

Bank of Ireland Group plc (together with its subsidiaries the “Group”)

Acquisition by Bank of Ireland of Davy - Ireland’s leading wealth and capital markets provider

22 July 2021

The Group announces that it has reached an agreement to acquire J&E Davy (“Davy”), Ireland’s leading provider of wealth management and capital markets services, for an enterprise value of €440 million, subject to certain customary adjustments including capital at completion (the “Enterprise Value”). 25 percent of the Enterprise Value will be paid two years after completion subject to Davy shareholders meeting a number of agreed criteria. The balance will be paid as cash consideration on completion, which is expected in 2022. In addition, further payments of up to €40 million will be payable from 2025, contingent on future business model performance.

Davy has separately announced today that it is selling Davy Global Fund Management (DGFM) and its shareholding in RIZE to separate third parties. As a result, Davy is expected to have a significant excess cash position at completion over and above that which is required to run the Business. Bank of Ireland will also pay for such excess cash, due to be finalised at completion, which will be largely comprised of the proceeds from these disposals, currently estimated to be c.€125 million.

Founded in 1926, Davy manages in excess of €16 billion of client assets and employs over 800 people, including 83 employed by DGFM. The company has offices in Dublin, Cork, Galway, Belfast, and London, providing wealth management, capital markets advisory services, and DGFM services to its clients.

For the year ended 31 December 2020, Davy had adjusted profit before tax of €32.8 million¹ and adjusted gross assets of €756.3 million². On the date of acquisition, the CET1 capital ratio impact is expected to be c.80bps financed through existing resources. Acquiring Davy will materially increase the Group’s wealth and fee income and the acquisition is expected to be accretive to earnings in the first full year of ownership, excluding transaction related payments.

Acquiring Davy strongly supports the Group’s commercial and strategic objectives. Growing the wealth and insurance business is a stated strategic priority for the Group, with the aim of unlocking growth opportunities in Ireland, increasing fee income, and generating sustainable profits. Bank of Ireland’s wealth and insurance business currently has over 600,000 customers, including more than 250,000 wealth customers. The acquisition of the market-leader Davy significantly strengthens the range of services available to Group customers including in the high net worth and mass affluent categories. In addition, Bank of Ireland is Ireland’s leading Corporate Bank with over 500 Irish customers and a niche offering in the UK to mid-corporates; the acquisition of Davy enhances the combined service offering to corporate clients of both companies and provides further opportunities for growth.

Francesca McDonagh, Group Chief Executive of Bank of Ireland, commented: “When we look at any acquisition, we consider two key things – if it offers value to our shareholders, and if it is a good fit for our business. Davy scores very highly on both.

“Wealth management and capital markets are important parts of our business. Bringing Davy into the Group represents a significant milestone which will considerably enhance our customer

offerings and growth outlook for the Group. It is our ambition to build on Davy's unrivalled leadership position in these businesses, while also enabling it to benefit from a range of comprehensive culture, risk and governance programmes that we have successfully introduced in recent years. Accordingly, we see a continuation of the Davy brand and structure, under the Bank of Ireland umbrella.

"We welcome the Davy team and all of Davy's clients to Bank of Ireland. We look forward to growing our business and enhancing customer propositions across the entire Group in the years ahead."

Bernard Byrne, Interim Chief Executive of Davy, added: "Our view throughout this sales process has been that the right owner for Davy is the owner that is right for our client base and people. We are confident that in Bank of Ireland we are joining a Group that supports our vision for the business and presents significant opportunity for all stakeholders, particularly for our clients in supporting their growth ambitions."

Completion of the acquisition is conditional on the satisfaction of customary conditions including approval by the Central Bank of Ireland and the Competition and Consumer Protection Commission. Bank of Ireland was advised by IBI Corporate Finance and Credit Suisse International.

This announcement contains inside information.

1. The Davy adjusted profit before tax of €32.8 million is based on the Davy reported profit before tax for the year ended 31 December 2020 of €29.5 million and adjusting for the profit before tax of €0.7 million relating to DGFM and RIZE which do not form part of the assets being acquired and €4.1 million of finance costs linked to debt and swaps that will be repaid from proceeds.
2. Reported gross assets of €779.4 million less gross assets for DGFM of €21.6 million and carrying value of RIZE of €1.5 million.

Ends

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Forward Looking Statement

This announcement contains forward-looking statements with respect to certain of Bank of Ireland Group plc ('BOIG plc') and its subsidiaries' (collectively the 'Group') plans and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates and its future capital requirements. These forward-looking statements often can be identified by the fact that they do not relate only to historical or current facts. Generally, but not always, words such as 'may,' 'could,' 'should,' 'will,' 'expect,' 'intend,' 'estimate,' 'anticipate,' 'assume,' 'believe,' 'plan,' 'seek,' 'continue,' 'target,' 'goal,' 'would,' or their negative variations or similar expressions identify forward-looking statements, but their absence does not mean that a statement is not forward-looking.

Examples of forward-looking statements include, among others: statements regarding the Group's near term and longer term future capital requirements and ratios, level of ownership by the Irish Government, loan to deposit ratios, expected impairment losses, the level of the Group's assets, the Group's financial position, future income, business strategy, projected costs, margins, future payment of dividends, the implementation of changes in respect of certain of the Group's pension schemes, estimates of capital expenditures, discussions with Irish, United Kingdom, European and other regulators and plans and objectives for future operations. Such forward-looking statements are inherently subject to risks and uncertainties, and hence actual results may differ materially from those expressed or implied by such forward-looking statements.

Nothing in this announcement should be considered to be a forecast of future profitability, dividends or financial position of the Group and none of the information in this announcement is or is intended to be a profit forecast, dividend forecast or profit estimate. Any forward-looking statement speaks only as at the date it is made. The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.