:
Thanks, Mike.

Eamonn Hughes:
Our next question comes from Sheel in JPM. Sheel, if you want to turn your video on, unmute, and ask your question.

Sheel Shah, JP Morgan:
Great. Thanks, guys. Hopefully you can hear me. Good morning. Two questions from my side, please. One follow up on the hedge, please. You can see the €8 billion or so hedge balance increase gives you a total hedge balance sitting at around €75 [clarification: billion] or so. Is there more scope to improve or increase this hedge further when you're thinking about maybe some of the savings accounts that you're holding, or do you think you're fully hedged out at this point?

Then, secondly, can I just ask, with regards to investments, is there anything in the external environment, whether it's the pace of AI change, the pace of fibre developments, or anything that may make you reconsider some investments that you're making, either change the quantum of investments through the plan or change either the pace of investments through the plan? I'd be interested to hear your thoughts there. Thanks.

Myles O'Grady:
Yeah. Good morning, Sheel. I mean let me take the investments question first and then, Mark, go over to you on Sheel's hedge question. I mean, Sheel, we've communicated an investment of €1.5 billion over the next three years, and of course that spend is captured within our cost target guidance and also within our strategic objective to take our cost to income ratio to the mid-40s.

When I look at that overall spend, it's nicely balanced between making sure that we are going after a very strong operating resilience backdrop. That's hugely important in the context of cyber threats, in the context of protecting our customers from fraud. The other part of that spend, and I would've called out some of these when talking to Sanjena earlier and her question, it's a broad area of digital investments that are really designed to make sure that we are supporting our customers and their needs for the future while also protecting our franchise. Those two work very well together, and of course they support our target to improve ROTE [clarification: to greater than] 16%.

I mean one of the things that I am encouraged by is, at this level of strong performance, I mean the fact that we have upgraded our guidance on net interest income and on capital generation is that there is capacity, if we need to, for the right investments to alter that investment profile.

And note that there's no plans to do that, but we have the capacity to do it. Always very clear, though, that our objective to secure returns above 16% and to keep our cost to income ratio in the mid ... or to get to the mid-40s. They're an absolute imperative.

But we do remain agile. Things can change. We can reprioritise. That is often the case. But we're making very good progress against that investment spend.

Mark Spain:
Great. Morning, Sheel. So on the hedge, you should regard the €8 billion increase. It takes us actually to about €77 billion points in time now. That's the material increase. From here, the hedge really will grow in line with deposits. That's the material intervention.

And maybe, Sheel, just maybe to add on, just because I think probably the dynamic of the hedge, and I think you understand this, is that that hedge today exiting at 2.09% in ... or just over 2.09% in H1, it's that stock flow dynamic, that hedge repricing to market. That's a key driver of our NII expectations, and growing to greater than €3.95 billion by 2028, which is obviously within a stone's throw of €4 billion.

Sheel Shah:
Great. If I can have one quick follow up. You've also increased the euro bond portfolio in the half.

Mark Spain:
Yeah.

Sheel Shah:
Is there more appetite there? Asset spreads continue to be attractive. So is there more scope there as well?

Mark Spain:

Yeah. So we're there thereabouts in line with, I'd say, the sector at this stage in terms of the split of bonds and cash. But maybe to step back, if I go back 18 months ago, that bond portfolio, that euro bond portfolio, was sub-€10 billion. So we've stepped up by almost €15 billion over the last 18 months.

That's actually been, I'd say, a well-timed decision in terms of the spreads we've achieved in that which weren't available before that point. That, again, is supporting our NII development and that positive trajectory out to 2028 and beyond.

Sheel Shah:
Great. Thank you.

Myles O'Grady:
Super. Thanks, Sheel.

Eamonn Hughes:
Our next question comes from Denis in Goodbody. Denis, if you want to come on.

Denis McGoldrick, Goodbody Stockbrokers:
Morning, Myles and Mark, and thank you for taking my questions. I just have one, please. If you could maybe give us an update on how you're progressing with the deleveraging portfolios, and I guess maybe if you can give us an indication of when you expect that to be largely completed. Thanks.

Myles O'Grady:
Thanks, Denis. Good morning. Mark, do you want to-

Mark Spain:
I will.

Myles O'Grady:
... take that, please. Thank you.

Mark Spain:
Morning, Denis. Yeah. So we had €1.8 billion at the end of December last year, €1.2 billion now. That's in US LAF, our corporate GB, and US CRE, Dennis. So we're making good progress. That's played out very much, maybe even slightly ahead in terms of the pace in the first half. We've allowed for that in the NII guidance we're giving this morning for this year and also out to 2028. But, broadly, by the end of 2028, those portfolios are fully run down.

Denis McGoldrick:
And maybe just one quick follow-up, please, Mark. So as that rolls off, obviously a little bit quicker than expected, I guess maybe your confidence in that revised cost of risk guidance. Obviously you're implying quite a step up in H2 of this year versus the eight basis points in H1. Maybe your own thoughts on that, please.

Mark Spain:
Yeah, thanks. So, Denis, as I said, in an answer to Sanjena's question earlier, our approach to the balance of this year is very mechanical. It's applying our original guidance for H2 and adding it to H1. We think that's a balanced approach, where we're still early enough in here. There's a lot going on externally. It's

not a reflection from our own portfolios. Our own portfolios, I think you'll see from the results, in really, really good shape, and that's what we're seeing on the ground. We've got a very positive outlook into the second half of the year.

We think that's a sensible approach. More broadly, looking out into 2027 and 2028, we think in low to mid-20s. We think that's about right as we think about the shape of our portfolios in the type of interest rate cycle that we're in. Obviously we keep that under review, but we think that's a reasonable assessment as we stand today.

Denis McGoldrick:
That's great. Thank you.

Myles O'Grady:
Thanks, Denis.

Eamonn Hughes:
Just a reminder, if you'd like to ask a question, just click on the raise hand function. But we'll go to Seamus now from Carrighill for the next question.

Seamus Murphy, Carraighill:
Hi, thank you guys. Two questions, please, as well. So I think your staff numbers are down 2% since December, which is running ahead of where you would've suggested before. I think it was about 3% per annum. So that's the first question. So can we expect that to accelerate from here?

Secondly is, I suppose like the other Irish banks, actually the average cost or the average salary per employee seems to be up another, again, 6 or 7% on an annualised basis in the first half. So how should we think about that? It's up to now close to €90,000, given the fact that one would've assumed perhaps that it was the older or more mature employees who would've been retiring. So that's the first question.

Second question, then just coming back to your NII. I mean you've kind of called it out yourself, Mark, but the NII upgrade is great and was expected, I suppose. But if we think about it, then it really only comes from the hedge in terms of that component that we've upgraded today. But if we take out the hedge component of the NII, the balance of the NII, the floating rate book, really, we haven't any growth coming through in that core part of the book.

And so, I suppose the question is, would you consider this to be an ultra-conservative position on your 2027, 2028 in NII guide? Because there's two particular reasons. Obviously we obviously have volume growth coming through, but, secondly, the fact you've raised your ECB deposit rate guidance by 50 basis points, I think, in terms of relative to where we were at the end of when we did the plan. Obviously there's a pass-through rate, but it's not going to be a hundred on that raised guidance.

So like the NII looks exceptionally conservative in 2027 or 2028 if we think about the balance of the book ex-hedge component. I suppose is that a fair comment? Thank you.

Myles O'Grady:
Good morning, Seamus. Thanks for that. Let me take the first question, then I'll pass to Mark on NII and the hedge-related queries.

Seamus, if I just maybe position the answer in the context of what's our strategic intent in the context of efficiency, I'm going to play it back into the objective by 2028 to secure a cost to income ratio in the mid-40s, which means an improvement in that cost to income ratio of 600 basis points.

The headline drivers for that, of course, is average income growth of 4% per year out to 2028 and average cost growth of around 1%. Within that is a gross cost reduction of €250 million. We've secured €41 million of that in H1. Part of that objective is a lower FTE number. I've spoken before about an average reduction of about 3% per year. That's going to be achieved through natural attrition in the main. In the context of average salaries, I mean one of the reasons why our cost is higher is because we are in an inflationary environment, but also of course because we're investing for the future. Hence, the reason to go after those saves has been really important, that €41 million save, that gross save that we secured in H1 as part of that €250 out over the next three years as an example of doing that.

On average salaries, I wouldn't read too much into that. I mean one of the important things that we are doing is a conscious choice to insource many of the capabilities that we would've previously have outsourced. I'm thinking about technology change as an example, but also bringing in highly skilled, augmenting our workforce, in the space of cyber protection as one example.

But, overall, pleased with our performance in terms of keeping costs at 2%. The machine is working hard to create that efficiency, again, in support of that overall objective to secure a cost to income ratio in the mid-40s. Mark?

Mark Spain:
Great. Seamus, on the NII and the hedge piece then. So maybe a couple of things. One of the key things that's part of this results is our Irish loan book and deposit book driving NII, and you can see that in the first half, our Irish loan book growing by 7% annualised basis, with strong performances in both mortgages and in commercial, and our Irish deposit book growing by 3%.

Now, if I step back and I look at our overall loan and deposit assumptions, so we set, and Myles mentioned this earlier, when we set our targets as part of the cycle, we expected our loan book overall to grow around 4% each year and our deposit book to grow around 3% each year. And that's actually what's happened in the first half. So the business performing very much in line with the plans that we set out back in March.

And then if I just look at our NII trajectory against that context, so we're upgrading the NII guidance today. And if I just take 2028 as a reference point on that. So previously our guidance for NII in 2028 was greater than €3.85 billion. We're increasing that today to greater than €3.95 billion. Our prior guidance is based on an ECB rate of 2.25%. We're now assuming 2.5%.

So the delta between €3.85 and €3.95, about 60% of it is rates. The balance is hedge related, including the €8 billion that we've put on. So those are the two key moving parts. And at greater than €3.95 billion, we're in the next field to €4 billion. So with a bounce of a ball, we think we could get there as well.

And maybe just the last piece I'd add, Seamus, then is if I look on our NII trajectory over the sort of three years, so from 2025 to 2028, we're at €3.4 billion last year, greater than €3.95 in 2028. About 40% of that is coming from balance sheet growth driven out of Ireland. We've seen that again in the first half, about 60% from the repricing of the hedge.

Seamus Murphy:
Thank you.

Myles O'Grady
Super. Thanks, Seamus.

Eamonn Hughes:
Okay. We'll go next to Jordan at Mediobanca. Jordan, if you want to unmute, come on and ask your question.

Jordan Bartlam, Mediobanca:
Apologies I'm having issues with the webcam. Yes, I have two questions. Firstly on net interest income. So mortgage volumes been very good. Still number one player in the Irish mortgage market, but it does look at the sector level, like mortgage margins are under a bit more pressure, particularly when you look at them relative to swap rates. There is quite a bit of tightening there.

I just wonder maybe for some of the non-bank players in the market, whether we're going to start seeing a bit more pressure here, whether there's going to need to be increasing mortgage rate hike or whether this is sort of a sustainable level. That would be my first question.

And then secondly on the Savings and Investment Accounts. We've had a little bit of colour already. Just be good to know how ready the two platforms across New Ireland and Davy are once ... We don't know exactly what shape it'll take, but when it does go live, are we in a good place or is it going to need quite a long lead time before it's ready? Those are my two questions.

Myles O'Grady:
Lovely. Thanks a lot, Jordan. In relation to our mortgage business, in a really, really strong performance. And of course we know that the mortgage market offers a structural opportunity to continue to grow our balance sheet. This is a mortgage book that grew 9% last year. It's grown 6% so far this year on an annualised basis. And we've managed to achieve that whilst maintaining very strong pricing and risk discipline. That's hugely important to Bank of Ireland. It's part of our DNA and that will continue.

And in the context then to your question as to is there pressure on margins? I mean, I don't think so. It's not what we're seeing. I mean, as an example, when we think about our pricing strategy for mortgages, we always relate that to our pricing strategy for our deposit book as well. We think about both together.

In essence, it is the Irish franchise that is funding our mortgage book in Ireland.

And so we'll always play that off well. We want to ensure we reward deposit holders, but also ensure that we're getting the right strong economic returns from our mortgage business.

I think we can see that come through in the numbers overall as a component of net interest income where the asset yield has expanded in H1 versus H1 of last year. That's an example of that discipline coming to life.

We are working very hard to be ready for the Savings and Investment Account. I mean, absent this government initiative, we were working hard anyway to leverage two very strong brands. Again, a response to an earlier question, we've grown our AUM by 18% to €65.5 billion, an all time high. And we most certainly want to step into the affluent and mass affluent space. So obviously the timing of this new account is within the government's mandate to do, but we will be ready when that product comes to the market.

And we're actively working today on what that affluent platform is going to be. And we look forward to updating the market on that in due course. Thanks, Jordan.

Jordan Bartlam:
Thank you.

Eamonn Hughes:
We'll go next to Guy in BNP. Guy, if you want to come on, ask your question.

Guy Stebbings, BNP Paribas:
Hi, morning. Thanks for taking questions. It's really just a follow-up on the longer term net interest income guidance, some of the assumptions around that. So you've called out the benefit from short-term rates. You've called out the benefit from what you've done on the hedge already this year. I'm not sure you've called out any sort of change in the reinvestment yield on the hedge in future periods. So if you could just clarify if your assumptions there have changed or not. I think you're using 2.5% previously.

And then sort of building on the last question, any changes to how you're thinking about competitive dynamics within the plan? It doesn't sound like you're shifting your views, but it is a regular discussion point with investors around whether we should be mindful of increased competition. So any updated thoughts would be very helpful. Thank you.

Myles O'Grady:
Yeah, good morning, Guy. Let me take the competition question and Mark on the NII longer term factors.

I mean, Guy, again, just to, in some ways, cover off what I said previously, but important to re-emphasise. We've had an excellent start to the year. Our strategy, I would describe has been one of momentum on the back of a very strong 2025. That momentum is continuing. We are expanding and deepening our franchise. We're growing in lending, deposits, wealth assets under management, deposit accounts. It's all working very well. We're number one for mortgages, number one for commercial lending, number one for wealth, and with very strong growth in deposits.

But we're not complacent. And hence the reason why in the context of delivering returns of more than 16%, we are investing for the future as well. That investment is really important. That's around ensuring that we can offer the best possible products and services to our customers.

I think our track record in that over the last 18 months has been good. Very good. I gave some examples earlier in relation to SEPA instant payments, in relation to peer-to-peer payments and our communication of our new App as well, and we've more to do.

So we feel very good about our overall competitive position. As an example, on the Everyday Banking space, our new product, our new to bank customers grew by 4%. That's a very strong metric for the half year. And actually within that, that I am particularly encouraged by is a 20% increase in our youth sector, youth segment of that part of our Everyday Banking. That's very important as you look to where longer term value will come from for Bank of Ireland.

So yes, for sure. Competition is evolving. We compete every day with domestic banks, international banks, and Fintech. And our objective is to hold a very strong position that we have today.

Mark Spain:
Morning. And just on the reinvestment yield, that is a factor probably a little bit in 2026 in terms of upgraded guidance for 2026. But if I look at the reinvestment yields or the sort of projected sort of seven-year swap rates for 2027 and 2028 today versus where they were back in sort of late February, there's actually no material change. That's not a huge factor in terms of our NII or upgraded NII outlook.

Guy Stebbings:
Thank you.

Myles O'Grady:
Thanks, Guy.

Eamonn Hughes:
Looks like our last question comes from Borja in Citi. Borja, if you want to come on, ask your question.

Borja Ramirez, Citigroup:
Yes. Good morning. Thank you very much for taking my questions. And I'm sorry, my camera is not working. Sorry for that. I have two questions please. One is on NII. I would like to ask, so the updated guidance assumes 2.5% ECB rate up to 2028. And then could you kind of provide a bit more colour on the assumptions on deposit pass through and volume growth as well? So that would be my first question.

And then my second question would be, and sorry if you mentioned this already, I had another results call. If you could kindly provide your thoughts on the potential cash ISA please.

Myles O'Grady:
Yeah, good morning, Borja. And let me take the Savings and Investment Accounts. We've had a couple of questions on this over the course of the morning. I'm very happy to cover it again. And then Mark on NII.

We are very pleased. We're very supportive of this government initiative to introduce a Savings and Investment Account. Bank of Ireland, we are particularly well positioned with our two very strong brands, New Ireland Assurance and Davy Wealth. We're number one for wealth in Ireland. And that product is entirely aligned with our ambition to grow our affluent business. Absent that product coming to the market, we would've been bringing a product anyway in this space to support mass affluent and affluent customers to protect their long-term future and to invest.

So we're working hard on that. We're waiting to hear the particular terms of that product that is due out from the Irish government later this year, but we'll be ready to bring that product to the market as part of an overall suite of products as Ireland's National Champion Bank.

And Mark on NII?

Mark Spain:
Yeah, on NII. So Borja, just on the ECB rate, so the assumption there is the ECB hikes to 2.50% in September and then remains at that level over the next two and a bit years out to the end of 2028. From a deposit perspective, our assumption is unchanged in that the deposit growth is around 3% each year over 2026 to 2028. You can see our H1 performance very much in line with that. And on the flow to term, you'll see again from the materials today that our term and related balances are around 12% of our Irish deposit volumes. And we see that level being broadly stable over the next two and a bit years.

Myles O'Grady:
Thanks, Borja.

Eamonn Hughes:
This concludes today's results presentation. Thank you for your participation this morning. We look forward to engaging with as many of you as possible over the coming weeks. And if you have any questions on these results, please reach out to any of us on the Investor Relations team. That brings the presentation to a conclusion. Thank you.

Myles O'Grady:
Thanks a lot guys. Have a good day.

Mark Spain:
Thank you.

Myles O'Grady:
Take care.

For the full suite of results materials, please visit investorrelations.bankofireland.com