Bank of Ireland Motor Sector News

September 2021

In the month of September, new passenger car (PC) sales declined 21.7% year-on-year (y-o-y) to 4,426 units, Light Commercial Vehicle (LCV) sales declined 24.4% y-o-y to 1,701units and used imports declined 48.0% y-o-y to 4,952 units.

PC Registrations YTD
In the first 9 months, new passenger car registrations increased 19.1% year on year (to 100,646 units). Toyota holds the #1 position with 12.5% market share, followed by Volkswagen with 12.1% in #2, Hyundai with 10.5% in #3, Skoda with 8.6% in #4 and Ford with 7.2% in #5.

LCV Registrations YTD
In the first 9 months, new light commercial vehicle registrations increased 40.0% year on year (to 26,533units). Ford holds the #1 position with 24.6% market share, followed by Renault with 12.6% in #2, Volkswagen with 11.6% in #3, Peugeot with 10.9% in #4 and Toyota with 7.9% in #5.

Used Imports
Registrations of used imports increased 4.0% year on year (to 51,136 units) in the first 9 months of 2021.

Passenger Car Sales	Light Commercial Vehicles	Used Imported Cars
Sept 2021 YTD +19.1%	Sept 2021 YTD +40.0%	Sept 2021 YTD +4.0%

Provincial Developments

September 2021 YTD

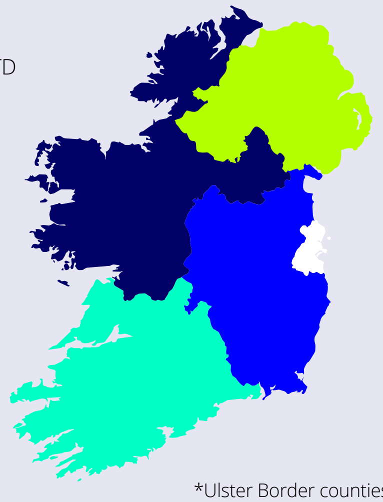
National Position
New (N) +19.1% YTD
Used Imports (UI) +4.0% YTD

Dublin
N +29.9% YTD
UI +12.1% YTD

Rest of Leinster
N +13.5% YTD
UI +0.1% YTD

Connacht/Ulster*
N +12.6% YTD
UI +0.7% YTD

Munster
N +11.5% YTD
UI -1.6% YTD



*Ulster Border counties

Budget 2022

In last years Budget, the government overhauled the vehicle registration tax (VRT) system and changes became effective from 1st January 2021. The net effect of which increased retail prices for many new low emission cars. A new proposal has been submitted to government in advance of this year's Budget which suggests lowering electric vehicle tax reliefs, thus increasing prices for Irish consumers.

Most readers will be acutely aware of the global climate crisis, however, increasing the cost of electric cars is counter-intuitive, particularly given the aging fleet of cars on our roads and government ambitions to electrify the fleet.

Simply put, higher new car prices will likely slow the growth of the new car market back to normalised levels of c. 150,000 new cars per annum. This is compounded, at least in the short term, by a global semiconductor shortage that has led to less supply of new vehicles coupled with a shortage of used cars in the market.

This proposal has been made by the Tax Strategy Group (TSG). The TSG is an interdepartmental committee chaired by the Department of Finance, with membership comprising senior government officials. It calls for reductions in incentives for electric cars by adjusting downward current VRT reliefs, thus increasing retail prices.

Cars account for about 10% of Greenhouse Gas Emissions in Ireland (Transport total is c.20%). There are c. 2.2m cars on the road in Ireland and electric vehicles currently represent about 1% of these. In the first 8 months this year, EV's account for c.8% of new car sales. So, momentum and demand is rising.

In order to maintain the current momentum of the electrification of the Irish fleet it would seem logical that financial incentives should be at least maintained at current levels. Incentives could be further enhanced if government are to reach ambitious targets set for 2030.

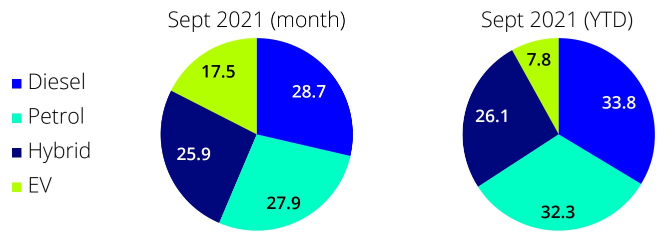
The 2019 Climate Action Plan targets 840,000 passenger electrically chargeable cars on the road by 2030. Increasing taxation or reducing incentives for new low emission cars will impact the speed of recovery to pre-Brexit levels of new car sales, thus taking longer to remove older and higher polluting cars from circulation.

We are only at the beginning of the electrification journey, a process that will be a marathon and not a sprint. On this journey, consumers should be encouraged and incentivised to buy electrically chargeable vehicles in order to meet targets set out in the Climate Action Plan.

Stakeholders in the sector, including the Society of the Irish Motor Industry (SIMI) and the Irish Car Carbon Reduction Alliance (ICCRA), a group of motor dealers with ties to SIMI, have made submissions and recommendations to government in advance of the Budget.

Fuel Type Developments

New Passenger Cars



Supporting our Customers

Bank of Ireland Finance (BIF) supports 14 motor franchises representing c. 43% of annual new car sales and we remain committed to our customers.

Stephen Healy
Head of Motor Sector
stephena.healy@boi.com
085 289 8600

Bank of Ireland Information Classification: Green – Public

Data Source: Society of Irish Motor Industry (SIMI). Data as at 30/09/2021

Bank of Ireland