Bank of Ireland Group plc (the "Group")
Publishes Interim Results for the 6 months to 30th June 2024

31 July 2024

Comment: Myles O'Grady, Bank of Ireland Group CEO:
"The Group had an excellent performance in the first half of 2024, reporting a profit of €1.1 billion, up 5%. This performance – underpinned by growth in our loan book and wealth assets, higher income and robust capital generation – supports upgraded earnings guidance for the year.

"We are now half-way through our three-year strategy. We're meeting or beating our targets and investing for the future. This year we've announced a range of improvements to our branches, ATMs, contact centre services and fraud support for our customers. The launch of innovative green mortgages and the expansion of agri-business green lending, and an increased funding commitment for housing development were important developments in H1.

"Our differentiated business model operates in structurally attractive and growing markets and is highly capital generative. These factors, complemented by our single-minded focus on delivery, make us very well positioned to continue to deliver attractive returns for our shareholders through the current strategic cycle and beyond."

Key highlights:
- Strong strategic and financial performance supports upgraded earnings guidance for FY 2024
- €1.1 billion profit before tax
- Strong capital position; fully loaded CET1 ratio of 15.4% supported by net organic capital generation of 170 basis points; commencement of interim ordinary dividends of €352 million (35 cents per share), equivalent to 40% of H1 profit after tax
- Adjusted RoTE of 18.9%; statutory RoTE 16.4%
- Cost to income ratio of 44%
- Net interest income +2% on like-for-like basis, performing in-line with guidance
- Net lending €1.8 billion higher supported by €1 billion of growth in Ireland
- Business income (including share of associates and JVs) +6%, performing in-line with guidance
- Operating expenses +6%, performing in-line with guidance
- Levies and charges now expected to be €125-130 million vs prior guidance of €160-165 million
- Net credit impairment charge of €50 million, materially better than expectations; upgraded guidance of c.20bps impairment charge vs prior guidance of low 30s bps
- Improved asset quality; NPE ratio now 2.9%; total coverage maintained at 1.5%
- 24% increase in Sustainable Finance lending vs H1 2023 to c.€12.5 billion; on track to deliver c.€15 billion target by 2025

Income
Net interest income growth of 2% in H1 2024 on a like-for-like basis[1]. Performance reflects higher interest rates, growth in lending income particularly in Ireland, higher funding costs and continued strong commercial pricing discipline.

Net interest income now expected to be c.€3.55 billion[2], at the higher end of the guidance we gave with our Q1 2024 Interim Management Statement.

Business income (including share of associates and JVs) has increased 6%, and is performing in-line with our FY 2024 guidance of mid-single digit percent growth. This primarily reflects growth in Wealth and Insurance and lower Retail UK commissions, partially offset by lower Corporate and Commercial fee income.

Costs
Operating expenses have progressed in-line with guidance in H1 2024. The Group continues to maintain tight control over its cost base while absorbing inflation and continuing to invest in strategic growth and simplification opportunities. 2024 operating expenses are expected to be 5-6% higher than 2023.

We expect levies and regulatory charges to be €125 to €130 million in 2024, lower than our previous guidance of €160 to €165 million, based on reduced Deposit Guarantee Scheme contributions.

Non-core items (€11 million in H1) were similar to the prior year. We continue to anticipate full year non-core items to be similar to FY 2023.

Balance Sheet
The Group's loan book increased by €1.8 billion during H1 2024. On a constant currency basis, the loan book increased by €1.0 billion, with a €1.0 billion increase in Irish non-property and a €0.4 billion increase in Retail UK, partially offset by a €0.3 billion reduction in UK Personal Loans and a €0.1 billion reduction in Property and International Corporate and other.

RWAs at June 2024 of €52.2 billion (€52.5 billion at end-December 2023) reflect investment in lending offset by Credit Risk Transfer transaction benefits.

Our liquidity profile remains strong, supported by our retail franchise in Ireland. Group deposits have increased €0.6 billion in H1 2024 to €100.8 billion. This increase reflects growth in Retail Ireland and Retail UK, partially offset by lower Corporate and Commercial volumes. Migration by customers into term/other products in Ireland was €1.3 billion in H1 2024, and is in-line with our expectations.

At June 2024 the Group's liquidity coverage ratio was 199% (2023: 196%), the loan to deposit ratio was 81% (2023: 80%) and the net stable funding ratio was 153% (2023: 157%).

The Group's liquid assets of €44.4 billion have increased by €0.8 billion since end-December 2023. Wholesale funding of €12.2 billion at June 2024 has increased by €0.4 billion since end-December 2023 reflecting a senior MREL issuance in Q1 2024.

Asset Quality
The Group reported an underlying net credit impairment charge of €50 million (12bps annualised) in H1 2024 reflecting an improved macroeconomic outlook, model changes, movement in management adjustments, and actual loan loss experience in the period.

The Group's NPE ratio was 2.9% of gross customer loans at June 2024 (end-December 2023 NPE ratio: 3.1%). Total coverage levels were maintained at 1.5% on gross loans. The Group continues to focus on achieving further asset quality improvements through a combination of organic and inorganic activity.

Capital Position
Strong capital position at June 2024 with the Group's pro forma fully loaded CET1 capital ratio at 15.4%[3] including H1 unaudited profits and a deduction for an interim ordinary dividend (31 December 2023: 14.3%). The Group's capital performance benefitted from strong net organic capital generation of 170 basis points and a slight net reduction in RWAs, partially offset by a deduction for the interim dividend. The Group is re-commencing interim ordinary dividend distributions, resulting in a dividend of €352 million (35 cents per share), equivalent to 40% of H1 profit after tax.

Sustainable Company
There was further progress on our Sustainability strategy, as we continue to focus on practical, meaningful ESG interventions. Most notably, we continue to be the #1 provider for green mortgages in Ireland, and have expanded our sustainable agri-lending partnerships. We have now provided sustainable finance of

c.€12.5 billion, which represents an increase vs H1 2023 of 24%. We are well on track to meet our c.€15 billion target for 2025 and c.€30 billion for 2030.

Outlook upgraded

2024 net interest income is expected to be c.€3.55 billion, reflecting interest rates, business momentum and funding costs. Business income (including share of associates and JVs) is expected to be mid-single digit percent higher in 2024 versus 2023.

2024 operating expenses are expected to be 5-6% higher than 2023 reflecting inflation, business growth and additional investment to future proof our business, partially offset by efficiencies. We now expect levies and regulatory charges to be €125-130 million in 2024.

In 2024, subject to no material change in economic conditions or outlook, we expect the impairment charge to be c.20 basis points versus previous guidance of a charge in the low 30s basis points.

We now expect 2024 RoTE to be ahead of the 2023 level of 17.3%, versus >15% previously.

We expect strong capital generation to continue through H2 2024, with 310 to 320 basis points of net organic capital generation for the full year (versus 260-280 basis points previously). We expect Basel IV implementation in 2025 to reduce RWAs by up to 5%. The Group expects 2024 distributions to comprise a combination of ordinary dividends, with a progressive dividend per share on earnings, and share buybacks with an objective to distribute to our CET1 guidance of >14% (subject to necessary approvals).

Financial Targets

The Group remains on track to continue delivering the financial targets contained in the 2023-2025 strategic cycle.

[1] UK personal loans, which were moved to non-core in H2 2023, contributed €42 million to H1 2023 reported NII.
[2] Based on market expectations for interest rates at end-2024: ECB deposit rate of 3.25%, BOE base rate of 4.75%, Fed Funds rate of 5.00%.
[3] The Group's reported fully loaded CET1 ratio was 14.4%, reflecting the mechanical exclusion of H1 profits in accordance with recent EBA Q&A guidance.

Ends

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

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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, loan to deposit ratios, expected impairment charges, the level of the Group's assets, the Group's financial position, future income, business strategy, projected costs, margins, future payment of dividends, future share buybacks, the implementation of changes in respect of certain of the Group's pension schemes, estimates of capital expenditures, discussions with Irish, United Kingdom, European and other regulators, plans and objectives for future operations, and the continued impact of Russia's invasion of Ukraine and the Israeli-Palestinian conflict 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 'Principal Risks and Uncertainties' section on page 26 of the Group's 2024 Interim Report and also the discussion of risk in the Risk Management Report in the Group's Annual Report for the year ended 31 December 2023.

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.