Rating Report

Report Date:
April 30, 2015

Previous Report:
September 2, 2014

Insight beyond the rating.

The Governor and Company of the Bank of Ireland

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The Bank

Bank of Ireland is the largest financial services group in Ireland as measured by total assets. The Group offers a wide array of banking and insurance services in Ireland and is focused on consumer banking in the United Kingdom. The Group holds major market positions across all major banking products in Ireland.

Recent Actions

April 23, 2015
DBRS Confirms Bank of Ireland at BBB (high), Trend Changed to Stable, IA revised up to BBB

March 18, 2015
DBRS Upgrades Irish Guaranteed LT Debt of Bank of Ireland to 'A'; Trend Stable

September 30, 2014
DBRS Confirms Irish Guaranteed LT Debt of Bank of Ireland at A (low); Trend Revised to Positive

August 22, 2014
DBRS Confirms Bank of Ireland at BBB (high), Trend Remains Negative

Ratings

Issuer	Debt Rated	Rating	Trend
The Governor and Company of the Bank of Ireland	Issuer Rating	BBB (high)	Stable
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Debt	BBB (high)	Stable
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Deposits	BBB (high)	Stable
The Governor and Company of the Bank of Ireland	Non- Guaranteed Short-Term Debt	R-1 (low)	Stable
The Governor and Company of the Bank of Ireland	Non-Guaranteed Short-Term Deposits	R-1 (low)	Stable
The Governor and Company of the Bank of Ireland	Long-Term Debt Guaranteed by Irish Government	A	Stable
The Governor and Company of the Bank of Ireland	Long-Term Deposits Guaranteed by Irish Government	A	Stable

For a complete list of ratings, see page 12.

Rating Rationale

DBRS Ratings Limited (DBRS) rates The Governor and Company of the Bank of Ireland (BoI, the Bank or the Group) at BBB (high) for Non-Guaranteed Long-Term Debt and Non-Guaranteed Long-Term Deposits. The Bank's Non-Guaranteed Short-Term Debt and Deposits ratings were upgraded to R-1 (low) from R-2 (high) in April 2015. At the same time the trend on all non-guaranteed ratings was revised to Stable from Negative and the Bank's intrinsic assessment (IA) was revised to BBB from BBB (low). DBRS maintains a Support Assessment of SA-2 for BoI, as a result the ratings incorporate one notch of uplift from the IA for systemic support. The ratings on the Government Guaranteed debt are directly linked to DBRS's rating of the Republic of Ireland and as such, any changes in this rating would be reflected in the rating of the guaranteed debt. (Continued on page 2)

Rating Considerations

Strengths

(1) Well-established and strong domestic franchise complemented by a growing consumer franchise in the UK
(2) Improving capital position to be further supported by the Bank's return to profitability
(3) Normalised funding profile supported by higher deposits and return to the debt markets

Challenges

(1) Maintaining sustainable earnings following the return to profitability
(2) Further improving credit metrics
(3) Ensuring capital ratios remain robust post the 1H16 derecognition of the '2009 Prefs'

Financial Information

Bank of Ireland	31/12/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010
EUR Millions, unless otherwise stated	IFRS	IFRS	IFRS	IFRS	IFRS
Total Assets	129,800	132,137	147,964	154,700	167,473
Equity	8,747	7,869	8,655	10,303	7,407
Pre-provision operating income (IBPT)	1,481	1,245	136	2,288	3,573
Net Income	786	-487	-1,835	30	-614
Net Interest Income / Risk Weighted Assets (%)	4.50%	3.55%	2.56%	2.30%	2.81%
Risk-Weighted Earning Capacity (%)	2.74%	2.20%	0.22%	3.13%	4.03%
Post-provision Risk-Weighted Earning Capacity (%)	1.87%	-0.75%	-2.64%	0.39%	1.45%
Efficiency Ratio (%)	51.66%	51.25%	92.39%	42.00%	23.08%
Impaired Loans % Gross Loans	14.96%	17.02%	16.27%	12.75%	9.19%
Core Tier 1 (As-reported)	14.80%	12.20%	13.80%	14.30%	9.70%

Source: SNL Financial, DBRS

Bank of Ireland

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April 30, 2015

Rating Rationale (Continued from page 1)

The recent change in the IA reflects the progress that BoI has continued to make in 2014, most clearly evidenced by the return to net profitability, the steady improvement in the Bank's asset quality, and the increasingly solid capital levels. The change in the trend to Stable reflects the progress the Bank has made, as well as that the Bank comfortably passed the ECB's Comprehensive Assessment in 2014, on both a static and dynamic balance sheet approach. As a result of the confirmation of the Bank's non-guaranteed senior ratings, and the change in the IA, BoI's final ratings now incorporates only one notch of uplift from systemic support. This reflects the Bank's gradual progression to a more normalised state, therefore reducing the necessity of potential further systemic support. The upgrade of the Bank's short-term ratings to R-1 (low) reflects the improvements in BOI's funding and liquidity profile.

Bank of Ireland returned to profitability in 2014, reflecting both the Bank's progress and the improving macro-economic environment in its core markets of Ireland and the UK. In 2014 the Bank reported underlying profit of EUR 921 million, a significant improvement from the loss of EUR 564 million in 2013 (restated) and the loss of nearly EUR 1.5 billion in 2012 (restated). The increase was driven by higher net interest income, lower ELG fees and reduced impairment charges. The Bank's net interest margin (NIM), before ELG fees, was 2.11%, up from 1.84% in 2013, reflecting reduced funding costs and expansion in lending volumes. DBRS views the potential for further improvement given that the NIM was 2.22% in 4Q14. The improved underlying performance of the Bank's results in 2014 also benefitted from a substantial reduction in impairment charges which totalled EUR 472 million, down from EUR 1,665 million in 2013. These incorporated a provision reversal of EUR 280 million on the Irish mortgage portfolio and a EUR 70 million reversal on a charge taken previously on NAMA subordinated debt. DBRS acknowledges that these one-off items supported the Bank's 2014 results, however, given the ongoing improvement in asset quality and the positive momentum in the macroeconomic environments in Ireland and the UK, DBRS anticipates the levels of impairment charges will continue to reduce.

Bank of Ireland continues to make progress in strengthening its funding profile by increasing customer deposits and reducing the use of monetary authority funding. Customer deposits increased by EUR 0.9 billion during 2014 and accounted for 77% of total funding at end-2014. The stable level of customer deposits, combined with a further decrease in the loan book due to the ongoing repayments and redemptions exceeding new lending, has brought the loan-to deposit ratio down to 110% at end-2014, from 123% at end-2012 and 175% at end-2010. DBRS notes positively that the Bank is well within its targeted loan-to-deposit ratio of less than 120%. Liquidity remains satisfactory and at year end-2014 Bank of Ireland reported a Liquidity Coverage Ratio (LCR) of 98% and a Net Stable Funding Ratio of 114%, both above future regulatory requirements.

Bank of Ireland's asset quality metrics continue to improve, reflecting the ongoing recovery in the macroeconomic environment in the Republic of Ireland, and the success the Bank has had in restructuring and working out problematic loans. At end-2014 defaulted loans (defined as impaired loans plus residential mortgages greater than 90 days in arrears) reduced to EUR 14.3 billion, or 16% of gross loans. Although the nominal level of defaulted loans is down 16% on 2013, DBRS continues to view asset quality as relatively weak. However, DBRS views positively that asset quality metrics are now improving and that the reported coverage ratio (impairment provisions as % of defaulted loans) increased by 4 percentage points in 2014 to 52%, mainly reflecting the reduction in the levels of defaulted loans.

Bank of Ireland's capital position strengthened in 2014, reflecting the Bank's accumulated profit for the period, a small reduction in risk weighted assets and an improved capital structure in the its life assurance subsidiary. In 2014 the transitional Basel III Common Equity Tier 1 (CET1) ratio increased by circa 250 basis points (bps) year-on-year (yoy) to 14.8%, whilst the fully loaded ratio increased to 11.9%, from 9.0% at end-2013. Bank of Ireland also reported a fully-loaded leverage ratio of 5.1%. As a result of the current grandfathering, DBRS notes that the Bank's current fully loaded and transitional Basel III CET1 ratios include the EUR 1.3 billion of remaining 2009 Preference Shares. Excluding these instruments, which the Bank intends to do by July 2016, the pro-forma fully loaded CET1 ratio would have been 9.3% at end-2014 and the fully-loaded leverage ratio at 4.0%. DBRS expects, that as a result of the improved profitability, the

Bank will be able to maintain robust capital ratios post the 1H16 de-recognition of the preference shares. DBRS also notes that the Bank comfortably passed the ECB's Comprehensive Assessment with the transitional CET1 ratio being, at its lowest point in the 2014-2016 time period, 12.4% in the baseline scenario and 9.3% in the adverse scenario.

Rating Drivers

Factors with Positive Rating Implications
Further upward pressure on the ratings would require continued improvement in profitability metrics and asset quality indicators.

The ratings of the Guaranteed Debt are directly linked to DBRS's rating of the Republic of Ireland. As such, any positive changes in this rating would have positive implications for the guaranteed debt.

Factors with Negative Rating Implications
Downward pressure would be most likely to arise if the Bank were unable to improve its asset quality or if the recent improvements in profitability do not prove to be sustainable.

The ratings of the Guaranteed Debt are directly linked to DBRS's rating of the Republic of Ireland. As such, deterioration in this rating would have negative implications for the guaranteed debt.

Franchise Strength - Description of Operations

DBRS views Bank of Ireland's strong domestic and Northern Irish franchise, together with its consumer banking franchise in the UK as key rating factors underpinning the intrinsic assessment. The Group is a full service retail and commercial bank in Ireland and Northern Ireland, a select provider of banking products in the UK and maintains its position in the US and European leveraged finance business.

Corporate Structure
The Group is organised in four operating divisions: Retail Ireland (ROI), Bank of Ireland Life, Retail UK, and Corporate and Treasury, while the Group Centre mainly includes earnings from capital and other management activities, unallocated Group support costs and the cost associated with various guarantee schemes.

Retail Ireland *(39% of operating profit before impairment charges)*
DBRS views the Retail Ireland division as the foundation of Bank of Ireland's strong franchise. The segment includes mortgage business, consumer banking, business banking and private banking. It serves its customers through an extensive distribution network of 246 branches and over 1,200 ATMs as well as through various direct channels (telephone, mobile and on-line). Demonstrating the strength of the franchise, the Bank holds leading market position in most products and services, as evidenced by its provision of 1 in every 3 mortgages in Ireland in 2014 and its 27% deposits market share.

Bank of Ireland Life *(10% of operating profit before impairment charges)*
Bank of Ireland Life includes the life assurer, New Ireland Assurance Company plc (NIAC), which offers a wide range of life assurance, pension, investment and protection products through the Bank's branch network as well as financial advisors and independent brokers. The division had an estimated 24% market share in new business in 2014.

Retail UK *(24% of operating profit before impairment charges)*
Retail UK incorporates the Bank's branch network and business banking operations in Northern Ireland, the UK residential mortgage business and the Group's business activities with the UK Post Office. The GB corporate and business banking book is in run-down as per the EU-approved Restructuring Plan. In Northern Ireland, the Bank offers a full retail and business banking service through 36 branches, as well as specialist motor and agriculture lending businesses. The consumer banking franchise in Great Britain is focussed on the exclusive financial services relationship and foreign exchange joint venture with the UK Post Office, through a network of 11,500 branches and 2,550 ATMs. As of end-2014, the UK business had approximately 1.6 million savings accounts and around 200,000 mortgages, as well as being the market leader in retail foreign exchange.

A significant part of Retail UK operations are conducted through the Group's wholly owned licensed banking subsidiary, Bank of Ireland (UK) plc. The subsidiary is directly regulated by the Prudential Regulatory Authority (PRA) with depositors covered by the UK Financial Services Compensation Scheme (FSCS). Importantly the licensed subsidiary allows the Bank to offer products in the UK market that are on par, from a risk and protection standpoint, with those offered by UK banks. DBRS views the UK businesses as enhancing the overall franchise providing diversification benefits to both earnings and the risk profile.

Corporate and Treasury *(49% of operating profit before impairment charges)*
The Bank of Ireland maintains strong domestic corporate banking positions while operating internationally in niche businesses. The principal units of this division are Corporate Banking, Global Markets and IBI Corporate Finance.

Corporate Banking
Corporate Banking provides relationship banking services primarily to large Irish and Northern Irish corporations, financial institutions, and multinational corporations operating in, or out of Ireland. The range of lending products includes overdraft and short-term loan facilities, term loans, structured finance and project finance. Corporate Banking also includes the Group's Leveraged Acquisition Finance business.

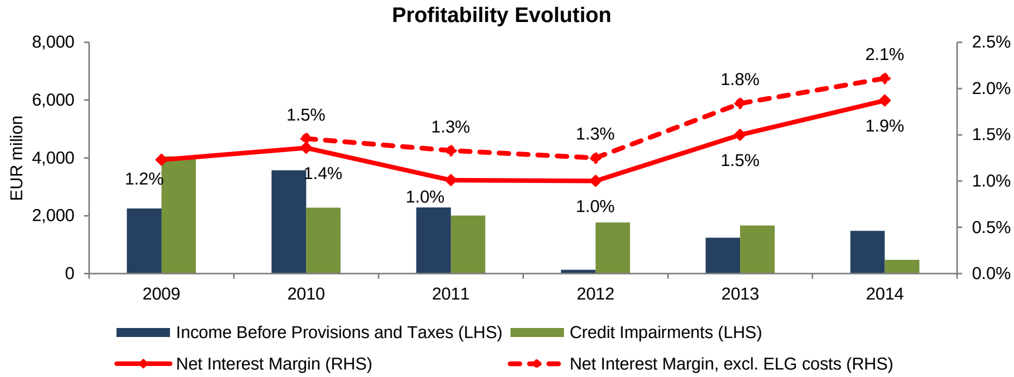
Global Markets
Global Markets is responsible for executing the Group's liquidity and funding requirements, while also managing interest rate and foreign exchange risks. Global Markets trades in a range of market instruments for itself and the Group's customers. Amongst these activities are inter-bank deposits and loans, foreign exchange spot and forward contracts, options, financial futures, bonds, swaps, forward rate agreements and equity tracker products. The unit has operations in Ireland, the UK and U.S.

IBI Corporate Finance
IBI Corporate Finance provides independent financial advice to public and private companies on takeovers, mergers and acquisitions, disposals and restructurings, in addition to fund raising, public flotations and stock exchange listings.

Earnings Power

Bank of Ireland returned to profitability in 2014, reflecting both the Bank's progress and the improving macro-economic environment in its core markets of Ireland and the UK. Underlying profit for the year totalled EUR 921 million, a significant improvement from the loss of EUR 564 million in 2013 (restated) and the loss of nearly EUR 2.2 billion in 2012 (restated). The increase was driven by higher net interest income (before ELG[1] fees) along with lower ELG fees and reduced impairment charges. Statutory profit for the year was EUR 920 million. The Bank's net interest margin (NIM), before ELG fees, for the year was 2.11%, up from 1.84% in 2013, reflecting reduced funding costs and expansion in lending volumes. DBRS views the potential for further improvement given that the NIM was 2.22% in 4Q14.

[1] The Eligible Liabilities Guarantee Scheme (ELG), which guaranteed certain liabilities of Irish financial institutions, was withdrawn effective March 28, 2013. Any existing qualifying liabilities (i.e. liabilities originated from January 11, 2010 up to and including March 28, 2013) will continue to be covered until maturity up to a limit of five years.



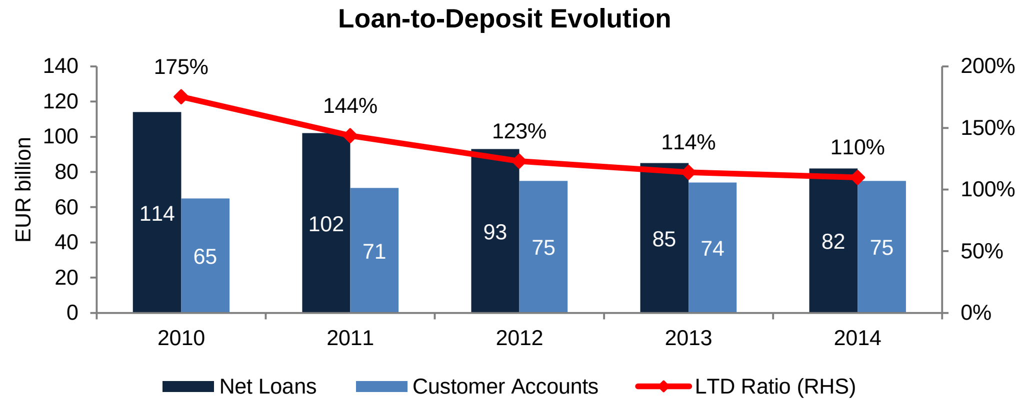
Source: Company reports, SNL Financial

The Bank continues to maintain a good control over its cost base while further pursuing growth opportunities. Operating expenses for 2014 were 4% higher than the year before as a result of higher investment levels in attracting new customers and of technology-related investments. Nonetheless, as a result of the 12% increase in operating income (net of insurance claims) the reported cost-income ratio improved to 55% in 2014, down from 60% in 2013 and 87% in 2012. DBRS expects that further progress in income generation will further improve the cost-income ratio.

The improved underlying performance of the Bank's results in 2014 also benefitted from a substantial reduction in impairment charges. These totalled EUR 472 million for the year, notably down from EUR 1,665 million in 2013, and incorporated a provision reversal of EUR 280 million on the Irish mortgage portfolio and a EUR 70 million reversal on a charge taken previously on NAMA subordinated debt. Although the write-back of provisions supported the Bank's 2014 results, DBRS does not view this as core income. However, given the ongoing improvement in asset quality and the positive momentum in the macroeconomic environments in Ireland and the UK, DBRS anticipates the levels of impairment charges will continue to reduce.

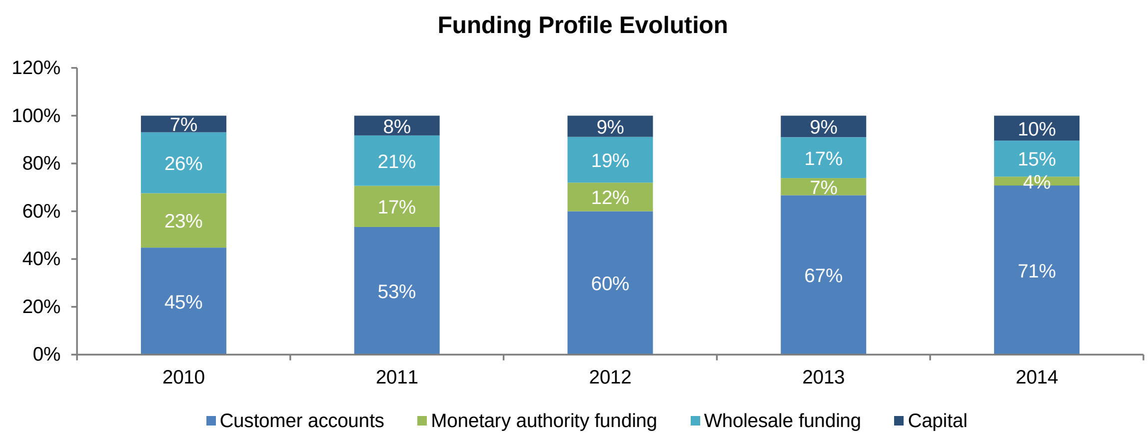
Funding and Liquidity

Bank of Ireland continues to make progress in strengthening its funding profile by increasing customer deposits and reducing the use of monetary authority funding. Customer deposits increased by EUR 0.9 billion during 2014 and account for 77% of total funding at end-2014. In absolute terms, the planned reduction of excess liquidity in Bank of Ireland (UK) plc, the exit from the Business Banking in mainland Britain and the closure of the Group's Isle of Man activities has been mitigated by an increase in Retail Ireland deposits and therefore customer deposits have remained relatively stable since 2011. This, combined with a further decrease in the loan book, following lower net new lending and ongoing repayments and redemptions, has brought the loan-to deposit ratio down to 110% at end-2014, from 123% at end-2012 and 175% at end-2010. DBRS notes positively that the Bank is well within its targeted loan-to-deposit ratio of less than 120%.



Source: Company reports

At end-2014 central bank funding amounted to EUR 4.4 billion, or just over 4% of the total funding base. This is down from EUR 15 billion at end-2012 and EUR 31 billion at end-2010, or 13% and 22% of the total funding base respectively. DBRS notes positively that monetary authority funding has increasingly been replaced by traditional wholesale funding and that, via 3 issuances, the Bank was able to successfully raise EUR 2.25 billion through the debt capital markets in 2014. The Bank also raised an additional EUR 750 million in 1Q15.

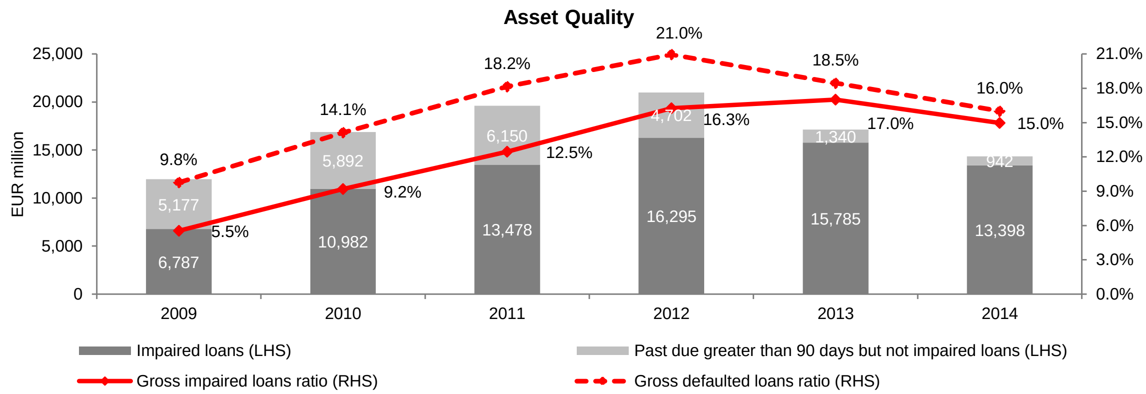


Source: Company reports

Liquidity remains satisfactory. At end-2014 the Bank held EUR 25 billion of liquid assets, of which EUR 10 billion was Irish government debt or NAMA senior bonds. This compares to a wholesale market funding amount maturing in less than a year of EUR 7.5 billion, with EUR 4.5 billion of it being backed by secured collateral, and implies an ample liquidity buffer to cover the remaining EUR 3 billion of short-term unsecured maturities. At year end-2014 Bank of Ireland reported a Liquidity Coverage Ratio (LCR) of 98% and a Net Stable Funding Ratio of 114%.

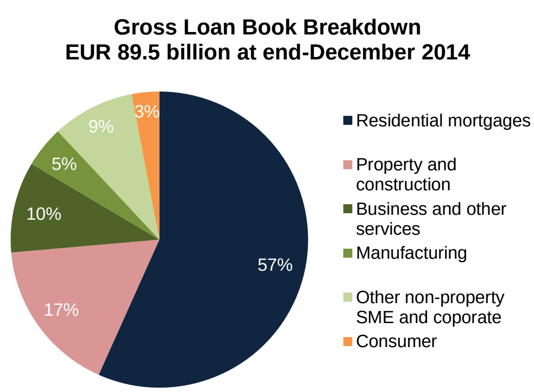
Risk Profile

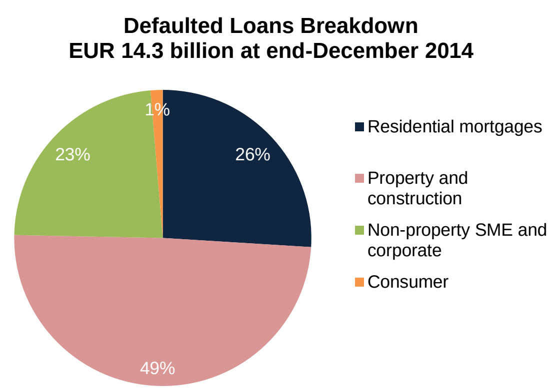
Bank of Ireland's asset quality metrics have now been improving for two years, reflecting the ongoing recovery in the macroeconomic environment in the Republic of Ireland and the success the Bank has had in restructuring and working out problematic loans. At end-2014, defaulted loans (defined as impaired loans plus residential mortgages greater than 90 days in arrears) reduced to EUR 14.3 billion. Even though this is down 16% on 2013, asset quality remains relatively weak. However, DBRS views positively that the reported coverage ratio (impairment provisions as % of defaulted loans) for 2014 was 52%, an increase of 4 percentage points yoy, principally reflecting the reduction in the levels of defaulted loans.



Source: Company reports

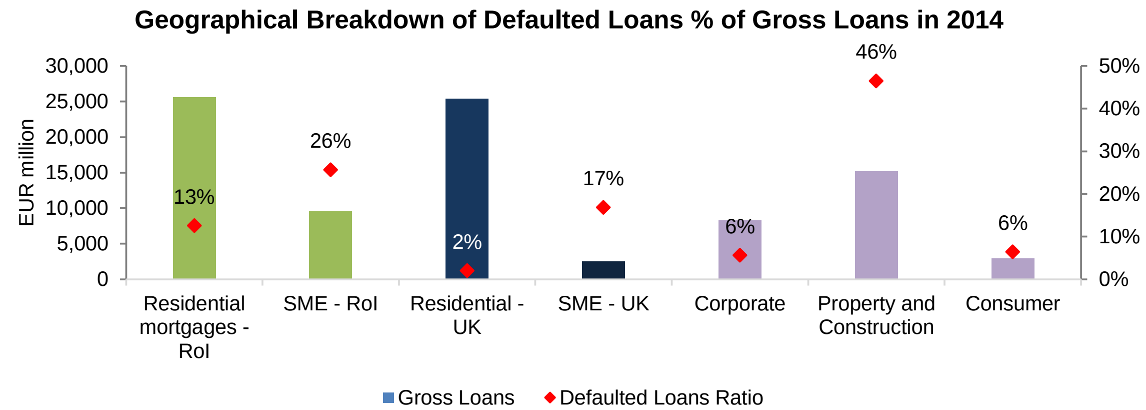
At end-2014, the Bank's largest sector exposure was towards residential mortgages, which accounted for EUR 51 billion, or 57% of the total portfolio. The portfolio was split between the Bank's two main operating markets, with the Irish and UK residential mortgages book totalling EUR 25.6 billion and EUR 25.4 billion respectively. The quality of the Irish mortgage portfolio, which is split between owner occupied mortgages (78%) and buy to let mortgages (22%), continues to be weak. Although this portfolio is showing signs of improvement with a defaulted loans ratio of 12.6% (end-2013: 14.2%) DBRS expects it will take the Bank several years to fully work-out the portfolio. Provisions are likely to reduce, however, due to the good coverage ratios and the improving Irish housing market and DBRS notes that positive momentum is evident within both the owner occupied and the buy-to-let portfolios, with defaulted loans down 18% and 12% yoy respectively.





Source: Company reports

DBRS also acknowledges BoI's progress in deleveraging its exposure to the property and construction portfolio with a 9.4% yoy decrease in the levels of gross loans to EUR 15.2 billion and a 17.7% reduction in the level of impaired loans. The quality of the portfolio, however, remains extremely weak, with a defaulted loans ratio of 46.5% at end-2014. Land and development lending, which accounts for 18% of the portfolio, has a defaulted loan ratio of 80.5%, however, with a coverage ratio of 74%, DBRS does not expect that substantial further provisioning will be required in the portfolio.



Source: Company reports

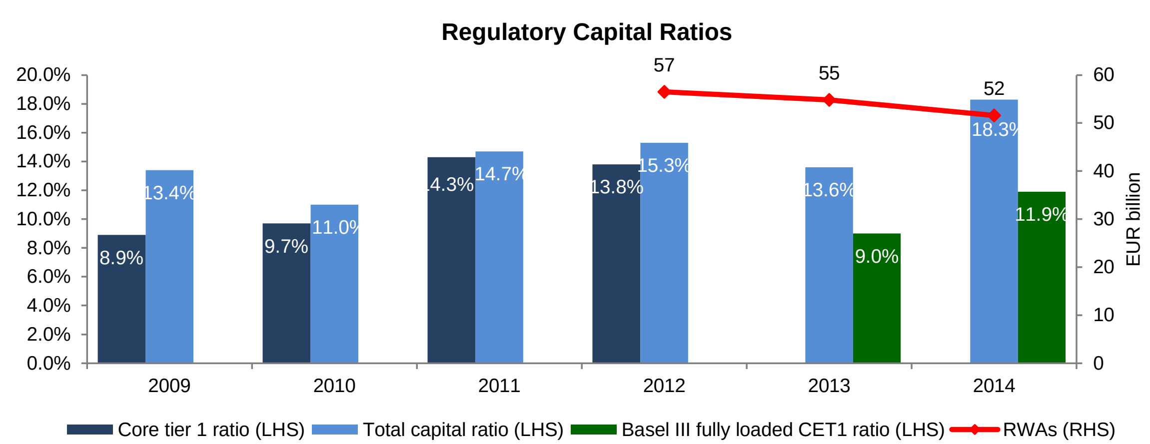
The non-property SME and corporate exposure is also a key factor in the Bank's performance, given the Bank's strong business franchise with a market share of over 30% in Ireland. At end-2014, the portfolio totalled EUR 20.4 billion, split mostly among Ireland (77%) and the UK (19%). Its performance has been improving with a defaulted loans ratio of 16.4% at end-2014, down from 18.2% at end-2013 and 19.0% at end-2012. The coverage ratio has also increased to 51% at end-2014, up from 49% the year before and 42% at end-2012. Given the ongoing recovery in the economy of the Republic of Ireland DBRS anticipates further improvement in the performance of this portfolio.

Market risk remains relatively low. At end-2014 the market risk RWAs accounted for only 1% of total RWAs and value at risk (VaR) was at very low levels with an average overall interest rate VaR of EUR 1.2 million for the year.

The Bank's exposure to Irish government bonds as of end-2014 stood at EUR 6.9 billion while the amount of the NAMA issued bonds held by the Group and guaranteed by the State amounted EUR 2.4 billion.

Capitalisation: Structure and Adequacy

Bank of Ireland's capital position strengthened in 2014, reflecting the Bank's accumulated profit for the period, a small reduction in risk weighted assets and an improved capital structure in the its life assurance subsidiary. In 2014, the transitional Basel III Common Equity Tier 1 (CET1) ratio increased by circa 250 bps yoy to 14.8%, whilst the fully loaded ratio increased to 11.9%, from 9.0% at end-2013. Bank of Ireland also reported a fully-loaded leverage ratio of 5.1%.



Source: Company reports, SNL Financial

The sale of the EUR 1.3 billion remaining 2009 Preference Shares (2009 Prefs) to private investors, in 2013, resulted in them being grandfathered until end-2017, thereby maintaining their common equity tier 1 treatment. However DBRS would expect them to be redeemed in 2016 as the Bank said at the time of the announcement: (i) that it does not intend to recognise them as regulatory common equity tier 1 capital after July 2016 (unless de-recognition would mean that an adequate capital buffer cannot be maintained above applicable regulatory requirements); and (ii) that it does not expect to redeem the Notes sold to private investors prior to 1 January 2016, save in certain limited circumstances. As a result of the current grandfathering, DBRS notes that the Bank's current fully loaded and transitional Basel III CET1 ratios include the EUR 1.3 billion of remaining 2009 Prefs. Excluding these instruments, which the Bank intends to do by July 2016, the pro-forma fully loaded CET1 ratio would be 9.3% at end-2014 and the fully-loaded leverage ratio at 4.0%. DBRS also notes that the Bank comfortably passed the ECB's Comprehensive Assessment with the transitional CET1 ratio being, at its lowest point in the 2014-2016 time period, 12.4% in the baseline scenario and 9.3% in the adverse scenario.

Bank of Ireland

Report Date:
April 30, 2015

Bank of Ireland – Financial Data

Bank of Ireland	31/12/2014		31/12/2013		31/12/2012		31/12/2011		31/12/2010	
	EUR		EUR		EUR		EUR		EUR	
EUR Millions	IFRS		IFRS		IFRS		IFRS		IFRS	
Balance Sheet										
Cash and deposits with central banks	4,991	3.85%	6,385	4.83%	8,472	5.73%	8,181	5.29%	1,014	0.61%
Lending to/deposits with credit institutions	5,286	4.07%	5,122	3.88%	9,950	6.72%	8,494	5.49%	7,949	4.75%
Financial Securities*	27,494	21.18%	26,619	20.15%	25,124	16.98%	24,198	15.64%	30,752	18.36%
- Trading portfolio	12	0.01%	252	0.19%	143	0.10%	6	0.00%	151	0.09%
- At fair value	11,528	8.88%	10,306	7.80%	9,460	6.39%	8,914	5.76%	9,950	5.94%
- Available for sale	13,580	10.46%	12,104	9.16%	11,093	7.50%	10,262	6.63%	15,576	9.30%
- Held-to-maturity	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
- Other	2,374	1.83%	3,957	2.99%	4,428	2.99%	5,016	3.24%	5,075	3.03%
Financial derivatives instruments	3,692	2.84%	3,492	2.64%	5,847	3.95%	6,362	4.11%	6,375	3.81%
- Fair Value Hedging Derivatives	827	0.64%	801	0.61%	2,297	1.55%	2,204	1.42%	2,624	1.57%
- Mark to Market Derivatives	2,865	2.21%	2,691	2.04%	3,550	2.40%	4,158	2.69%	3,751	2.24%
Gross lending to customers	89,541	68.98%	92,755	70.20%	100,165	67.70%	105,679	68.31%	119,527	71.37%
- Loan loss provisions	7,423	5.72%	8,241	6.24%	7,544	5.10%	6,365	4.11%	4,975	2.97%
Insurance assets	1,322	1.02%	1,023	0.77%	940	0.64%	708	0.46%	638	0.38%
Investments in associates/subsidiaries	289	0.22%	298	0.23%	318	0.21%	324	0.21%	225	0.13%
Fixed assets	1,025	0.79%	1,127	0.85%	1,181	0.80%	1,331	0.86%	1,676	1.00%
Goodwill and other intangible assets	410	0.32%	374	0.28%	371	0.25%	393	0.25%	452	0.27%
Other assets	3,173	2.44%	3,183	2.41%	3,140	2.12%	5,395	3.49%	3,840	2.29%
Total assets	**129,800**	**100.00%**	**132,137**	**100.00%**	**147,964**	**100.00%**	**154,700**	**100.00%**	**167,473**	**100.00%**
Total assets (USD)	157,124		182,057		195,126		200,909		224,645	
Loans and deposits from credit institutions	4,234	3.26%	12,360	9.35%	21,393	14.46%	31,653	20.46%	41,368	24.70%
Repo Agreements in Deposits from Customers	600	0.46%	0	0.00%	1,000	0.68%	0	0.00%	0	0.00%
Deposits from customers	74,237	57.19%	73,867	55.90%	74,170	50.13%	70,506	45.58%	65,443	39.08%
- Demand	41,104	31.67%	36,811	27.86%	32,852	22.20%	31,127	20.12%	32,377	19.33%
- Time and savings	33,733	25.99%	37,056	28.04%	42,318	28.60%	39,379	25.46%	33,066	19.74%
Issued debt securities	16,040	12.36%	15,280	11.56%	18,073	12.21%	19,124	12.36%	28,693	17.13%
Financial derivatives instruments	4,038	3.11%	3,228	2.44%	5,274	3.56%	6,018	3.89%	5,445	3.25%
- Fair Value Hedging Derivatives	1,171	0.90%	573	0.43%	2,089	1.41%	2,183	1.41%	1,988	1.19%
- Other	2,867	2.21%	2,655	2.01%	3,185	2.15%	3,835	2.48%	3,457	2.06%
Insurance liabilities	9,918	7.64%	8,502	6.43%	7,988	5.40%	7,037	4.55%	7,188	4.29%
Other liabilities	9,486	7.31%	9,356	7.08%	9,704	6.56%	8,633	5.58%	9,154	5.47%
- Financial liabilities at fair value through P/L	8,249	6.36%	8,017	6.07%	7,967	5.38%	NA	-	7,782	4.65%
Subordinated debt	2,329	1.79%	1,513	1.15%	1,542	1.04%	1,264	0.82%	2,006	1.20%
Hybrid Capital	171	0.13%	162	0.12%	165	0.11%	162	0.10%	769	0.46%
Equity	8,747	6.74%	7,869	5.96%	8,655	5.85%	10,303	6.66%	7,407	4.42%
Total liabilities and equity funds	**129,800**	**100.00%**	**132,137**	**100.00%**	**147,964**	**100.00%**	**154,700**	**100.00%**	**167,473**	**100.00%**

Income Statement	31/12/2014		31/12/2013		31/12/2012		31/12/2011		31/12/2010	
Interest income	3,432		3,669		4,006		4,618		5,179	
Interest expenses	1,111		1,665		2,560		3,076		2,960	
Net interest income and credit commissions	2,321	75.75%	2,004	78.59%	1,446	81.56%	1,542	39.09%	2,219	47.77%
Net fees and commissions	344	11.23%	301	11.80%	300	16.92%	420	10.65%	376	8.09%
Trading / FX Income	105	3.43%	198	7.76%	71	4.00%	-38	-0.96%	-9	-0.19%
Net realised results on investment securities (available for sale)	192	6.27%	50	1.96%	60	3.38%	-28	-0.71%	15	0.32%
Net results from other financial instruments at fair value	-149	-4.86%	-185	-7.25%	-357	-20.14%	55	1.39%	208	4.48%
Net income from insurance operations	104	3.39%	166	6.51%	136	7.67%	190	4.82%	245	5.27%
Results from associates/subsidiaries accounted by the equity method	92	3.00%	31	1.22%	46	2.59%	35	0.89%	49	1.05%
Other operating income (incl. dividends)	55	1.80%	-15	-0.59%	71	4.00%	1,769	44.84%	1,542	33.20%
Total operating income	3,064	100.00%	2,550	100.00%	1,773	100.00%	3,945	100.00%	4,645	100.00%
Staff costs	762	48.14%	550	42.08%	841	51.34%	878	52.99%	1,003	93.56%
Other operating costs	703	44.41%	639	48.89%	655	39.99%	643	38.81%	-78	-7.28%
Depreciation/amortisation	118	7.45%	118	9.03%	142	8.67%	136	8.21%	147	13.71%
Total operating expenses	1,583	100.00%	1,307	100.00%	1,638	100.00%	1,657	100.00%	1,072	100.00%
Pre-provision operating income	**1,481**		**1,245**		**136**		**2,288**		**3,573**	
Loan loss provisions**	472		1,665		1,769		2,004		2,284	
Post-provision operating income	1,009		-422		-1,634		284		1,289	
Impairment on tangible assets	-9		0		0		0		0	
Impairment on intangible assets	0		0		0		-4		-2	
Other non-operating items***	-98		-103		-544		-495		-2,241	
Pre-tax income	920		-525		-2,178		-207		-950	
(-)Taxes	134		-35		-337		-233		-341	
(-)Other After-tax Items (Reported)	0		0		0		0		0	
(+)Discontinued Operations (Reported)	0		0		0		0		0	
(-)Minority interest	0		-3		-6		-4		5	
Net income	**786**		**-487**		**-1,835**		**30**		**-614**	
Net income (USD)	1,044		-647		-2,359		42		-814	

*Includes derivatives when breakdown unavailable, **LLP includes Impairments on financial assets, ***Incl. Other Provisions

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Off-balance sheet and other items					
Asset under management	NA	NA	NA	NA	NA
Derivatives (notional amount)	203,501	222,218	267,803	336,856	402,909
BIS Risk-weighted assets (RWA)	51,581	56,400	56,521	67,135	79,045
No. of employees (end-period)	11,086	11,255	12,016	13,234	14,235
Earnings and Expenses					
Earnings					
Net interest margin [1]	1.87%	1.50%	1.00%	1.01%	1.36%
Yield on average earning assets	2.76%	2.74%	2.78%	3.01%	3.18%
Cost of interest bearing liabilities	1.15%	1.61%	2.22%	2.51%	2.14%
Pre-provision earning capacity (total assets basis) [2]	1.13%	0.91%	0.09%	1.44%	2.01%
Pre-provision earning capacity (risk-weighted basis) [3]	2.74%	2.20%	0.22%	3.13%	4.03%
Net Interest Income / Risk Weighted Assets	4.50%	3.55%	2.56%	2.30%	2.81%
Non-Interest Income / Total Revenues	24.25%	21.41%	18.44%	60.91%	52.23%
Post-provision earning capacity (risk-weighted basis)	1.87%	-0.75%	-2.64%	0.39%	1.45%
Expenses					
Efficiency ratio (operating expenses / operating income)	51.66%	51.25%	92.39%	42.00%	23.08%
All inclusive costs to revenues [4]	54.51%	55.12%	124.00%	55.34%	44.59%
Operating expenses by employee	142,793	116,126	136,318	125,208	75,307
Loan loss provision / pre-provision operating income	31.87%	133.95%	1310.37%	87.59%	63.92%
Provision coverage by net interest income	491.74%	120.36%	81.74%	76.95%	97.15%
Profitability Returns					
Pre-tax return on Tier 1 (excl. hybrids)	12.05%	-7.57%	-27.94%	-2.11%	-13.46%
Return on equity	8.98%	-6.18%	-21.20%	0.29%	-8.35%
Return on average total assets	0.60%	-0.36%	-1.20%	0.02%	-0.35%
Return on average risk-weighted assets	1.46%	-0.86%	-2.97%	0.04%	-0.69%
Dividend payout ratio [5]	0.00%	0.00%	0.00%	0.00%	0.00%
Internal capital generation [6]	10.18%	-5.74%	-18.09%	0.45%	-12.49%
Growth					
Loans	-2.84%	-8.75%	-6.74%	-13.30%	-4.15%
Deposits	1.31%	-1.73%	6.62%	7.74%	-22.84%
Net interest income	15.82%	38.59%	-6.23%	-30.51%	1.84%
Fees and commissions	14.29%	0.33%	-28.57%	11.70%	71.69%
Expenses	21.58%	-20.21%	-1.15%	54.57%	-22.38%
Pre-provision earning capacity	18.67%	820.74%	-94.10%	-35.96%	58.59%
Loan-loss provisions	-71.65%	-5.88%	-11.73%	-12.26%	-43.70%
Net income	-262.73%	-73.46%	-6216.67%	-104.89%	-57.95%
Risks					
RWA% total assets	39.74%	42.68%	38.20%	43.40%	47.20%
Credit Risks					
Impaired loans % gross loans	14.96%	17.02%	16.27%	12.75%	9.19%
Loss loan provisions % impaired loans	55.40%	52.21%	46.30%	47.23%	45.30%
Impaired loans (net of LLPs) % pre-provision operating income [7]	403.44%	606.92%	6482.22%	311.80%	168.12%
Impaired loans (net of LLPs) % equity	69.67%	97.89%	103.07%	70.35%	90.49%
Liquidity and Funding					
Customer deposits % total funding	76.66%	71.70%	64.40%	57.53%	47.59%
Total wholesale funding % total funding [8]	23.34%	28.30%	35.60%	42.47%	52.41%
- Interbank % total funding	4.37%	12.00%	18.57%	25.83%	30.08%
- Debt securities % total funding	16.56%	14.83%	15.69%	15.61%	20.87%
- Subordinated debt % total funding	2.40%	1.47%	1.34%	1.03%	1.46%
Short-term wholesale funding % total wholesale funding	41.52%	48.22%	64.46%	66.06%	63.92%
Liquid assets % total assets	29.10%	28.85%	29.43%	26.42%	23.71%
Net short-term wholesale funding reliance [9]	-30.85%	-25.60%	-16.39%	-5.71%	4.97%
Adjusted net short-term wholesale funding reliance [10]	-51.38%	-46.71%	-36.71%	-24.23%	-11.80%
Customer deposits % gross loans	82.91%	79.64%	74.05%	66.72%	54.75%
Capital [11]					
Tier 1	14.95%	12.40%	13.92%	14.45%	9.71%
Tier 1 excl. All Hybrids	14.80%	12.23%	13.75%	14.31%	8.98%
Core Tier 1 (As-reported)	14.80%	12.20%	13.80%	14.30%	9.70%
Tangible Common Equity / Tangible Assets	5.44%	4.70%	4.36%	5.20%	3.03%
Total Capital	18.30%	13.56%	15.31%	14.73%	11.04%
Retained earnings % Tier 1	62.00%	63.95%	67.87%	43.19%	56.10%

[1] (Net interest income + dividends)% average interest earning assets.
[2] Pre-provision operating income % average total assets.
[3] Pre-provision operating income % average total risk-weighted assets.
[4] (Operating & non-op. costs) % (op. & non-op. revenues)
[5] Paid dividend % net income.
[6] (Net income - dividends) % shareholders' equity at t-1.
[7] We take into account the stock of LLPs in this ratio.
[8] Whole funding excludes corporate deposits.
[9] (Short-term wholesale funding - liquid assets) % illiquid assets
[10] (Short-term wholesale funding - liquid assets- loans maturing within 1 year) % illiquid assets
[11] Capital ratios of Interim results exclude profits for the year
* Interim information is annualised where needed.

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Ratings

Issuer	Debt Rated	Rating	Trend
The Governor and Company of the Bank of Ireland	Issuer Rating	BBB (high)	Stable
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Debt	BBB (high)	Stable
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Deposits	BBB (high)	Stable
The Governor and Company of the Bank of Ireland	Non- Guaranteed Short-Term Debt	R-1 (low)	Stable
The Governor and Company of the Bank of Ireland	Non-Guaranteed Short-Term Deposits	R-1 (low)	Stable
The Governor and Company of the Bank of Ireland	Long-Term Debt Guaranteed by Irish Government	A	Stable
The Governor and Company of the Bank of Ireland	Long-Term Deposits Guaranteed by Irish Government	A	Stable
The Governor and Company of the Bank of Ireland	Dated Subordinated Debt (Issued After-2011)	BB (high)	Stable
The Governor and Company of the Bank of Ireland	Dated Subordinated Notes due Sept 2015 (ISIN CA062786AA67)	BB (high)	Stable
The Governor and Company of the Bank of Ireland	Dated Subordinated Notes due Sept 2018 (ISIN CA062786AD07)	BB (high)	Stable
The Governor and Company of the Bank of Ireland	Floating Rate Subordinated Notes due 2017	BB (high)	Stable
The Governor and Company of the Bank of Ireland	Subordinated Notes due 2020 (ISIN XS0487711573)	BB (high)	Stable
The Governor and Company of the Bank of Ireland	Subordinated Notes due 2020 (ISIN XS0487711656)	BB (high)	Stable
Bank of Ireland UK Holdings plc	Perpetual Preferred Securities (ISIN XS0125611482)	BB (low)	Stable

Ratings History

Issuer	Debt Rated	Current	2014	2013	2012	2011
The Governor and Company of the Bank of Ireland	Issuer Rating	BBB (high)	BBB (high)	BBB (high)	BBB (high)	BBB (high)
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Debt	BBB (high)	BBB (high)	BBB (high)	BBB (high)	BBB (high)
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Deposits	BBB (high)	BBB (high)	BBB (high)	BBB (high)	BBB (high)
The Governor and Company of the Bank of Ireland	Non-Guaranteed Short-Term Debt	R-1 (low)	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)
The Governor and Company of the Bank of Ireland	Non-Guaranteed Short-Term Deposits	R-1 (low)	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)
The Governor and Company of the Bank of Ireland	Long-Term Debt Guaranteed by the Irish Government	A	A	A (low)	A (low)	A (low)
The Governor and Company of the Bank of Ireland	Long-Term Deposits Guaranteed by the Irish Government	A	A	A (low)	A (low)	A (low)
The Governor and Company of the Bank of Ireland	Dated Subordinated Debt (Issued After-2011)	BB (high)	BB			
The Governor and Company of the Bank of Ireland	Dated Subordinated Notes due Sept 2015 (ISIN CA062786AA67)	BB (high)	BB	C	C	C
The Governor and Company of the Bank of Ireland	Dated Subordinated Notes due Sept 2018 (ISIN CA062786AD07)	BB (high)	BB	C	C	C
The Governor and Company of the Bank of Ireland	Floating Rate Subordinated Notes due 2017 (ISIN XS0223310862)	BB (high)	BB	C	C	C
The Governor and Company of the Bank of Ireland	Subordinated Notes due 2020 (ISIN XS0487711573)	BB (high)	BB	C	C	C
The Governor and Company of the Bank of Ireland	Subordinated Notes due 2020 (ISIN XS0487711656)	BB (high)	BB	C	C	C
The Governor and Company of the Bank of Ireland	Dated Subordinated Debt	Discontinued	Discontinued	D	D	D
The Governor and Company of the Bank of Ireland	Primary Capital Notes	Discontinued	Discontinued	D	D	D
Bank of Ireland UK Holdings plc	Perpetual Preferred Securities (ISIN XS0125611482)	BB (low)	B (high)	C	C	C
The Governor and Company of the Bank of Ireland	Short-Term Debt Guaranteed by the Irish Government	Discontinued	Discontinued	R-1 (low)	R-1 (low)	R-1 (low)

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The Governor and Company of the Bank of Ireland	Short-Term Deposits Guaranteed by the Irish Government	Discontinued	Discontinued	R-1 (low)	R-1 (low)	R-1 (low)
BOI Capital Funding (No 2) LP	Perpetual Preferred Securities	Discontinued	Discontinued	D	D	D
BOI Capital Funding (No 3) LP	Perpetual Preferred Securities	Discontinued	Discontinued	D	D	D
BOI Capital Funding (No 4) LP	Perpetual Preferred Securities	Discontinued	Discontinued	D	D	D

Notes:
All figures are in Euros unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrs.com.

Issuer ratings apply to all general senior unsecured obligations of the issuer in question.