

CREDIT OPINION

19 December 2022

Update



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RATINGS

Bank of Ireland Group plc

Domicile	Dublin, Ireland
Long Term CRR	Not Assigned
Long Term Debt	A3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Not Assigned

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.

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Bank of Ireland Group plc

Update to credit analysis

Summary

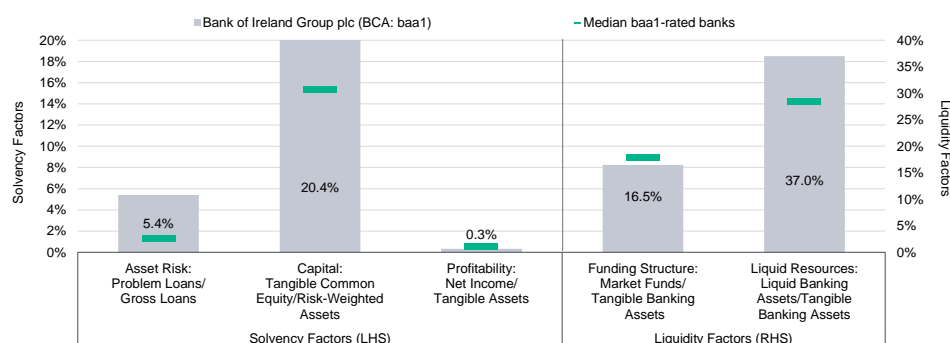
[Bank of Ireland's](#) (BOI) A1 long-term bank deposit and long-term senior unsecured debt ratings are driven by (1) the bank's Baseline Credit Assessment (BCA) of baa1; (2) the results of our Advanced Loss Given Failure (LGF) analysis, which result in an uplift of three notches; and (3) a moderate probability 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](#) (A1 positive). BOI's Counterparty Risk (CR) Assessments are A1(cr)/Prime-1(cr) and CR Ratings (CRR) are A1/Prime-1.

BOI's baa1 BCA reflects its (1) much reduced legacy impairments reducing risk to its capital in an economic downturn; (2) moderate core profitability, which has bounced back after its decline from the coronavirus-induced economic disruption; (3) strong capitalisation and leverage; and (4) strong liquidity, with low market funding reliance.

The outlook on BOI's deposit rating and BOI Group's senior unsecured debt ratings is stable.

Exhibit 1

Rating Scorecard - Key financial ratios



Source: Moody's Banking Financial Metrics

Credit strengths

- » Leading franchise in Ireland and established position in the UK
- » Much reduced legacy impairments, which we expect to be maintained, lowering risk to capital in an economic downturn
- » Sound capitalisation, supported by improving core profitability and conservative capital management
- » Ample customer deposits and sufficient liquidity buffers

Credit challenges

- » Inflationary pressures will erode households' and business confidence, purchasing power and dampen economic activity, reducing the demand for credit
- » Leveraged CRE sector elevates tail risk in relation to the bank's exposure to property prices

Outlook

The outlooks on the long-term deposit, issuer and senior unsecured debt ratings of BOI, and BOIG, where applicable, remain stable. Moody's expects the operational risk deriving from the recent and planned acquisitions to be moderate. Additionally, Moody's expects BOI's capital to remain strong.

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.
- » Despite BOI's systemic importance, an upgrade of Ireland's rating by a notch, were this to occur as reflected by the current positive outlook, would not result in any additional rating uplift.

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 issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Bank of Ireland Group plc (Consolidated Financials) [1]

	06-22 ²	12-21 ²	12-20 ²	12-19 ²	12-18 ²	CAGR/Avg. ³
Total Assets (EUR Million)	153,316.0	153,301.0	131,617.0	129,357.0	121,784.0	6.8 ⁴
Total Assets (USD Million)	160,283.5	173,706.3	161,040.8	145,203.0	139,216.7	4.1 ⁴
Tangible Common Equity (EUR Million)	9,820.0	9,218.0	7,239.3	8,373.6	7,913.7	6.4 ⁴
Tangible Common Equity (USD Million)	10,266.3	10,444.9	8,857.7	9,399.4	9,046.4	3.7 ⁴
Problem Loans / Gross Loans (%)	5.4	5.5	5.7	4.0	5.9	5.3 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	20.4	19.3	14.6	16.4	16.2	17.4 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	35.2	38.2	47.1	33.0	47.4	40.2 ⁵
Net Interest Margin (%)	1.4	1.5	1.6	1.8	1.8	1.6 ⁵
PPI / Average RWA (%)	1.3	1.9	0.9	1.7	1.6	1.5 ⁶
Net Income / Tangible Assets (%)	0.3	1.0	-0.1	1.1	0.6	0.6 ⁵
Cost / Income Ratio (%)	76.1	67.8	83.3	70.7	72.5	74.1 ⁵
Market Funds / Tangible Banking Assets (%)	16.6	16.5	7.6	9.3	9.6	11.9 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	35.8	37.0	26.5	23.0	22.5	29.0 ⁵
Gross Loans / Due to Customers (%)	81.3	84.3	89.3	97.0	99.8	90.4 ⁵

[¹] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [²] All figures and ratios are adjusted using Moody's standard adjustments. [³] Basel III - fully loaded or transitional phase-in; IFRS. [⁴] May include rounding differences because of the scale of reported amounts. [⁵] Compound annual growth rate (%) based on the periods for the latest accounting regime. [⁶] Simple average of periods for the latest accounting regime. [⁷] Simple average of Basel III periods.

Sources: Moody's Investors Service and 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 24% of its operations by assets in the [United Kingdom](#) (Aa3 negative) via [Bank of Ireland \(UK\) plc](#) (BOI UK, A3 stable, baa2)¹. The group distributes its products and services through around 169 branches in Ireland, as well as branches in the UK, 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). On 23 September 2022, the Irish government announced that it no longer retains any ownership of the Group. The largest shareholder is BlackRock Fund Advisors who, as of 30 November 2022, owned 8.46%.

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 end-September 2022, BOI accounted for around 26% of the domestic market assets held by Irish credit institutions, based on its reported total consolidated assets of €156.2 billion.

Recent developments

The global economy is on the verge of a downturn amid extraordinarily high levels of uncertainty amid persistent inflation, monetary policy tightening, fiscal challenges, geopolitical shifts and financial market volatility. Global growth will slow in 2023 and remain sluggish in 2024. Still, a period of relative stability could emerge by 2024 if governments and central banks manage to navigate their economies through the current challenges (see the Nov 2022 update of our [Global Macro Outlook 2023-24: Global economy faces a reckoning over inflation, geopolitics and policy trade-off](#)).

We forecast Ireland's GDP to grow by 9.5% in 2022, and 4.5% in 2023, down from 13.6% in 2021. The growth and domestic demand will remain comparatively robust, and we expect house prices to stay strong, supporting the mortgage market. We also foresee an increase in employment levels, despite the gradual withdrawal of pandemic related government support. High inflation, exacerbated by the Ukraine conflict, will accelerate interest rate increases. This will support banks' net interest margins, but will have a moderately negative impact on borrowers' debt servicing capacity. While Ireland has limited direct trade links with Russia and Ukraine, it remains

a small, open economy prone to volatility. Operating conditions for Irish banks could therefore weaken should the Ukraine conflict or other geopolitical tensions negatively affect foreign and domestic demand.

BOI's planned acquisition of a portfolio from KBC (€8.9bn of performing mortgage loans and €4.0bn of deposits) has now received clearance from the Competition and Consumer Protection Commission (CCPC). As part of the agreement, the Group has agreed to a set of remedies. The KBC portfolio will be a significant addition to BOI's overall mortgage business - adding €8.9bn of performing mortgages (as of 31 March 2022) and €160m of incremental net interest income in FY23 (at marginal cost). As of December 2021, the acquisition is expected to support a c. 1.1% improvement to Group RoTE on a full year basis with an expected negative CET1 ratio impact of c. 120bps.

The group has completed the acquisition of Davy (market leading provider of mass affluent and high net worth wealth advisory and capital markets) with an impact of c. 80bps to CET1 capital.

On 17 November, Myles O'Grady assumed the positions of Group Chief Executive Officer (CEO) and Executive Director, succeeding Gavin Kelly, Interim Group Chief Executive Officer, who stepped down from the Group Board but will remain a member of the Group Executive Committee.

Detailed credit considerations

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

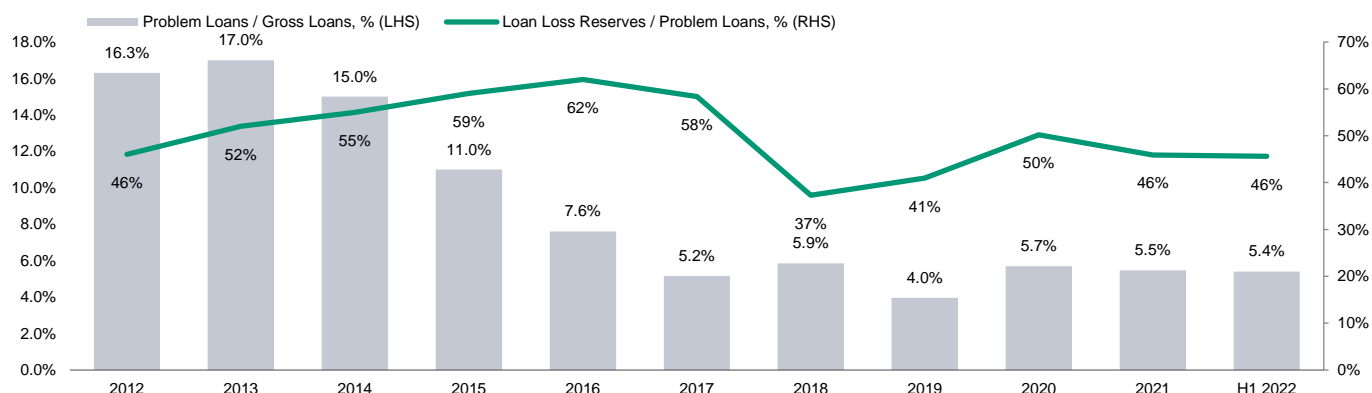
Asset risk has improved to more moderate levels, reducing risk to its capital and ability to absorb additional impairments in an economic stress

We view BOI's Asset Risk as moderate and assign a score of baa3, one notch below the Macro-Adjusted score. The assigned score reflects Moody's expectation that the default rates in the commercial sector, which have been below historical average due to the Government support measures during Covid-19, will increase. However, the overall level of problem loans (stage 3) will in the end depend on the level of non-performing portfolio disposals undertaken, the diluting impact of performing loan book purchases from KBC as well as new lending. Overall, BOI's exposure to commercial real estate (CRE) is modest and its underwriting standards are much stronger than in the past. As a result, even though property prices are exposed to tail risk from highly leveraged CRE transactions via investment funds, Moody's expects the risk to BOI to be contained.

The problem loans (PL) ratio improved slightly to 5.4% in H1 2022 vs 5.5% in H1 2021 despite a loan book contraction of 4%. However, the main improvement in asset quality was in Stage 2 loans which declined to 13.5% from 22.5%, though lagging behind that of AIB. The PL ratio reflects BOI's €0.1 billion PL sale transaction resulting in a net decrease of €0.2 billion in PLs as of H1 2022, while stage 2 reflects the net impact of updated Covid-19 post model adjustments. In terms of cost of risk, BOI reported 0.07% as of June 2022, up from 0.02% a year earlier and below 2019 levels of 0.26%.

[On 8 November 2022, BOI reached an agreement to sell Irish and UK legacy nonperforming loan \(NPL\) exposures totaling €1.4 billion, which will lower its total NPL exposure by 170 basis points to 3.7% of gross loans from 5.4% as of September 2022, bolstering its asset quality. We expect the level of problem loans to remain low although they could however be dampened by high inflationary pressures eroding borrowers purchasing power and debt servicing capacity as well as a still elevated level of stage 3 exposures in the construction and real-estate sector.](#)

Exhibit 3

BOI entered covid-induced crisis with much improved problem loans ratio and adequate provisioning

Pre-2018 data is under IAS39, while 2018 - H1 2022 data is under IFRS9.

Source: Moody's Investors Service

Irish residential property prices have recovered strongly from their post-crisis lows of 2013, but they remain below their peak. Despite the economic slowdown during the pandemic, house prices only slightly fluctuated in 2020, benefiting from supply constraints which contained the tail risk from high LTV mortgages. This was followed by a 14% increase during 2021, which is expected to moderate to mid-single digits over 2022 and 2023. At BOI, the proportion of negative-equity mortgages², improved to 1.6% as of H1 2022 from 3.0% as of end-December 2020, but continues to constrain our asset risk assessment. The 80-100% LTV proportion of BOI's ROI mortgage portfolio represents c.6%.

The bank reported €2.8 billion of loans in forbearance, but outside of Stage 3 assets, in H1 2022, or 3.7% of gross loans, which we view as more vulnerable to economic deterioration. The corporate book recorded a nonperforming exposure (NPE) ratio of 5.8% in H1 2022 versus 3.2% a year earlier due to doubling of NPEs despite 10% growth in corporate loan book. The NPE ratio for the Irish SME portfolio was steady at 9.6% (H1 2021: 9.8%). The property and construction portfolio, which is still a weak spot, was 290bps lower at 9.6% NPEs as of H1 2022 vs H1 2021, yet is still showing a material increase from the 7.3% as of December 2019.

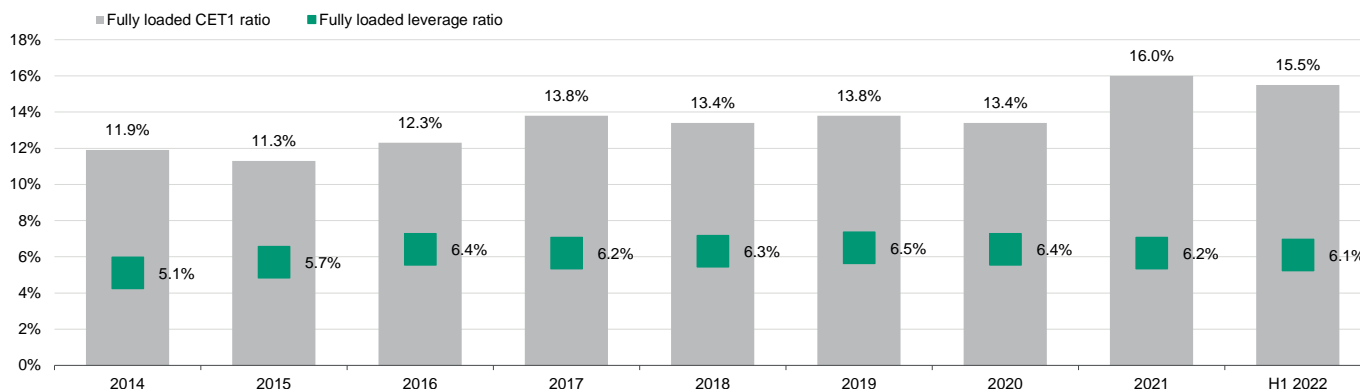
Capitalisation likely to remain strong, supported by moderate profitability

We view BOI Group's Capital as strong and assign an a1 score, three notches below the Macro-Adjusted score, corresponding to the medium term level for its tangible common equity (TCE) to risk-weighted assets (RWA) ratio including the impact of portfolio acquisitions and new lending, as well as our expectation that the bank will maintain solid capital.

At H1 2022, BOI Group's fully loaded TCE ratio was 20.4% and its fully loaded CET1 ratio was 15.5%, down from 16% at December 2021, reflecting organic capital generation and movements in the group's defined benefit pension scheme, offset by an increase in RWAs, credit impairments and the Davy acquisition. BOI's capital strength will enable the group to absorb c.120 bps investment costs in relation to the KBC Bank Ireland (KBCI) portfolios acquisitions as well as planned distributions. The resumption of distributions in 2021 follows the Board's cancellation of the proposed ordinary dividend for 2019 following the ECB's recommendation, in light of the coronavirus outbreak, for European banks to suspend accrued dividends for 2019 and to not pay dividends until year-end 2020. In 2019, BOI paid out a dividend of €173 million in respect of its 2018 earnings.

The group's regulatory CET1 ratio of 15.5% as of H1 2022, comfortably exceeded its CET1 requirement. The bank's fully loaded leverage ratio was strong at 6.1% as of H1 2022 (6.2% as of December 2021).

Exhibit 4

Regulatory capital ratios remain strong

Source: BOI financial reports

Profitability has recovered from its dip during the pandemic and will be supported by rising rates

We view BOI's Profitability as moderate and improving. We assign a score of ba1, one notch above the Macro-Adjusted score reflecting expected profitability of the bank adjusted for the one-time LLP gains that provided a boost to earnings in 2021. We expect the release of high loan loss provisions will significantly decrease as credit risk normalises. However we expect that new lending and a recovery in fee and commission income will boost revenues while net interest margin (NIM) pressure will ease due to higher base rates, lending growth in higher margin segments, and lower excess liquidity.

The costs due to the integration of the DAVY and the KBC portfolio should be manageable and, once integrated, these transactions will support interest and fee income generation and positively contribute via economies of scale to bottom line.

BOI reported profits of €279 million in H1 2022, although these were down 18% YoY, driven by (1) a 1% decrease in net interest income (primarily driven by TLTRO effects), (2) sizeable improvement in business income and (3) offset by a negative impact from valuation items due to widening credit spreads and equity market movements resulting in the adverse fund and investment performance in Wealth and Insurance (€86 million loss versus a €34 million income in H1 2021. However, in our assigned score we exclude this due to the volatility it provides in P&L). Higher operating expenses (1%) and an impairment loss €47 million versus €1 million charges in H1 2021) also contributed to the bank's lower H1 2022 profitability.

For H1 2022, the bank's reported net interest margin was 1.73%, 13 bps lower compared to year-end 2021. The decline reflected an increased proportion of low-interest bearing securities, the competitive pressure in the mortgage market and the effects of TLTRO. However, as 28% of BOI's ROI mortgage book are tracker mortgages and 10% are variable rate, this will provide positive pressure on NIM as interest rates rise.

Importantly, interest rate rises will support BOI's net interest income, particularly in light of its holding of tracker mortgages (28% of total Irish mortgages as of June 2022), which repriced immediately with the 200 basis point rate rises that the European Central Bank has undertaken so far in 2022. BOI upgraded its guidance for net interest income growth on 16 December to c. 10% in 2022 versus 2021, compared to its previous guidance of c. 6-7%. The updated guidance reflects the evolving interest rate environment and will enable it to absorb any cost of risk increases it could face over the next 12-18 months. BOI Group also issued updated guidance on the estimated impact of IFRS 17, which is due to come into effect on 1 January 2023. The guidance outlined a c. 3-5% reduction in Group operating profit before impairment driven by a c. 35-45% reduction in income contribution from the Wealth and Insurance division. It is also expected to reduce the Group's tangible net asset value and fully loaded CET1 ratio by c. 4% and c. 30 bps respectively, from day one.

BOI is transforming its technology platforms and processes. Together with the customer engagement becoming increasingly digitalized we expect the bank's efficiency to improve. Moody's-calculated cost-to-income ratio for the bank was weak at 73.9% in H1 2022, albeit an improvement from 83.3% in 2020.

Strong liquidity profile with relatively low use of wholesale funding and ample liquid asset holdings

We view BOI's Funding Structure as a relative strength, and assign an a3 score, in line with the Macro-Adjusted score, to reflect the expected trend as the bank issues modest additional MREL-eligible debt. The MREL ratio of 32.4% at 30 June 2022 was 745 bps above the 1 January 2022 requirement of 24.95% and above the Group's future MREL requirement expected to be c. 29.5%.

The bank's market funding reliance increased, with a market funds to tangible banking assets ratio of 16.6% as of end-June 2022 (16.5% as of year-end 2021 and 7.6% as of year-end 2020). The increase in the ratio was due to the TLTRO III drawdowns of €10.8bn and borrowing under TFSME of €0.8bn in 2021 and a €1 billion senior unsecured medium term note due 2026 that was issued in H1 2022.

The bank's gross loans-to-customer deposits (LtD) ratio was 81% as of H1 2022 vs 88% in H1 2021. The improvement was driven by a surge in Irish banks' deposit base and modest decline in loan book.

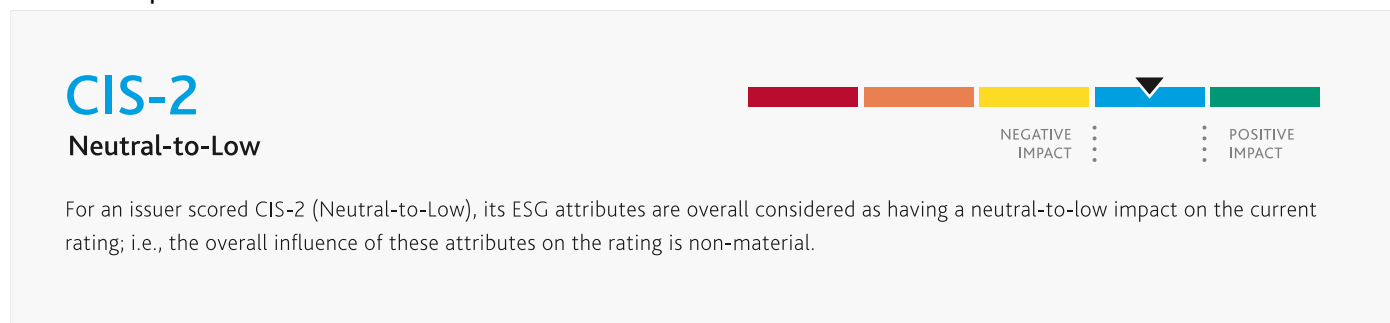
BOI has a sufficient stock of good-quality liquid assets in both Ireland and the UK. As of end-June 2022, the bank had a liquid banking assets to tangible banking assets ratio of 35.8% vs 36.0% as of H1 2021. It also comfortably meets regulatory liquidity requirements, reporting a net stable funding ratio of 149%, up from 138% in H1 2021, and a liquidity coverage ratio of 218% up from 177% as at H1 2021. We assign a Liquid Resources score of a3, two notches below the Macro-Adjusted score, to reflect our expectation that the level of liquid resources will decline due to new lending and portfolio acquisitions as well as a gradual decline in corporate and household savings rates. Having said that, the exit of [Ulster Bank Ireland DAC's](#) (UBIDAC; A1 stable/Prime-1 deposit and A1 negative/Prime-1 issuer rating) from the market will result in its depositors moving to the remaining banks which will further support the strong deposit funding base of the bank. H1 2022 saw a 110% increase in new current accounts versus H1 2021.

ESG considerations

Bank of Ireland Group plc's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 5

ESG Credit Impact Score

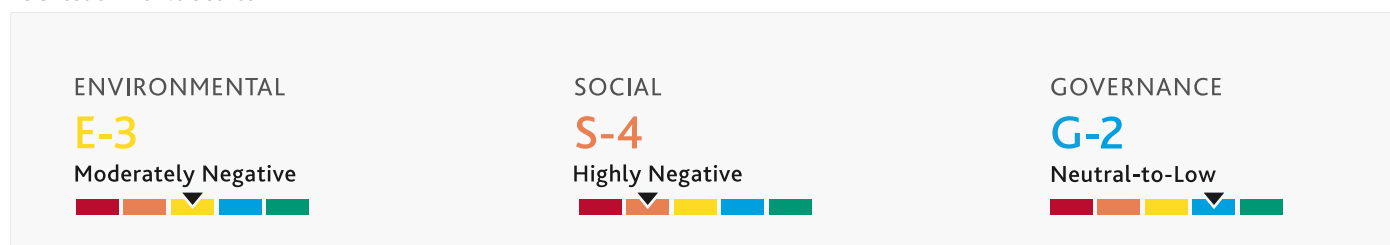


Source: Moody's Investors Service

BOI' ESG Credit Impact Score is neutral-to-low (**CIS-2**), reflecting limited credit impact from environmental and social risk factors on the ratings to date, and neutral-to-low governance risks.

Exhibit 6

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

BOI faces moderate exposure to environmental risks, in line with peers, primarily because of its portfolio exposure to carbon transition risk as a diversified, regional banking group. BOI is actively engaging in optimizing its loan portfolio longer-term toward less carbon intensive assets.

Social

BOI faces high industrywide social risks from customer relations (regulatory risk, litigation exposure and high compliance standards), and the area of data security and customer privacy. The group also faces industrywide moderate social risks from societal trends – in particular, digitalisation --- and the extent to which such measures may hurt earnings. BOI's ongoing IT investments and organisational measures aim to limit these risks. Furthermore, the Irish regulator's high focus on mis-selling and misrepresentation is largely offset by developed policies and procedures. Fines from tracker mortgages have so far been contained with no lasting effect on the franchise.

Governance

BOI's faces low governance risks. The bank's risk management, policies and procedures are in line with industry best practices and are suitable for its risk appetite.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

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 consolidated 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 a1, 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 a1, three notches above the BCA.

The senior unsecured debt issued by BOI Group is likely to face low loss-given-failure because of the relatively large 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 will eventually fund debt which is contractually, structurally or statutorily subordinated to the operating company's external senior debt. This results in a a3 PR Assessment for the senior unsecured debt issued by the holding company to be positioned one notch above 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 Baa2 and Baa3(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 currently 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. Furthermore, an upgrade of the sovereign's rating by a notch will not result in a rating uplift due to the narrow rating differential between the support provider and bank's PR Assessment and our moderate likelihood of support assumption.

We consider the probability of government support for BOI Group's liabilities to be 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 and Counterparty Risk Ratings (CRRs)

BOI's CR Assessment is A1(cr)/Prime-1(cr). The CR Assessment is positioned three notches above the BOI's Adjusted BCA of baa1, based on the buffer against default provided to the senior obligations represented by the CR Assessment by subordinated instruments, without taking into account of the volume of the instrument class. The CR Assessment does not benefit from government support additional notch uplift given it is already positioned at the same level as Irish Government's rating.

BOI's CRRs are A1/Prime-1. The counterparty risk rating of A1 reflects the Adjusted BCA of baa1, 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 does not benefit from government support additional notch uplift given it is already the same as that of Ireland itself. 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.

Note: Below scorecard's historic ratios are as of half-year 2022 financials; while our assigned scores reflect Moody's assessment and expected trends.

Rating methodology and scorecard factors

Exhibit 7

Bank of Ireland Group plc

Macro Factors							
Weighted Macro Profile		Strong +	100%				
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	5.4%	baa2	↔	baa3	Expected trend	Operational risk	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	20.4%	aa1	↔	a1	Expected trend		
Profitability							
Net Income / Tangible Assets	0.3%	ba2	↔	ba1	Expected trend		
Combined Solvency Score		a3		baa1			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	16.5%	a3	↔	a3	Expected trend	Deposit quality	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	37.0%	a1	↔	a3	Expected trend		
Combined Liquidity Score		a2		a3			
Financial Profile				baa1			
Qualitative Adjustments				Adjustment			
Business Diversification				0			
Opacity and Complexity				0			
Corporate Behavior				0			
Total Qualitative Adjustments				0			
Sovereign or Affiliate constraint				A1			
BCA Scorecard-indicated Outcome - Range				a3 - baa2			
Assigned BCA				baa1			
Affiliate Support notching				0			
Adjusted BCA				baa1			
Balance Sheet							
		in-scope (EUR Million)	% in-scope	at-failure (EUR Million)	% at-failure		
Other liabilities		26,204	19.8%	35,763	27.0%		
Deposits		93,720	70.9%	84,161	63.6%		
Preferred deposits		69,353	52.4%	65,885	49.8%		
Junior deposits		24,367	18.4%	18,275	13.8%		
Dated subordinated bank debt		288	0.2%	288	0.2%		
Junior subordinated bank debt		87	0.1%	87	0.1%		
Senior unsecured holding company debt		5,323	4.0%	5,323	4.0%		
Dated subordinated holding company debt		1,627	1.2%	1,627	1.2%		
Preference shares(holding company)		975	0.7%	975	0.7%		
Equity		3,968	3.0%	3,968	3.0%		
Total Tangible Banking Assets		132,191	100.0%	132,251	100.0%		

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	23.1%	23.1%	23.1%	23.1%	3	3	3	3	0	a1
Counterparty Risk Assessment	23.1%	23.1%	23.1%	23.1%	3	3	3	3	0	a1 (cr)
Deposits	23.1%	9.3%	23.1%	9.3%	3	3	3	3	0	a1
Senior unsecured bank debt	23.1%	9.3%	9.3%	9.3%	3	1	2	3	0	a1
Senior unsecured holding company debt	9.3%	5.3%	9.3%	5.3%	0	0	0	1	0	a3
Dated subordinated bank debt	5.3%	3.8%	5.3%	3.8%	-1	-1	-1	-1	0	baa2
Dated subordinated holding company debt	5.3%	3.8%	5.3%	3.8%	-1	-1	-1	-1	0	baa2
Junior subordinated bank debt	3.8%	3.7%	3.8%	3.7%	-1	-1	-1	-1	-1	baa3
Non-cumulative bank preference shares	3.7%	3.0%	3.7%	3.0%	-1	-1	-1	-1	-2	ba1
Holding company non-cumulative preference shares	3.7%	3.0%	3.7%	3.0%	-1	-1	-1	-1	-2	ba1

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	a1	0	A1	A1
Counterparty Risk Assessment	3	0	a1 (cr)	0	A1(cr)	
Deposits	3	0	a1	0	A1	A1
Senior unsecured bank debt	3	0	a1	0	A1	A1
Senior unsecured holding company debt	1	0	a3	0	A3	A3
Dated subordinated bank debt	-1	0	baa2	0	(P)Baa2	
Dated subordinated holding company debt	-1	0	baa2	0	Baa2	Baa2
Junior subordinated bank debt	-1	-1	baa3	0		Baa3 (hyb)
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	Ba1 (hyb)
Holding company non-cumulative preference shares	-1	-2	ba1	0	Ba1 (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 8

Category	Moody's Rating
BANK OF IRELAND GROUP PLC	
Outlook	Stable
Issuer Rating	A3
Senior Unsecured	A3
Subordinate	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
BANK OF IRELAND (UK) PLC	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
BANK OF IRELAND	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Subordinate MTN -Dom Curr	(P)Baa2
Jr Subordinate	Baa3 (hyb)
Pref. Stock Non-cumulative	Ba1 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1

Source: Moody's Investors Service

Endnotes

- [1](#) The bank ratings shown in this report are the bank's long-term deposit rating and Baseline Credit Assessment.
- [2](#) Loan-to-value ratios above 100%.

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