MOODY'S
INVESTORS SERVICE

CREDIT OPINION

11 June 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.

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Bank of Ireland

Update to credit analysis

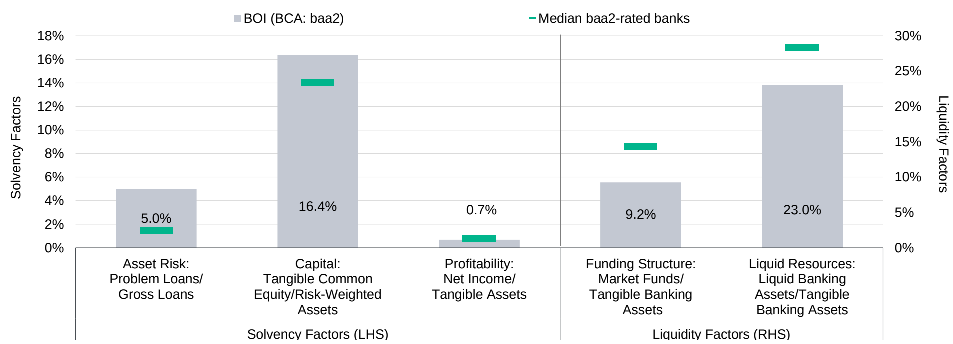
Summary

Bank of Ireland's (BOI) 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.

BOI's baa2 BCA reflects its (1) asset risk much improved to more moderate levels, and track record of successful loan restructuring, putting it in a strong position to manage the coronavirus related-induced economic disruption; and (2) moderate core profitability, which we expect to decline due to economic stress. Despite these headwinds, BOI maintains strong capitalisation and leverage, as well as 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

THIS REPORT WAS REPUBLISHED ON 14 JULY 2020 WITH A CORRECTED PROFITABILITY SCORE AND SUBORDINATION LEVELS ON EXHIBIT 5

THIS REPORT WAS REPUBLISHED ON 26 JUNE 2020 WITH A CORRECTED MARKET FUNDS RATIO ON EXHIBIT 1, 2 AND 5

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

» Legacy problem loans have declined to relatively moderate levels creating a much stronger position to deal with additional impairments due to the coronavirus-related stress

Credit challenges

» Asset risk sensitive to economic downturn due to sizeable forborne loans, leveraged finance and real estate construction exposures

» Macroeconomic uncertainties in the UK and Ireland related to coronavirus pandemic constraining credit demand and revenues

» Moderate profitability to weaken due to net interest margin pressure from the low interest rate environment, expected increase in funding costs, higher credit costs and the impact on income of payment holidays

Outlook

The outlooks on BOI's and BOI Group's ratings are stable. This reflects our expectation that the bank will gradually reduce its legacy problem loans further, despite some deterioration in the near-term, while maintaining its strong capitalisation. Furthermore, the stable outlook reflects our expectation that BOI will continue to report moderate profitability, despite weakening in the near-term, which remains structurally lower than that 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 operating costs.

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.

Key indicators

Exhibit 2
Bank of Ireland (Consolidated Financials) [1]

	12-19[2]	12-18[2]	12-17[2]	12-16[2]	12-15[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	129,357.0	121,784.0	120,111.0	119,032.0	127,089.0	0.4[4]
Total Assets (USD Million)	145,203.0	139,216.7	144,229.0	125,549.3	138,056.2	1.3[4]
Tangible Common Equity (EUR Million)	8,373.6	7,913.7	7,202.2	6,935.1	7,451.1	3.0[4]
Tangible Common Equity (USD Million)	9,399.4	9,046.4	8,648.4	7,314.9	8,094.1	3.8[4]
Problem Loans / Gross Loans (%)	4.0	5.9	5.2	7.6	11.0	6.7[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.4	16.2	15.7	13.5	13.2	15.0[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	33.0	47.4	42.3	57.6	74.9	51.0[5]
Net Interest Margin (%)	1.7	1.8	1.8	1.8	1.8	1.8[5]
PPI / Average RWA (%)	1.7	1.6	1.7	1.9	2.4	1.8[6]
Net Income / Tangible Assets (%)	1.1	0.5	0.5	0.9	0.6	0.7[5]
Cost / Income Ratio (%)	70.7	73.6	73.5	67.2	58.3	68.6[5]
Market Funds / Tangible Banking Assets (%)	9.2	9.6	11.1	10.5	10.0	10.1[5]
Liquid Banking Assets / Tangible Banking Assets (%)	23.0	22.5	22.6	19.9	19.6	21.5[5]
Gross Loans / Due to Customers (%)	97.0	99.7	105.3	109.6	113.0	104.9[5]

[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 because of the scale of reported amounts. [4]Compound annual growth rate (%) based on the periods for the latest accounting regime. [5]Simple average of periods for the latest accounting regime. [6]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 31% of its operations by assets in the United Kingdom (Aa2 negative) via Bank of Ireland (UK) plc (BOI UK, Baa1 stable, baa1)[1] and in international markets. It distributes its products and services through around 264 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 21 February 2020, 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 year-end 2019, BOI accounted for around 33% of the domestic market assets held by Irish credit institutions, based on its reported total consolidated assets of €131.9 billion.

For further information on the bank's profile, see Key Facts and Statistics - FYE December 2019.

Recent developments

Our latest macroeconomic forecasts are included in Global Macro Outlook 2020-21: Global recession is deepening rapidly as restrictions exact high economic cost. Although the initial shock from the coronavirus has been similar across countries, economic outcomes will differ because of different capacities to withstand the shock. The full extent of the economic downturn will be unclear for some time, however G-20 economies will contract in 2020, with an expected upturn in 2021. The recession in 2020 will weigh on the banks' asset quality and profitability. We expect direct and indirect fiscal policy measures, as already announced by the Irish and UK governments and the Central Bank of Ireland (CBI) and Bank of England (BoE) to mitigate, but not fully offset, the economic contraction and expected deterioration in banks' credit profiles caused by the outbreak. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety.

In order to ease payment challenges for its impacted customers, BOI (i) has allowed payment breaks on mortgage, personal and corporate loans, (ii) provided emergency working capital support and (iii) waived contactless fees and increased the limit amount to €50 per transaction.

Detailed credit considerations

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

Asset risk improved to moderate levels, positions the group better to absorb additional impairments from the coronavirus-related stress

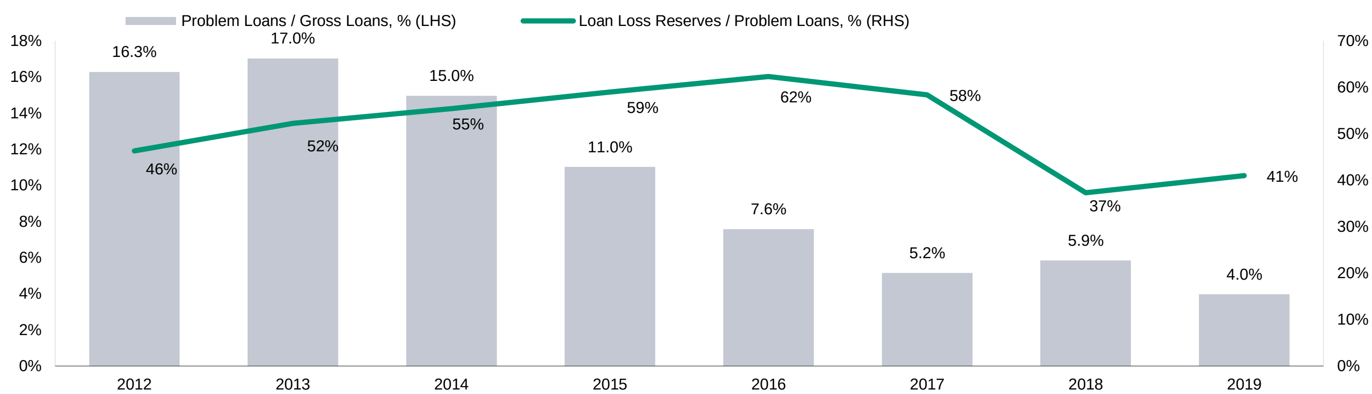
We view BOI's Asset Risk as moderate and assign a score of ba1, two notches below the Macro-Adjusted score and two notches below the ratio corresponding to the problem ratio reported as of year-end 2019. The assigned score reflects our view that new problem loan formation will outweigh the now slower improvement in the problem loans ratio due to coronavirus-related disruption of the debt purchasing and securitisation markets. The bank's sizeable stock of forborne loans and loans in negative equity, as well as relatively higher leveraged finance and real estate construction exposures, elevates the bank's sensitivity to the adverse macroeconomic environment driven by the outbreak of the coronavirus.

Furthermore, via BOI UK, BOI's asset risk could be affected because of the prolonged uncertainties surrounding Brexit in addition to coronavirus virus related economic impacts. However, these risks should be contained given the low-risk loan book of the UK subsidiary.

BOI has been gradually reducing its level of problem loans, which decreased to €3.0 billion as of March 2020 from €3.2 billion as of year-end 2019 and €4.6 billion as of December 2018. The bank's PL ratio was, therefore, 3.7% as of March 2020, down from 4.0% as of year-end 2019, and 5.9% as of year-end 2018.

Exhibit 3

Problem loans continue to decrease and are adequately provisioned



Pre-2018 data is under IAS39, while 2018 and 2019 data is under IFRS9.
Source: Moody's Banking Financial Metrics

Irish residential property prices have recovered strongly from their post-crisis low in 2013. However, prices fluctuated in 2019 and are prone to softening. As a result, the proportion of negative-equity mortgages[2], which was 3.2% as of December 2019 (down from 4.9% as of December 2018 and 16.0% as of December 2016), the lowest among its domestic peers, constrains our asset risk assessment. The bank reported €2.7 billion of loans in forbearance, but outside of Stage 3 assets, in December 2019, or 3.4% 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, 16% of BOI's Irish buy-to-let loans (a loan book of €2.5 billion) were classified as nonperforming as of December 2019 (30% as of December 2018). The corporate book recorded a nonperforming exposure (NPE) ratio of 2.0% (2018: 2.6%), while the NPE ratio for the Irish SME portfolio was 7.5% (2018: 11.2%). The property and construction portfolio is still a weak spot, with 7.3% NPEs as of December 2019 (2018: 11.0%).

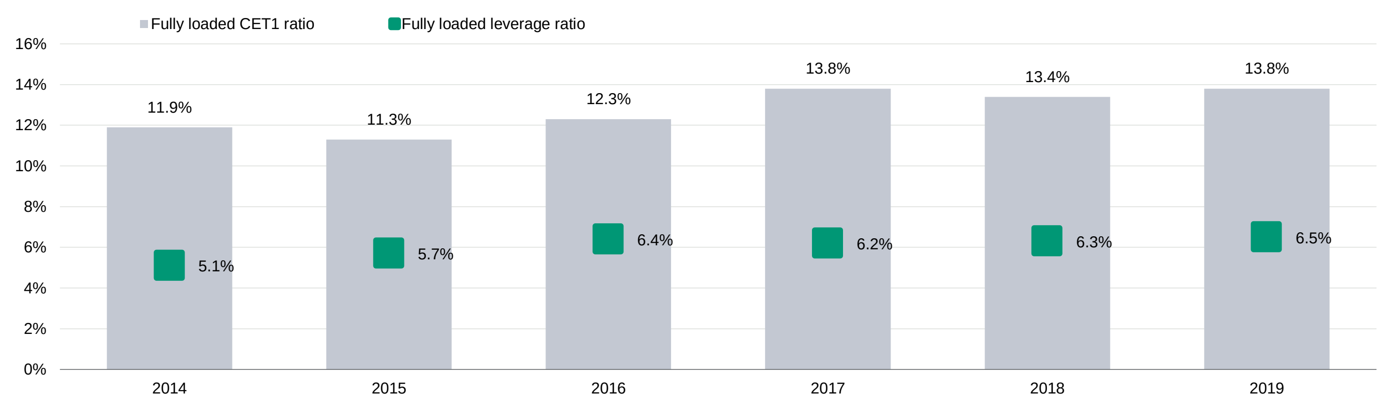
Capitalisation likely to remain strong, supported by sustained earnings

We view BOI's Capitalisation as strong and assign an a2 score, two notches below the Macro-Adjusted score, corresponding to its TCE/RWA ratio of 16.4% as of year-end 2019. Our adjustment reflects our expectation that the bank will maintain a solid capital level, following the recent issuance of a higher trigger AT1 in May, but also takes into account the downside risks arising from a still relatively high proportion of unprovisioned PLs and NPEs in negative equity.

In May 2020, BOI Group issued €675 million high trigger[3] AT1 notes, which we rated Ba2(hyb), to replace existing lower trigger[4] AT1 notes issued by BOI with a call date of June. These high trigger AT1 notes improve our TCE/RWA ratio by 130bps, all things being equal, as we fully include them within TCE given their pre-failure loss-absorption, in contrast to low-trigger AT1s.

BOI reported a comfortable fully loaded Common Equity Tier 1 (CET1) capital ratio of 13.5% as of March 2020 down from 13.8% as of year-end 2019. The decrease was driven by loan growth resulting in an increase in RWA and a coronavirus related management overlay of €250 million partially offset by steady capital generation and dividend cancellation. The change in the composition of the Pillar 2 requirement and the removal of the Counter Cyclical Buffers in Ireland and the UK driven by the coronavirus outbreak, as well as the lowered CET1 component[5] of the Pillar 2 requirement reduced the bank's minimum regulatory CET1 requirement to 9.27% from 10.65%[6]. The group's regulatory CET1 ratio of 14.4% as of March 2020 comfortably exceeded its CET1 requirement. The bank's fully loaded leverage ratio was strong at 6.5% as of December 2019 (6.3% as of December 2018).

Exhibit 4
Regulatory capital ratios remain strong



Source: BOI financial reports

The Board of BOI canceled the proposed ordinary dividend of €189 million 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 October 2020. In 2019, BOI paid out a dividend of €173 million in respect of its 2018 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 due to coronavirus outbreak. 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 under pressure from narrowing NIMs due to the low interest rate environment, increasing funding, and credit costs and the impact of payment holidays

We view BOI's Profitability as moderate but under pressure and assign a score of b1, four notches below the Macro-Adjusted score and the score corresponding to profitability reported as of year-end 2019. We expect profitability to decline as coronavirus-induced economic disruption limits new lending growth and results in higher loan-loss provisions despite the mitigating effects of the flexible guidance regarding the IFRS9 treatment of mortgage payment breaks. Furthermore, the ongoing impact of the low interest rate environment on liquid-asset yields and expected higher costs of funding related to MREL issuance[7] will continue to pressure margins.

BOI's profitability for the first quarter of 2020 was adversely impacted by coronavirus market disruption including a €155m charge related to movements on valuation and a €250m impairment charge that reflects the deteriorating operating environment. This charge does not reflect any material migrations from stage 1 to stage 2 loans. However, net interest income was in line with expectations (constant year-on-year) and reported net interest margin was 2.07%, only 3bps lower than Q4 2019 due to low interest rate environment and growth in liquid assets. Operating expenses decreased a modest 3% year-on-year.

BOI reported a profit before tax of €645 million in FY 2019 (FY 2018: €835 million) and net income/tangible assets of 0.34% (2018: 0.55% and 2017: 0.57%). The bank's Moody's-calculated NIM was 1.8% in FY 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, when the markets re-open, and focusing on commercial lending growth.

BOI's bottom line was reduced by €210 million of loan losses in 2019, compared with €36 million of net impairment gains in 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. Furthermore, BOI provisioned €74 million towards potential customer redress costs in 2019. This will limit but may not fully offset any additional impact of pending fines on net income.

BOI is transforming its technology platforms and processes, which will drive efficiencies. Moody's-calculated cost-to-income ratio for the bank was weak at 71% in FY 2019, down from 74% a year-earlier period (vs. 63% 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 €263 million during 2019.

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

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 9.2% as of year-end 2019 (9.6% as of year-end 2018). The use of wholesale funding was largely stable at €11.0 billion as of year-end 2019, due to term maturities and fully repayment of TLTRO offset by three MREL-related issuances during 2019. We expect a gradual increase in market funding as the bank intends to issue €1-2 billion senior debt per annum at the holding company level towards its MREL requirements of 11.93% of total liabilities and own funds as at December 2017, or 27.09% of the bank's RWA[8]. The bank's gross loans-to-customer deposits (LtD) ratio was 97% in year-end 2019, slightly below the 100% as of year-end 2018. Looking ahead we expect a modest decline in LtD due to limited credit demand likely to result in loan book contraction, and for the bank to optimize its deposit composition.

Any issuance of MREL-compliant debt is likely to be delayed due to reduced funding needs, and the availability of cheap monetary authority funding. Access to funding facilities such as the European Central Bank's (ECB) TLTRO III will provide buffers for BOI to withstand liquidity pressures, helping it support government-directed lending to small businesses.

BOI has a sufficient stock of good-quality liquid assets in both Ireland and the UK. As of year-end 2019, the bank had a liquid banking assets-to-tangible banking assets ratio of 23.0% (22.5% as of December 2018). It also comfortably meets regulatory liquidity requirements, reporting a net stable funding ratio of 131% and a liquidity coverage ratio of 138% as of year-end 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 asks. 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 2019 by the additional provisions related to the Tracker Mortgage Examination Review, incurring a charge of €67 million. The additional provisioning seeks to settle this conduct issue for BOI. The risk of further provisions over the outlook period is reduced but still exists.

Furthermore, the rapid and widening spread of the coronavirus outbreak, which we consider a social risk, is also a social consideration, given the substantial implications for public health and safety and deteriorating global economic outlook, creating a severe and extensive credit shock across many sectors, regions and markets.

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,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 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

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 does not benefit from government support additional notch uplift given it is already 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 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.

Rating methodology and scorecard factors

Exhibit 5

Bank of Ireland

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	5.0%	baa2	↑	ba1	Quality of assets	Expected trend
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	16.4%	aa3	←→	a2	Stress capital resilience	Access to capital
Profitability						
Net Income / Tangible Assets	0.7%	baa3	↓	b1	Expected trend	
Combined Solvency Score		a3		baa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	9.2%	a2	←→	a3	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	23.0%	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	10,491	13.3%	17,623	22.4%
Deposits	60,526	76.8%	54,352	69.0%
Preferred deposits	44,789	56.9%	42,550	54.0%
Junior deposits	15,737	20.0%	11,803	15.0%
Senior unsecured bank debt	562	0.7%	562	0.7%
Dated subordinated bank debt	496	0.6%	288	0.4%
Junior subordinated bank debt	54	0.1%	54	0.1%
Preference shares (bank)	750	1.0%		
Senior unsecured holding company debt	2,438	3.1%	2,438	3.1%
Dated subordinated holding company debt	1,099	1.4%	1,099	1.4%
Equity	2,363	3.0%	2,363	3.0%
Total Tangible Banking Assets	78,781	100.0%	78,781	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	23.6%	23.6%	23.6%	23.6%	3	3	3	3	0	a2
Counterparty Risk Assessment	23.6%	23.6%	23.6%	23.6%	3	3	3	3	0	a2 (cr)
Deposits	23.6%	7.9%	23.6%	8.6%	2	3	2	3	0	a2
Senior unsecured bank debt	23.6%	7.9%	8.6%	7.9%	2	0	1	3	0	a2
Senior unsecured holding company debt	7.9%	4.8%	7.9%	4.8%	-1	-1	-1	0	0	baa2
Dated subordinated bank debt	4.8%	3.1%	4.8%	3.1%	-1	-1	-1	-1	0	baa3
Dated subordinated holding company debt	4.8%	3.1%	4.8%	3.1%	-1	-1	-1	-1	0	baa3
Junior subordinated bank debt	3.1%	3.0%	3.1%	3.0%	-1	-1	-1	-1	-1	ba1
Non-cumulative bank preference shares	3.0%	3.0%	3.0%	3.0%	-1	-1	-1	-1	-2	ba2
Holding company non-cumulative preference shares	3.0%	3.0%	3.0%	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)
Non-cumulative bank preference shares	-1	-2	ba2	0	Ba2 (hyb)	Ba2 (hyb)
Holding company non-cumulative preference shares	-1	-2	ba2	0	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
BANK OF IRELAND	
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 Non-cumulative	Ba2 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1
PARENT: BANK OF IRELAND GROUP PLC	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Subordinate	Baa3
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)
BANK OF IRELAND (UK) PLC	
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 The principal of the security will be written-down if BOI's Common Equity Tier 1 (CET1) ratio falls below 7%

4 The principal write-down feature triggered if the group's or the bank's Core Equity Tier 1 (CET1) capital ratio falls below 5.125%, at or close to the point of non-viability.

5 ECB announcement on 12 March allows banks to meet 56.25% of P2R in CET1 capital and 75% in Tier 1 capital, as a minimum.

6 Excluding Pillar 2 guidance, CET1 requirements consist of a Pillar 1 requirement of 4.5%, a Pillar 2 requirement 2.25% where 1.27% is composed of CET1, a capital conservation buffer of 2.50%, 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. Countercyclical capital buffer (CCyB) is reduced to 0% from 0.3% in UK and 0.6% in Republic of Ireland

7 Minimum requirement for own funds and eligible liabilities.

8 Single Resolution Board's binding MREL for the Group as of November 2019 to meet by 1 January 2021

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