

# MOODY'S

## INVESTORS SERVICE

### CREDIT OPINION

3 March 2020

#### Update

 Rate this Research

#### RATINGS

##### Bank of Ireland

Domicile	Dublin, Ireland
Long Term CRR	A2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A2
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

#### Contacts

Arif Bekiroglu +44.20.7772.1713  
VP-Senior Analyst  
arif.bekiroglu@moodys.com

Ines Antunes +44.20.7772.1744  
Associate Analyst  
ines.antunes@moodys.com

Laurie Mayers +44.20.7772.5582  
Associate Managing Director  
laurie.mayers@moodys.com

Nick Hill +33.1.5330.1029  
MD-Banking  
nick.hill@moodys.com

## Bank of Ireland

### Update following rating action

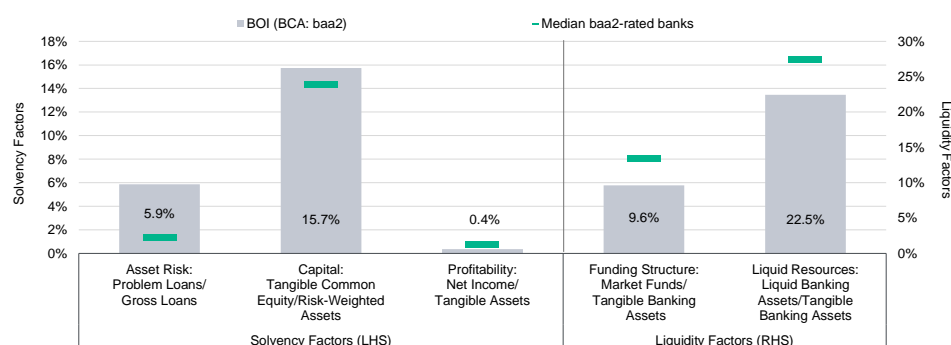
#### Summary

[Bank of Ireland's](#) (BOI's) A2 long-term bank deposit and long-term senior unsecured debt ratings are driven by (1) the bank's Baseline Credit Assessment (BCA) of baa2; (2) the results of our Advanced Loss Given Failure (LGF) analysis, which result in an uplift of three notches; and (3) a moderate probability of government support, which results in no additional uplift, given the ratings are already at the same level as the ratings of the [Government of Ireland](#) (A2 stable). BOI's Counterparty Risk (CR) Assessments are A2(cr)/Prime-1(cr). [Bank of Ireland Group plc's](#) (BOI Group, the holding company of BOI) long-term senior unsecured debt ratings are Baa2, with a stable outlook.

BOI's baa2 BCA reflects its (1) improving asset quality, with a problem loan (PL) ratio of 4.9% as of 30 June 2019; (2) sound capital ratios, with tangible common equity (TCE)/risk-weighted assets (RWA) and TCE/tangible banking assets (TBA) at 15.7% and 7.4%, respectively; (3) moderate core profitability, with reported net income (NI)/tangible assets (TA) at 0.36% and net interest margin (NIM) at 1.78%; and (4) strong funding and liquidity profile, with low market funding reliance.

Exhibit 1

#### Rating Scorecard - Key financial ratios



Source: Moody's Banking Financial Metrics

## Credit strengths

- » Leading domestic franchise in Ireland and established position in the UK
- » Sound capitalisation, supported by sustained earnings and conservative capital management
- » Ample customer deposits and sufficient liquidity buffers

## Credit challenges

- » Sizeable stock of PLs, although declining, aided by a favourable operating environment in Ireland
- » Macroeconomic uncertainties in the UK and Ireland related to Brexit
- » Moderate profitability with pressure on NIM, given the increasing pricing competition, the low interest rate environment and the expected increase in funding costs

## Outlook

The outlooks on BOI's and BOI Group's ratings are stable, reflecting our expectation that the bank will reduce its legacy problem loans further while maintaining its strong capitalisation, and will continue to report moderate profitability, which remains structurally weaker than of its main Irish peer because of its higher share of tracker mortgages, lower share of small and medium-sized enterprise (SME) loans, and higher operational costs, compared with those of its main Irish peers.

## Factors that could lead to an upgrade

- » BOI's debt and deposit ratings and BOI Group's debt ratings could be upgraded if the bank's BCA were upgraded.
- » The bank's BCA could be upgraded if there were (1) a significant improvement in its core profitability; and (2) an improvement in the resilience of its capitalisation under stress.

## Factors that could lead to a downgrade

- » BOI's and BOI Group's ratings could be downgraded if the bank's BCA were downgraded or its maturing subordinated instruments redeemed without replacement.
- » BOI's BCA could be downgraded if there were a significant deterioration in the bank's solvency or liquidity profile.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### Bank of Ireland (Consolidated Financials) [1]

	06-19 <sup>2</sup>	12-18 <sup>2</sup>	12-17 <sup>2</sup>	12-16 <sup>2</sup>	12-15 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (EUR Million)	123,801.0	121,784.0	120,111.0	119,032.0	127,089.0	(0.7) <sup>4</sup>
Total Assets (USD Million)	140,984.1	139,216.7	144,229.0	125,549.3	138,056.2	0.6 <sup>4</sup>
Tangible Common Equity (EUR Million)	7,861.4	7,913.7	7,202.2	6,935.1	7,451.1	1.5 <sup>4</sup>
Tangible Common Equity (USD Million)	8,952.6	9,046.4	8,648.4	7,314.9	8,094.1	2.9 <sup>4</sup>
Problem Loans / Gross Loans (%)	4.9	5.9	5.2	7.6	11.0	6.9 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	15.7	16.2	15.7	13.5	13.2	14.9 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	40.7	47.4	42.3	57.6	74.9	52.6 <sup>5</sup>
Net Interest Margin (%)	1.8	1.8	1.8	1.8	1.8	1.8 <sup>5</sup>
PPI / Average RWA (%)	1.5	1.6	1.7	1.9	2.4	1.8 <sup>6</sup>
Net Income / Tangible Assets (%)	0.4	0.5	0.5	0.9	0.6	0.6 <sup>5</sup>
Cost / Income Ratio (%)	74.3	73.6	73.5	67.2	58.3	69.4 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	9.3	9.6	11.1	10.5	10.0	10.1 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	17.3	22.5	22.6	19.9	19.6	20.4 <sup>5</sup>
Gross Loans / Due to Customers (%)	99.3	99.7	105.3	109.6	113.0	105.4 <sup>5</sup>

[1]All figures and ratios are adjusted using Moody's standard adjustments. [2]Basel III - fully-loaded or transitional phase-in; IFRS. [3]May include rounding differences due to scale of reported amounts. [4]Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime. [5]Simple average of periods presented for the latest accounting regime. [6]Simple average of Basel III periods presented.

Source: Moody's Investors Service; Company Filings

## Profile

The Bank of Ireland Group Plc (BOI Group), the holding company of Bank of Ireland (BOI), operates mainly in Ireland through BOI but also has 29% of its operations in the [United Kingdom](#) (Aa2 negative) via [Bank of Ireland \(UK\) plc](#) (BOI UK, Baa1 stable, baa1)<sup>1</sup> and in international markets. It distributes its products and services through around 265 branches in Ireland and about 11,500 branches of the Post Office in the UK (as a result of its partnership arrangement), as well as branches in France, Germany, Spain and the US.

BOI was established in 1783 and, between 1922 and 1971, was the official bank of the Irish government. Effective 7 July 2017, BOI Group became the group's holding company and the new parent entity of BOI following stockholders' and regulatory approvals. BOI Group's ordinary shares are listed on the Irish Stock Exchange (ticker: BIRG) and the London Stock Exchange (ticker: BIRG). As of 22 February 2019, BOI Group's largest shareholder was the Irish government, through the Ireland Strategic Investment Fund, which owned 13.95% of the bank's total share capital.

BOI is an Irish retail and commercial bank. Its products and services include deposit-taking, current accounts, personal loans, business and corporate lending, leasing, international asset finance, financial advice, mortgages, foreign exchange, life assurance, pensions and credit cards. As of 30 June 2019, BOI accounted for around 34% of the domestic market assets held by Irish credit institutions, based on its reported total consolidated assets of €126.0 billion.

For further information on the bank's profile, see [Key Facts and Statistics - FYE December 2018](#).

## Detailed credit considerations

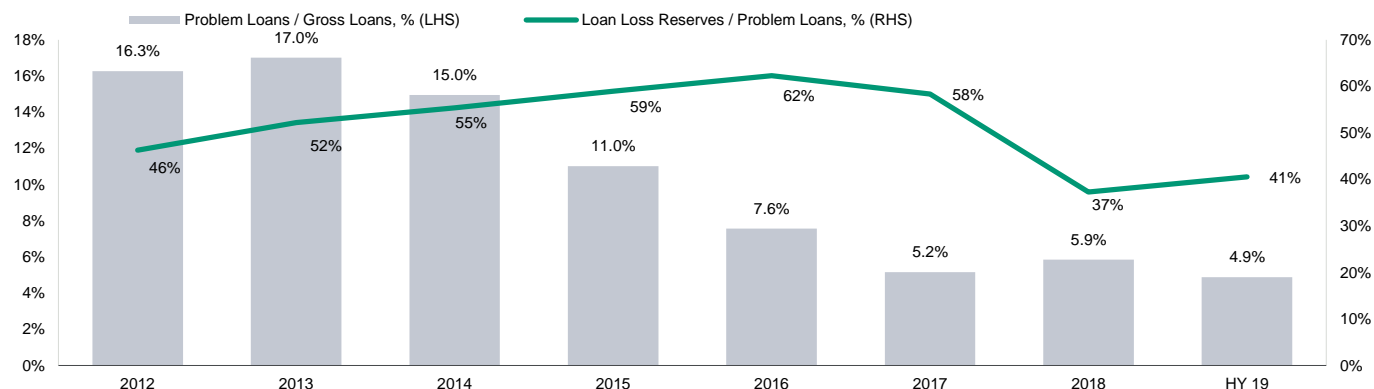
The financial data in the following sections are sourced from BOI's consolidated financial statements unless otherwise stated.

### Improving asset quality, but the stock of impaired and forborne loans remains sizeable

We view BOI's Asset Risk as moderate and assign a score of baa3, in line with the Macro-Adjusted score. The assigned score reflects the overall expected improvement in the problem loans ratio, offset by the bank's sizeable stock of forborne loans and loans in negative equity, which expose the bank to material downside risk in case of adverse macroeconomic developments. Furthermore, via BOI UK, BOI's assets risk could be affected because of the prolonged uncertainties surrounding Brexit. However, this risk should be contained given the low-risk loan book of the UK subsidiary.

BOI is gradually reducing its level of problem loans, which decreased to €3.8 billion as of June 2019 from €4.6 billion as of December 2018 (2016: €6.2 billion). The bank's PL ratio was, therefore, 4.9% as of June 2019, compared with 5.9% as of year-end 2018 (2016: 7.6%). We expect further improvements in the second half of 2019. Furthermore, the favourable operating environment in Ireland, leading to improvements in the labour market, and the bank's significant efforts to provide sustainable restructuring solutions to troubled borrowers should support further improvements in its asset quality. On 24 June 2019, BOI acquired €260 million of performing commercial loans from KBC Bank Ireland. The acquired portfolio is equal to 33 basis points of BOI's gross loans and 2.5% of BOI's corporate portfolio.

Exhibit 3

**Problem loans continue to decrease and are adequately provisioned**

Pre-2018 data is under IAS39, while 2018 and HY 19 data is under IFRS9.

Source: Moody's Banking Financial Metrics

Following improvements in property prices in Ireland, the bank is better positioned to negotiate the restructuring of the existing PLs, assuming that positive momentum in the housing market is maintained. Irish residential property prices have recovered strongly from their post-crisis low in 2013. However, prices have fluctuated in 2019 and are prone to softening. As a result, the proportion of negative-equity mortgages<sup>2</sup>, which was 4% as of June 2019 (down from 5% as of December 2018 and 16% as of December 2016), the lowest among its domestic peers, constrains our asset risk assessment. The bank reported €2.8 billion of loans in forbearance, but outside of Stage 3 assets, in June 2019, or 3.5% of gross loans, which we view as more vulnerable to economic swings.

Compared with its domestic peers, the bank has historically reported lower levels of PLs, reflecting its geographical diversification because of its lending activities in the UK as well as more conservative underwriting standards in the past. However, we believe that the bank continues to face asset-quality challenges in its domestic loan book: notably, 22% of BOI's Irish buy-to-let loans (a loan book of €2.9 billion) were classified as nonperforming as of June 2019 (30% as of December 2018). The corporate book recorded a nonperforming exposure (NPE) ratio of 2.7% (2018: 2.6%), while the nonperforming loan ratio for the Irish SME portfolio was 9.3% (2018: 11.2%). The property and construction portfolio is still a weak spot, with 8.4% NPEs as of June 2019 (2018: 11.0%). The decline in the PL ratio was driven by a slight increase in exposure to this segment to €8.5 billion as of June 2019 (2018: €8.3 billion), along with a slight decrease in impaired loans.

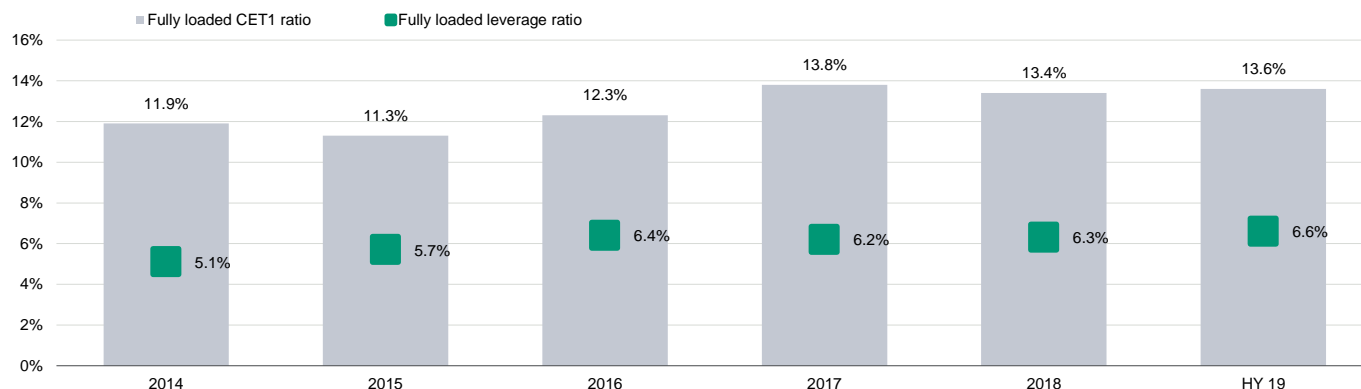
**Capitalisation likely to remain strong, supported by sustained earnings**

We view BOI's Capitalisation as strong and assign an a3 score, two notches below the Macro-Adjusted score, corresponding to its TCE/RWA of 15.7% as of June 2019. Our adjustment reflects our expectation that the bank will maintain a solid capital level, but also takes into account the downside risks arising from a still relatively high proportion of unprovisioned PLs and NPEs in negative equity as a percentage of the bank's capital.

BOI reported a comfortable fully loaded Common Equity Tier 1 (CET1) capital ratio of 13.6% as of June 2019 (2018: 13.4%; 2017: 13.8%), which was driven primarily by steady organic capital generation, and PL disposal partially offset by loan growth resulting in an increase in RWA. The 40 basis points decline in 2018 included the impact of regulatory capital demands as a result of TRIM<sup>3</sup> on Irish

mortgages. The group's regulatory CET1 ratio of 14.9% as of June 2019 comfortably exceeded its 2019 CET1 requirement of 10.65%<sup>4</sup>. The bank's fully loaded leverage ratio was strong at 6.6% as of June 2019 (6.3% as of December 2018).

Exhibit 4

**Regulatory capital ratios remain strong**

Source: BOI financial reports

In 2019, BOI paid out a modest dividend of €173 million in respect of its 2018 earnings (2018, BOI recommenced a dividend payment of €124 million in respect of its 2017 earnings). We believe the bank's demonstrated ability to generate capital organically and conservative capital management will largely mitigate any potential future volatility caused by movements in pension deficit, sterling exchange rate changes (although the impact is limited because of the hedging in place) and a potential increase in impairment charges. We therefore expect BOI to maintain adequate capital levels in excess of regulatory requirements and view its capitalisation as a relative strength for the BCA.

### Moderate profitability, with pressure on NIM, given increasing pricing competition, the low interest rate environment and expected increase in funding costs

We view BOI's Profitability as moderate and assign a score of ba3, in line with the Macro-Adjusted score. The assigned score also reflects our view that profitability will remain largely stable, supported by growing lending volumes, improving efficiency and the bank's focus on higher-yielding segments, which are offset by increased competition, investments in digital transformation, the ongoing impact of the low interest rate environment on liquid-asset yields and expected higher costs of funding related to MREL issuance<sup>5</sup> and the normalisation of impairment charges. The macroeconomic uncertainties related to Brexit could increase the pressure on profitability further.

BOI reported a profit before tax of €315 million in H1 2019 (H1 2018: €454 million) and net income/tangible assets of 0.36% on an annualised basis (H1 2018: 0.62% and H1 2017: 0.61%). The bank's Moody's-calculated NIM was 1.8% in H1 2019, broadly in line with the levels recorded in the previous two years. The rising competition in the mortgage market and the cost of securities issued in advance of TRIM strain the margin; however, the bank is seeking to moderate this pressure through higher margin new lending that replaces legacy lower-yielding tracker mortgages, the disposal of nonperforming assets and focused on commercial lending growth.

BOI's bottom line was reduced by €77 million of loan losses in H1 2019, compared with €81 million of net impairment gains in H1 2018. These losses reflect the impact of impairment losses on a small number of large corporate exposures, growth in UK personal lending and higher coverage for retail mortgage exposures. Although there may be further impairment gains in the short term, we expect provision releases to diminish gradually and the bank's impairment charges to stabilise at a somewhat higher level than the current one. Furthermore, BOI provisioned €55 million towards potential customer redress costs and regulatory fines in H1 2019. This will limit but may not fully offset any additional impact of pending fines on net income.

BOI is transforming its technology, which will drive efficiencies. The bank's Moody's-calculated cost-to-income ratio was weak at 74% in H1 2019, broadly in line with that in the year-earlier period (vs. 64% reported by BOI, which excluded levies and regulatory charges). According to the current strategic plan, the bank plans to significantly improve its efficiency by 2021, and build on its announced digital transformation plan. In this regard, BOI invested a further €138 million during H1 2019.

### Relatively low use of wholesale funding and sufficient liquidity

We view BOI's Funding Structure as a relative strength, and we assign an a3 score for this factor, one notch below the Macro-Adjusted score, to reflect the expected trend as the bank issues MREL-eligible debt.

The bank's market funding reliance is relatively low, with a market funds-to-tangible banking assets ratio of 9.3% as of June 2019 (9.6% as of year-end 2018). The use of wholesale funding decreased to €10.2 billion as of June 2019 from €11.4 billion as of year-end 2018, but we expect an increase in market funding in the near future because the bank is likely to continue to issue debt at the holding company level to meet its MREL requirements of 11.93% of total liabilities and own funds as at December 2017, or 27.09% of the bank's RWA. The bank's gross loans-to-customer deposits ratio was 99% in June 2019, broadly unchanged from the 100% as of year-end 2018. Given modest credit demand and additional liquidity because of MREL-related issuance. In general, Irish banks might shed some price-sensitive deposits to optimise the cost and composition of its liabilities.

BOI has a sufficient stock of good-quality liquid assets in both Ireland and the UK. As of June 2019, the bank had a liquid banking assets-to-tangible banking assets ratio of 17.3% (22.5% as of December 2018). It also comfortably meets regulatory liquidity requirements, reporting a net stable funding ratio of 128% and a liquidity coverage ratio of 134% as of June 2019. We assign a Liquid Resources score of baa3, one notch below the Macro-Adjusted score, to reflect our expectation that the level of liquid resources will decline because of new lending.

### Environmental, social and governance considerations

In line with our general view for the banking sector, BOI has a low exposure to environmental risks. See our [Environmental heat map](#) for further information.

Overall, we expect banks to face moderate social risks, which in particular applies to BOI. See our [Social risks heat map](#), for further information. BOI's profitability was reduced in 2017 by the additional provisions related to the [Tracker Mortgage Examination Review](#), incurring a charge of €170 million. The additional provisioning seeks to settle this conduct issue for BOI. During H1 2019, there was a further €55 million provision to cover additional redress and compensation costs, operational costs and costs of closing out the Tracker Mortgage Examination review. The risk of further provisions over the outlook period is reduced but still exists.

Governance is highly relevant for BOI, as it is to all banks in the industry. Corporate governance weaknesses can lead to a deterioration in a bank's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven, and for BOI, we do not have any particular governance concern. The bank's risk governance infrastructure is adequate and has not shown any shortfall in recent years. Nonetheless, corporate governance remains a key credit consideration and requires ongoing monitoring.

### Support and structural considerations

#### Loss Given Failure analysis

BOI is subject to the EU Bank Recovery and Resolution Directive, which we consider an operational resolution regime. We assume residual tangible common equity of 3%, post-failure losses of 8% of tangible banking assets, a 25% runoff in "junior" wholesale deposits and a 5% runoff in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. We also assume that the junior proportion of BOI's deposits is in line with our estimated EU-wide average of 26%. These are in line with our standard assumptions.

Our Advanced LGF analysis indicates that BOI's deposits are likely to face extremely low-loss-given failure because of the loss absorption provided by subordinated debt and, potentially, by senior unsecured debt should deposits be treated preferentially in a resolution, as well as the substantial volume of deposits themselves. This results in a Preliminary Rating (PR) Assessment of a2, three notches above the BCA.

BOI's senior unsecured debt is likely to face extremely low loss-given-failure because of the loss absorption provided by its own volume and the amount of debt subordinated to it. This results in a PR Assessment of a2, three notches above the BCA.

The senior unsecured debt issued by BOI Group is likely to face high loss-given-failure because of the small amount of debt subordinated to it. We assume that the holding company's senior obligations benefit from the subordination of both the holding company's and the bank's subordinated instruments. However, we believe that the holding company's senior unsecured debt is



economically junior to the bank's senior unsecured debt, based on our forward-looking view that it, although legally pari passu to the bank's debt, will eventually fund debt which is contractually, structurally or statutorily subordinated to the operating company's external senior debt. This results in a baa2 PRA for the senior unsecured debt issued by the holding company to be positioned at the same level of BOI's BCA.

BOI's and BOI Group's subordinated instruments are likely to face high loss-given-failure according to our LGF analysis, given the relatively small volume of debt and limited protection from more subordinated instruments and residual equity. The ratings of BOI's and BOI Group's subordinated debt and BOI's junior subordinated debt are Baa3 and Ba1(hyb), respectively.

### Government support considerations

Given its systemic importance for Ireland, we believe that there is a moderate probability of government support for BOI should the bank fail; however, this does not result in any uplift from the PR Assessments for both deposits and senior unsecured ratings since these ratings are already at the same level as Ireland's rating.

We consider the probability of government support for BOI Group's liabilities low, providing no rating uplift to the assigned ratings. This is because such support, if needed, would likely only be provided to the operating entity, to enable it to maintain critical functions and mitigate risks to financial stability from its failure.

For other junior securities, we continue to believe that the probability of government support is low, and, as such, the ratings for these instruments do not include any related uplift.

### Counterparty Risk (CR) Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

#### BOI's CR Assessment is positioned at A2(cr)/Prime-1(cr)

The CR Assessment is positioned three notches above the BOI's BCA of baa2, based on the buffer against default provided to the senior obligations represented by the CR Assessment by subordinated instruments. The main difference with our Advanced LGF approach used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations, rather than expected loss, therefore we focus purely on subordination and take no account of the volume of the instrument class.

The CR Assessment was affirmed since the government support assumption no longer results in an additional notch uplift given they are positioned at the same level as Irish Government's rating.

### Counterparty Risk Ratings (CRRs)

CRRs are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements. CRRs are not applicable to funding commitments or other obligations associated with covered bonds, letters of credit, guarantees, servicer and trustee obligations, and other similar obligations that arise from a bank performing its essential operating functions.

#### BOI's CRRs are positioned at A2/Prime-1

The counterparty risk rating of A2 reflects the Adjusted BCA of baa2, three notches of uplift reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities. The CRR was affirmed and reflects the loss of government support uplift that was incorporated in the ratings, given it is already the same as that of Ireland itself, following the BCA upgrade. The short-term CRR is P-1.

## Methodology and scorecard

### About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity. LGF analysis includes our forward-looking assumptions.



## Rating methodology and scorecard factors

Exhibit 5

### Bank of Ireland

Macro Factors						
<b>Weighted Macro Profile</b>	<b>Strong</b>	<b>100%</b>				
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	5.9%	baa3	↑	baa3	Quality of assets	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	15.7%	a1	↔	a3	Stress capital resilience	
Profitability						
Net Income / Tangible Assets	0.4%	ba3	↔	ba3	Expected trend	
Combined Solvency Score		baa2		baa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	9.6%	a2	↓	a3	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	22.5%	baa2	↓	baa3	Expected trend	
Combined Liquidity Score		a3		baa1		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				A2		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		
Balance Sheet		in-scope (EUR Million)	% in-scope	at-failure (EUR Million)	% at-failure	
Other liabilities		13,797	17.8%	18,833	24.3%	
Deposits		57,157	73.9%	51,327	66.3%	
Preferred deposits		42,297	54.6%	40,182	51.9%	
Junior deposits		14,861	19.2%	11,146	14.4%	
Senior unsecured bank debt		811	1.0%	55	0.1%	
Dated subordinated bank debt		515	0.7%	515	0.7%	
Junior subordinated bank debt		85	0.1%	85	0.1%	
Preference shares (bank)		750	1.0%	750	1.0%	
Senior unsecured holding company debt		1,189	1.5%	2,439	3.2%	
Dated subordinated holding company debt		770	1.0%	1,070	1.4%	
Equity		2,322	3.0%	2,322	3.0%	
Total Tangible Banking Assets		77,396	100.0%	77,396	100.0%	

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned	Additional	Preliminary
	Instrument	Sub- volume + ordination	Instrument	Sub- volume + ordination	De Jure	De Facto	Notching Guidance vs. Adjusted BCA	LGF notching	Notching	Rating Assessment
Counterparty Risk Rating	23.7%	23.7%	23.7%	23.7%	3	3	3	3	0	a2
Counterparty Risk Assessment	23.7%	23.7%	23.7%	23.7%	3	3	3	3	0	a2 (cr)
Deposits	23.7%	9.3%	23.7%	9.3%	3	3	3	3	0	a2
Senior unsecured bank debt	23.7%	9.3%	9.3%	9.3%	3	1	2	3	0	a2
Senior unsecured holding company debt	9.3%	6.1%	9.3%	6.1%	0	0	0	0	0	baa2
Dated subordinated bank debt	6.1%	4.1%	6.1%	4.1%	-1	-1	-1	-1	0	baa3
Dated subordinated holding company debt	6.1%	4.1%	6.1%	4.1%	-1	-1	-1	-1	0	baa3
Junior subordinated bank debt	4.1%	4.0%	4.1%	4.0%	-1	-1	-1	-1	-1	ba1
Cumulative bank preference shares	4.0%	3.0%	4.0%	3.0%	-1	-1	-1	-1	-2	ba2
Non-cumulative bank preference shares	4.0%	3.0%	4.0%	3.0%	-1	-1	-1	-1	-2	ba2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	0	A2	A2
Counterparty Risk Assessment	3	0	a2 (cr)	0	A2(cr)	
Deposits	3	0	a2	0	A2	A2
Senior unsecured bank debt	3	0	a2	0	A2	A2
Senior unsecured holding company debt	0	0	baa2	0	Baa2	Baa2
Dated subordinated bank debt	-1	0	baa3	0	(P)Baa3	
Dated subordinated holding company debt	-1	0	baa3	0	Baa3	Baa3
Junior subordinated bank debt	-1	-1	ba1	0		Ba1 (hyb)
Cumulative bank preference shares	-1	-2	ba2	0	Ba2 (hyb)	
Non-cumulative bank preference shares	-1	-2	ba2	0	Ba2 (hyb)	Ba2 (hyb)

[1]Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

## Ratings

Exhibit 6

Category	Moody's Rating
<b>BANK OF IRELAND</b>	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A2
Senior Unsecured	A2
Subordinate MTN -Dom Curr	(P)Baa3
Jr Subordinate	Ba1 (hyb)
Pref. Stock -Dom Curr	Ba2 (hyb)
Pref. Stock Non-cumulative	Ba2 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1
<b>PARENT: BANK OF IRELAND GROUP PLC</b>	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Subordinate	Baa3
<b>BANK OF IRELAND (UK) PLC</b>	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)

Source: Moody's Investors Service

## Endnotes

- [1](#) The bank ratings shown in this report are the bank's deposit rating and Baseline Credit Assessment.
- [2](#) Loan-to-value ratios above 100%.
- [3](#) Targeted Review of Internal Models.
- [4](#) CET1 requirements consist of a Pillar 1 requirement of 4.5%, a Pillar 2 requirement of 2.25%, a capital conservation buffer of 2.50%, a UK Countercyclical capital buffer (CCyB) of 0.3%, a Republic of Ireland (ROI) CCyB of 0.6% and an Other Systemically Important Institution (O-SII) buffer of 0.5%. The O-SII buffer will increase to 1.0% from July 2020 and 1.5% from July 2021.
- [5](#) Minimum requirement for own funds and eligible liabilities.

© 2020 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND/OR ITS CREDIT RATINGS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S INVESTORS SERVICE DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S INVESTORS SERVICE CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$2,700,000. MCO and Moody's investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY250,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER

1217222