

**Bank of Ireland
Mortgage Bank**

**Country by Country
Reporting**

For the year ended
31 December 2016

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Bank of Ireland Mortgage Bank
Country by Country Reporting
for the year ended 31 December 2016

Country by Country Reporting Schedule

Basis of Preparation

The disclosures contained in this report have been prepared pursuant to the country-by-country reporting (CBCR) requirements for specified institutions¹ under the Capital Requirements Directive (CRD IV) which have been transposed into Irish legislation as Regulation 77 of Statutory Instrument 158 of 2014.

Regulation 77 requires each institution to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year:

- a) Name(s), nature of activities and geographical location;
- b) Turnover;
- c) Number of employees on a full time equivalent basis (FTE);
- d) Profit or loss before tax;
- e) Tax on profit or loss; and
- f) Public subsidies received.

Bank of Ireland Mortgage Bank is required to comply with Regulation 77 and this report fulfils that obligation.

Bank of Ireland Mortgage Bank prepared its financial statements for the year ended 31 December 2016² under generally accepted accounting principles in Ireland ('Irish GAAP'), applying *FRS 101 Reduced Disclosure Framework*.

In the disclosures that follow:

- 1. Country of establishment is defined as the geographical location of the business unit booking the transaction.
- 2. Turnover comprises net interest income, dividend income, net fees and commission income, net trading income and other operating income.
- 3. The number of employees on a full time equivalent basis is shown as the average for the year.
- 4. The tax paid numbers disclosed under CRD IV refer to corporation tax only.
- 5. Tax charge includes current corporation tax expense but not deferred taxes or any provisions for uncertain tax liabilities.
- 6. Public subsidies are defined to be direct support by the government. They do not include any central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission mechanism. Moreover, schemes in line with the European Commission's guidance on State Aid are not considered public subsidies in the context of CBCR. Furthermore, general tax incentives do not fall within the definition of public subsidy for the purposes of CBCR.

¹ Credit institutions and Investment firms.

² Copies of Bank of Ireland Mortgage Bank's Annual Report for the year ended 31 December 2016 can be obtained from the Group's website at www.bankofireland.com or from the Group Secretary's Office, Bank of Ireland, 40 Mespil Road, Dublin 4, Ireland.

Principal Undertaking

Name	Principal Activities	Country of Establishment
Bank of Ireland Mortgage Bank	Mortgage lending and issuing mortgage covered securities	Ireland

Turnover, Profit before taxation, Taxation and Employees *(Year ended 31 December 2016)*

Country of establishment	Turnover €m	Profit before tax €m	Taxation paid €m	Taxation charge €m	Average FTEs
Ireland	256	303	-	-	6

In any given year tax paid may not directly relate to the accounting profits earned in that year because differences can arise between accounting profit and taxable profit as a result of applying local tax legislation.

As disclosed in Note 11 to the Bank of Ireland Mortgage Bank Annual Report for the year ended 31 December 2016, the bank had a deferred tax asset of €21 million (2015: €60 million) in respect of operating losses which are available to relieve future profits from tax. Current year taxable profits have been offset by brought forward operating losses.

Public subsidies

No public subsidies were received by Bank of Ireland Mortgage Bank during the year ended 31 December 2016.

Public subsidies are defined to be direct support by the government. They do not include any central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission mechanism. Moreover, schemes in line with the European Commission's guidance on State Aid are not considered public subsidies in the context of CBCR. Furthermore, general tax incentives do not fall within the definition of public subsidy for the purposes of CBCR.

Auditors' Report

Independent Auditors' Report to the Directors (the 'Directors') of Bank of Ireland Mortgage Bank (BoIMB) in connection with the Country by Country Reporting Schedule for the year ended 31 December 2016.

Report on the Country by Country Reporting Schedule for the year ended 31 December 2016

We have audited the accompanying financial information of BoIMB for the year ended 31 December 2016 which comprises the Country by Country Reporting Schedule including the Basis of Preparation for the year ended 31 December 2016. The Country by Country Reporting Schedule for the year ended 31 December 2016 has been prepared by management of BoIMB in accordance with management's basis of preparation (the 'Basis of Preparation').

Directors' responsibility for the Country by Country Reporting Schedule

The Directors are responsible for the preparation of the Country by Country Reporting Schedule, for the appropriateness of the Basis of Preparation and for such internal control as management determines is necessary to enable the preparation of the Country by Country Reporting Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the Country by Country Reporting Schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Country by Country Reporting Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Country by Country Reporting Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Country by Country Reporting Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to BoIMB's preparation of the Country by Country Reporting Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BoIMB's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Country by Country Reporting Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information as included in the Country by Country Reporting Schedule for the year ended 31 December 2016 is prepared, in all material respects, in accordance with the Basis of Preparation.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to the Basis of Preparation. The schedule is prepared to assist the Directors to meet the requirements of Regulation 77 of Statutory Instruments 158 of 2014. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers
Chartered Accountants
Dublin

18 September 2017

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

