Rating Report

The Governor and Company of the Bank of Ireland

DBRS
Insight beyond the rating.

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Ratings

Issuer	Debt	Rating	Rating Action	Trend
The Governor and Company of the Bank of Ireland	Issuer Rating	BBB (high)	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Debt	BBB (high)	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Deposits	BBB (high)	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Non-Guaranteed Short-Term Debt	R-1 (low)	Confirmed	Stable

See page 11 for full list of ratings

Rating Considerations

Franchise Strength: Diverse domestic franchise with market leading positions, as well as a notable consumer banking operation in the UK, boosted by its partnership with the UK Post Office.

Earnings Power:	Risk Profile:	Funding and Liquidity:	Capitalisation:
Strengthening earnings generation ability supported by reducing impairment charges.	Overall asset quality remains relatively weak, however, improvement in asset quality indicators continues.	Strengthened funding profile as a result of increased customer deposits; minimal monetary authority funding.	Improved capitalisation levels with a fully-loaded CET1 ratio of 11.3% at end-December 2015. EUR 1.3 billion 2009 preference shares now redeemed.

Rating Drivers

Factors with Positive Rating Implications

- Further evidence of improved core profitability and a continuation of the positive asset quality trends could have positive rating implications.

Factors with Negative Rating Implications

- A substantial deterioration in core profitability or an increase in the Bank's risk profile could have negative implications.

Financial Information

EUR Millions	31/12/2015	31/12/2014	31/12/2013	31/12/2012	31/12/2011
Total Assets	130,960	129,800	132,133	147,964	154,700
Equity	9,113	8,747	7,883	8,655	10,303
Pre-provision operating income (IBPT)	1,518	1,457	1,158	-15	2,291
Net Income	940	786	-483	-1,835	30
Net Interest Income / Risk Weighted Assets (%)	4.59%	4.50%	3.55%	2.56%	2.30%
Risk-Weighted Earning Capacity (%)	2.89%	2.70%	2.05%	-0.02%	3.13%
Post-provision Risk-Weighted Earning Capacity (%)	2.33%	1.82%	-0.90%	-2.89%	0.39%
Efficiency Ratio (%)	54.54%	52.45%	54.59%	100.85%	41.93%
Impaired Loans % Gross Loans	11.02%	14.96%	17.02%	16.27%	12.75%
CET1 Ratio (As-reported)*	11.30%	9.30%	6.30%	13.80%	14.30%

Source: SNL Financial. *The 2015, 2014 and 2013 figures refer to Fully-Loaded CET1 ratio, excluding the 2009 Preference Shares, while the 2012 and 2011 figures refer to the Core tier 1 ratio under Basel II rules including the 2009 Preference Shares.

Issuer Description

The Governor and Company of the Bank of Ireland (Bank of Ireland, the Bank or the Group) is a leading provider of financial services in Ireland with leading positions in retail and commercial banking as well as in bancassurance. The Group has a retail footprint in the UK, particularly in mortgage lending and in consumer banking, and an international presence in acquisition finance.

Rating Rationale

DBRS Ratings Limited (DBRS) rates The Governor and Company of the Bank of Ireland at BBB (high) for Non-Guaranteed Long-Term Debt and Non-Guaranteed Deposits and at R-1 (low) for Non-Guaranteed Short-Term Debt and Deposits ratings. DBRS also rates the long-term Critical Obligations Rating (COR) at “A” and the short-term COR at R-1 (low). In April 2015 the trend on all of the ratings, with the exception of the non-guaranteed short-term debt and deposit ratings was changed to Positive from Stable. The trend on the non-guaranteed short-term debt and deposit ratings remains Stable. The Bank’s intrinsic assessment (IA) is BBB (high) and the Support Assessment is SA3. The Bank’s Irish Government guaranteed long-term deposit rating was also confirmed at A (high), with a Stable trend, reflecting DBRS’s rating of the Republic of Ireland. The change in the trend to Positive reflected the continued improvement made by the Bank in terms of profitability, asset quality, and capital, and our expectation that these trends will continue over the next year. Further evidence of improved core profitability and a continuation of the positive asset quality trends could have positive rating implications, while a substantial deterioration in core profitability or a deterioration in the Bank’s risk profile could have negative implications.

Bank of Ireland is the largest Irish bank with total assets of EUR 130 billion as of end-2015. The Group has a diverse domestic franchise that combines retail banking, commercial banking, asset management and life insurance. In Northern Ireland, it is a full service bank with a strong business franchise, while in the UK it is focused on consumer banking. DBRS views Bank of Ireland’s strong domestic franchise combined with its solid position in the UK as a key rating driver.

Bank of Ireland’s profitability further strengthened in 2015, reflecting both the strong momentum in the Irish economy and the progress the Bank has made in its restructuring and in dealing with arrears management. Underlying profit for 2015 was EUR 1,201 million, up from EUR 921 million in 2014 and the EUR 564 million underlying loss recorded in 2013. The increase was driven by higher net interest income (before ELG fees), increased fee income, and reduced impairment charges, as well as additional gains of EUR 237 million due to the rebalancing of the liquid asset portfolio. On a statutory basis, the Group reported a profit before tax of EUR 1,232 million. In 2015, the Bank’s net interest margin (NIM) increased to 2.19%, primarily reflecting lower funding costs, relatively stable loan assets yields and lower yields on liquid assets. The 2H15 NIM was 2.17% and the Bank’s expectation is for the 2016 NIM to be at a similar level.

The strengthened underlying performance in 2015 was further supported by the reduced levels of impairment charges. These amounted to EUR 296 million, significantly lower than the EUR 542 million net charge recorded in 2014 and the substantial charge of EUR 1,665 million in 2013. The improvement was evident across all portfolios. DBRS notes that the figure incorporates a EUR 96 million reversal on the residential mortgage portfolio.

Bank of Ireland’s asset quality indicators have been steadily improving over the last three years, supported by the strong positive momentum in the macroeconomic environment in Ireland and the Bank’s success in dealing with problematic loans. At end-2015, defaulted loans (defined as impaired loans plus residential mortgages which are greater than 90 days in arrears) totalled EUR 10.5 billion, significantly down on the EUR 14.3 billion reported at end-2014 and the EUR 17.1 billion reported at end-2013. The reduction in the level of defaulted loans has resulted in the coverage ratio improving to 56%, up from 52% at end-2014. Given the ongoing improvement in the economic environment in Ireland, DBRS expects this improving trend to continue.

During 2015, Bank of Ireland’s funding and liquidity profile further strengthened as a result of increased customer deposits, selective usage of the wholesale market and reduced monetary authority funding. Customer deposits increased by EUR 5.3 billion to EUR 80.2 billion mainly attributable to growth in the Retail UK and Retail Ireland segments. As a result, and despite the increase in customer loans as new lending exceeded redemptions, the loan-to-deposit ratio improved further to 106%. Liquidity management remains prudent. At end-2015, Bank of Ireland had liquid assets of EUR 24 billion, of which EUR 6 billion were Irish government debt or NAMA senior bonds. This compares to EUR 2 billion of wholesale funding with a maturity of less than a year. At end-2015, Bank of Ireland reported a Liquidity Coverage Ratio of 108% and a Net Stable Funding Ratio of 120%, up from 103% and 114%, respectively, at end-2014.

Bank of Ireland’s capital position further improved in 2015. At end-2015, the Basel III fully loaded Common Equity Tier 1 (CET1) ratio stood at 11.3%, up from 9.3% at end-2014. The increase was mainly due to the improved profitability in 2015. DBRS views positively that the Bank has now redeemed the EUR 1.3 billion 2009 Preference Shares. The transitional basis CET1 ratio of 13.3% is well above the 10.25% requirement for 2016, set by the Single Supervisory Mechanism, following the Bank's Supervisory Review and Evaluation Process (SREP). The Bank’s leverage ratio, also excluding the 2009 Preference Shares, was 6.6% on a transitional basis and 5.7% on a fully loaded basis at end-2015. The Bank plans to re-commence dividend payments in the first half of 2017, reflecting the full year 2016 results. DBRS would expect any dividend payments to be at a low level to begin with, only increasing to the 50% of sustainable earnings target level over time.

Franchise Strength

Bank of Ireland is the largest Irish bank with total assets of EUR 130 billion as of end-2015 (approximately USD 142 billion). The Group has a diverse domestic franchise that combines retail banking, commercial banking, asset management and life insurance. In Ireland, Bank of Ireland holds market leading positions across many principal product lines in retail and commercial banking and is the country's only bancassurer; in Northern Ireland it is a full service bank with strong business franchise while in the UK it is focused on mortgage lending and consumer banking mainly through its partnership with the Post Office. The Group also operates in the European and US acquisition finance business. DBRS views Bank of Ireland's strong domestic franchise combined with its solid position in the UK as a key rating driver.

DESCRIPTION OF OPERATIONS

Bank of Ireland operates in the following business segments: (i) Retail Ireland, which consists of the retail and business banking services in Ireland, (ii) Bank of Ireland Life, which is the Group's assurance arm, (iii) Retail UK, which incorporates the UK and Northern Ireland activities, (iv) Corporate and Treasury, which comprises the Corporate Banking and Global Markets activities and (v) Group Centre, which includes various central functions.

Retail Ireland *(35.7% of Underlying Operating profit before impairment charges[1])*

Retail Ireland is Bank of Ireland's largest division and contributed EUR 604 million, or 35.7% of total operating profit before impairment charges, in 2015. The division is split into the business units Distribution Channels, Consumer Banking (including Bank of Ireland Mortgage Bank), Business Banking (including Bank of Ireland Finance) and Customer and Wealth Management. Retail Ireland serves over 1.7 million Consumer Banking customers, 600,000 Wealth customers and 200,000 Business Banking Customers through a network of circa 250 branches, circa 1,750 ATMs and digital channels, including telephone, mobile and online. DBRS views this division as the foundation of the strong domestic franchise and notes that the Group holds market leading positions across various products.

Bank of Ireland Life *(6.1% of Underlying Operating profit before impairment charges)*

Bank of Ireland Life contributed EUR 103 million of operating profit before impairment charges in 2015 and includes New Ireland Assurance Company plc, which offers a wide range of insurance and pension products in Ireland through the Bank's branch network, independent brokers and financial advisors. It had Assets under Management (AuM) of EUR 15.5 billion at end-2015.

Retail UK *(16.8% of Underlying Operating profit before impairment charges)*

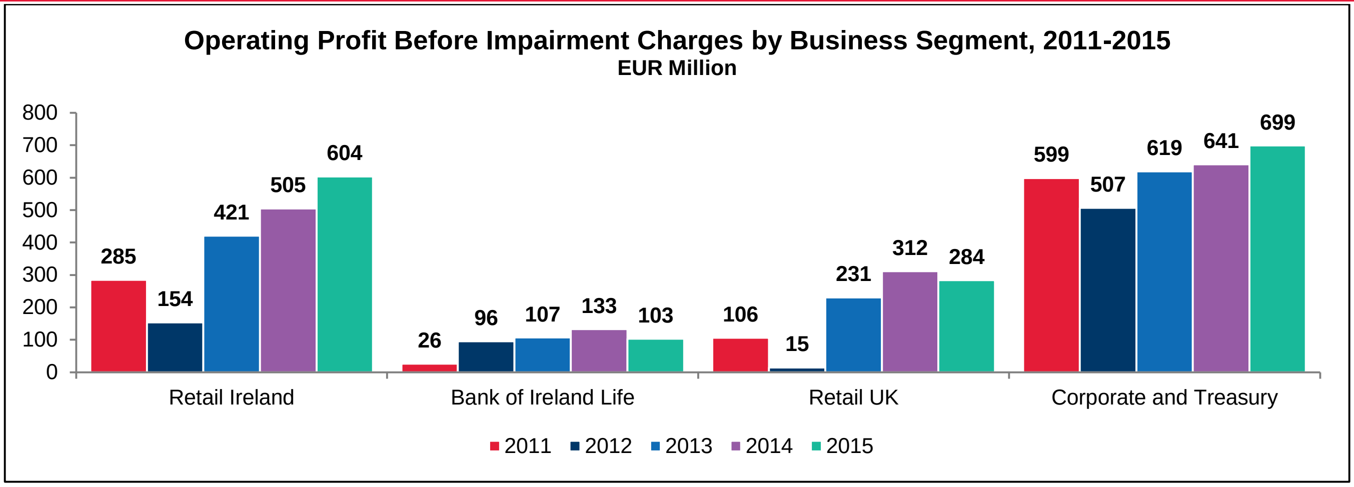
Retail UK contributed EUR 284 million (GBP 206 million) of operating profit before impairment charges, or 16.8% of the total, in 2015. The segment, which incorporates the UK subsidiary Bank of Ireland (UK) plc, includes also the UK residential mortgage business, the Group's branch network and business banking operation in Northern Ireland, as well as the joint venture with the UK Post Office and the newly established partnership with the AA. It also incorporates the GB business banking business that is in run-down, as per the EU Restructuring Plan and NIIB Group, which is a car and asset finance and consumer lending group, based in Northern Ireland.

Corporate and Treasury *(41.4% of Underlying Operating profit before impairment charges)*

Corporate and Treasury is Bank of Ireland's largest contributor in operating profit before impairment charges with a contribution of EUR 699 million in 2015. It includes the Group's corporate banking, treasury, specialised acquisition finance and large transaction property in the Republic of Ireland, the UK and four locations in Europe and the USA. The division is split into three units: (i) Corporate Banking, which serves large corporations and financial institutions, (ii) Global Markets, which makes transactions in market instruments on behalf of the Group itself and its customers, and also manages the Group's liquid asset portfolio and (iii) IBI Corporate Finance, which acts as an advisor to various equity and capital transactions.

Group Centre, which includes the Group's central functions Group Manufacturing, Group Finance, Group Credit & Market Risk, Group Governance Risk and Group Human Resources had a negative contribution of EUR 223 million in 2015.

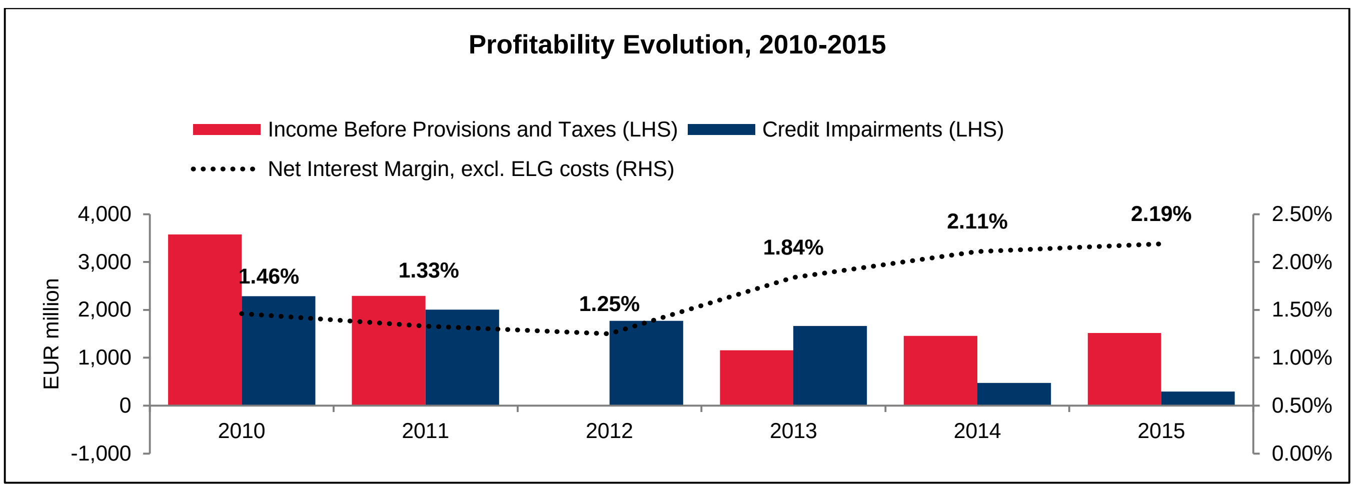
[1] Excluding Group Centre and Other reconciling items.



Source: Company Reports. Note: The figures refer to underlying performance, excluding the impact of non-core assets.

Earnings Power

Bank of Ireland's profitability further strengthened in 2015, reflecting both the strong momentum in the Irish economy and the progress the Bank has made in its restructuring and in dealing with arrears management. Underlying[2] profit for 2015 totalled EUR 1,201 million, notably higher than the underlying profit of EUR 921 million in 2014 and the EUR 564 million underlying loss recorded in 2013. The increase was driven by higher net interest income (before ELG[3] fees), increased fee income, and reduced impairment charges as well as additional gains of EUR 237 million due to the rebalancing of the liquid asset portfolio. On a statutory basis the Group reported a profit before tax of EUR 1,232 million. Net interest income was 4% up on 2014 helped by an improved net interest margin (NIM), which for the full year 2015 increased to 2.19% (before ELG fees), primarily reflecting lower funding costs, relatively stable loan assets yields and lower yields on liquid assets. The 2H15 NIM was 2.17% and the Bank's expectation is for the 2016 NIM to be at similar levels. DBRS notes, however, that the average NIM in 1Q16 was slightly lower at 2.11%, as liquid asset volumes were higher than anticipated, due to underlying deposit and current account volume growth.



Source: Company reports, SNL Financial

The Bank continues to manage expenses despite ongoing investment in staff and infrastructure. Total operating expenses, including regulatory levies and charges, increased by 8.9% to EUR 1,821 million as a result of sterling strengthening, higher staff and pension costs and investments in infrastructure, technology and distribution platforms. The reported cost/income ratio for the year was 53%, down from 54% in 2014. DBRS notes, however, that the reported ratio incorporates the EUR 237 million of additional gains. Regulatory levies and charges for 2015 totalled EUR 75 million, almost flat on 2014, while the Bank's estimate for 2016 is for those to potentially increase by EUR 40-45 million. Given the Bank's strengthened earnings generation ability DBRS does not expect the anticipated increase to have a

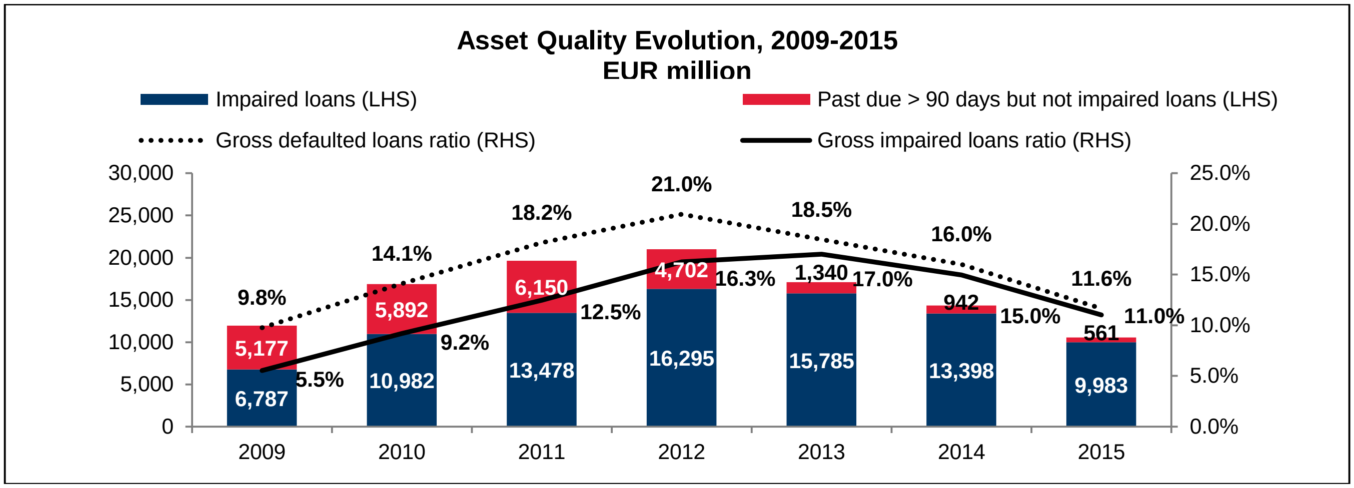
[2] Underlying excludes non-core items which are those items that the Group believes obscure the underlying performance trends in the business.
[3] The Eligible Liabilities Guarantee Scheme (ELG), which guaranteed certain liabilities of Irish financial institutions, was withdrawn effective March 28, 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.

material impact on Bank of Ireland's bottom line profitability.

The strengthened underlying performance in 2015 was further supported by the reduced levels of impairment charges. These amounted to EUR 296 million, significantly lower than the EUR 542 million net charge recorded in 2014 and the substantial charge of EUR 1,665 million in 2013. The improvement was evident across all portfolios and DBRS notes that the figure incorporates a EUR 96 million reversal on the residential mortgage portfolio. Even though DBRS views write-backs as only supporting the Bank's improved performance and not as part of core profitability, DBRS expects the level of impairment charges to reduce even further given the positive trends in asset quality and the strong momentum in the economy of the Republic of Ireland.

Risk Profile

Bank of Ireland's asset quality indicators have been steadily improving over the last three years, supported by the strong positive momentum in the macroeconomic environment in Ireland and the Bank's success in dealing with problematic loans. At end-2015 defaulted loans (defined as impaired loans plus residential mortgages which are greater than 90 days in arrears) totalled EUR 10.5 billion, significantly down on the EUR 14.3 billion reported at end-2014 and the EUR 17.1 billion reported at end-2013. The reduction in the level of defaulted loans has resulted in the coverage ratio improving to 56%, up from 52% at end-2014. The improving trend continued in 1Q16 with defaulted loans reducing further to EUR 9.8 billion at end-March 2016.

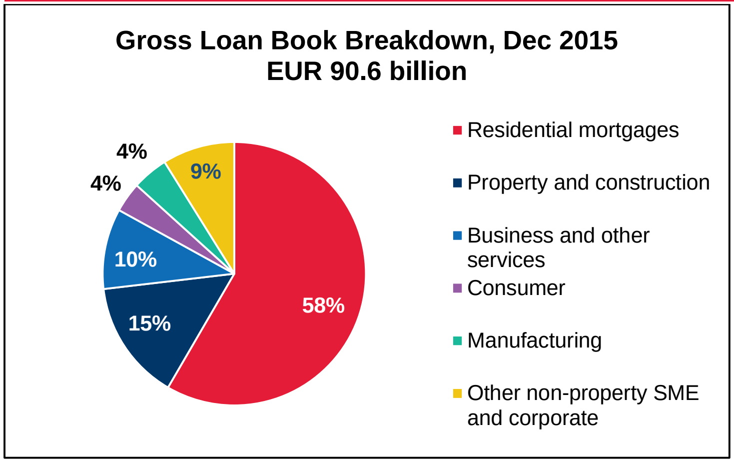


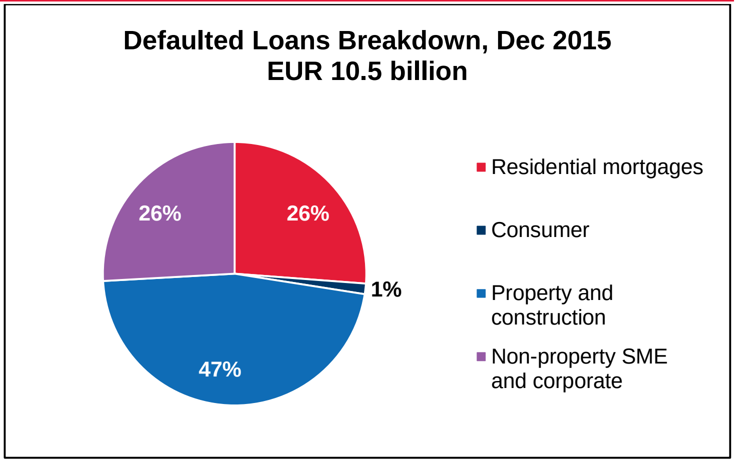
Source: Company reports

The Bank's largest loan segment is towards residential mortgage loans and these accounted for EUR 52.9 billion or 58% of the total gross portfolio. The UK and Irish residential mortgage portfolio is split 53% vs. 47%, with the UK portfolio totaling EUR 27.9 billion and the Republic of Ireland portfolio totaling nearly EUR 25.0 billion. The performance of the UK mortgage portfolio remains good with a non-performing[4] loan ratio of 4.1% at end-2015, including probationary mortgages (2014: 5.0%). The quality of the Irish portfolio remains relatively weak with the non-performing loans ratio, including probationary mortgages, standing at 12.2% at end-2015, albeit notably improved from 15.3% at end-2014. The portfolio is split between owner occupied mortgages (79.8%) and buy-to-let mortgages (20.2%) with a defaulted loan ratio of 6.2% and 21.5%, respectively[5]. Even though the levels of defaulted loans in both sub-categories continue to reduce, with a year-on-year decrease of 26.6% to EUR 1,237 million and by 29.3% to EUR 1,085 million, respectively, DBRS views that it will require more time for the Group to fully work out these problematic loans. Nonetheless, DBRS takes comfort in the coverage ratio of 52% and in the improvement in both the Irish housing market and the macro-economic indicators.

[4] 'Non-performing' loans comprise of defaulted loans plus probationary mortgages, which are primarily mortgages that were previously 'defaulted' but which are no longer 'defaulted' at the reporting date. The mortgages are awaiting the successful completion of a 12 month probation period.

[5] Including probationary mortgages, which comprise of 'Self-cure' and 'Forborne', the ratios would be 8.3% and 27.7%, respectively. The Group defines these categories as follows: 'Self-cure' probationary residential mortgages are non-forborne mortgages which were previously defaulted, did not require forbearance to exit defaulted status, and are now, or will be, subject to the successful completion of a 12 month probation period prior to returning to performing status. Forborne' probationary residential mortgages are mortgages which were previously defaulted, required forbearance to exit defaulted status, and are now, or will be, subject to the successful completion of a 12 month probation period prior to returning to performing status. 'Forborne'probationary also includes mortgages which were previously defaulted, are in a 'full interest' forbearance arrangement and, despite having successfully completed a 12 month probation period, will not be returned to performing status.





Source: Company reports

The largest exposure after residential mortgages is towards non-property SME and corporate. Given Bank of Ireland's strong domestic franchise in corporate banking, with a market share of over 30%, the EUR 21 billion corporate portfolio is a key factor in the Bank's performance. The quality of the portfolio has been improving with defaulted loans reducing by 18.6% to EUR 2.7 billion, leading to a defaulted loans ratio of 13%; down from 16.4% at end-2014 and 18.2% at end-2013. Given the overall improvement in the macroeconomic environment in the Republic of Ireland DBRS anticipates further improvement in the portfolio.

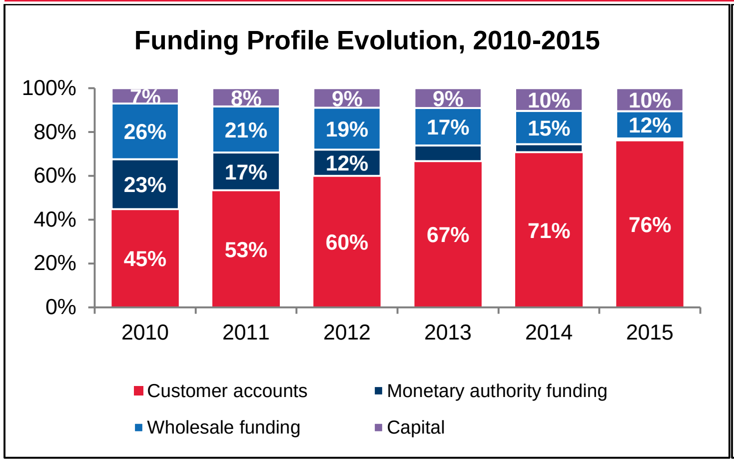
The property and construction portfolio, which totalled EUR 13.3 billion at end-2015 remains the Group's most troubled exposure with a defaulted loans ratio of 36.8%. This is down from EUR 15.2 billion and 46.5%, respectively, at end-2014 and DBRS notes positively the Group's efforts in continuously deleveraging the portfolio. Within it, land and development loans, which totalled nearly EUR 2.0 billion at end-2015, had a coverage ratio of 76%. Given the high coverage ratio in this sub-segment and the coverage ratio of 61% for the overall property and construction portfolio DBRS expects reduced provision levels on this portfolio going forward.

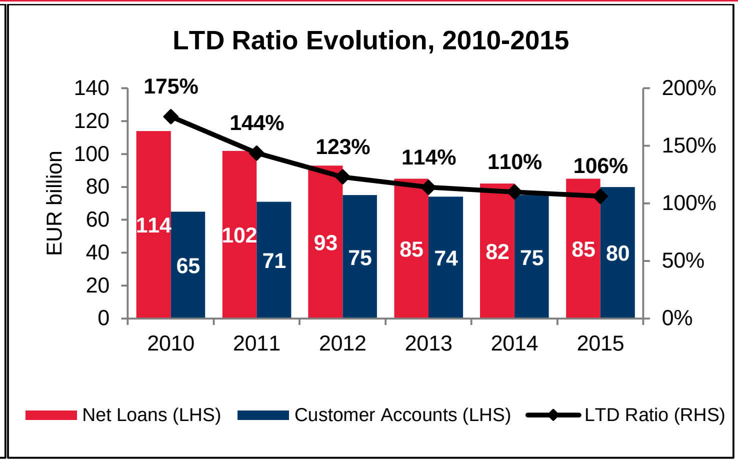
Market risk remains relatively low. Risk-weighted assets accounted for less than 1% out of the total risk-weighted assets at end-2015. The average overall interest rate Value-at-Risk (VaR) for the year was just EUR 0.7 million, with a peak of EUR 1.3 million. These are down from the 2014 figures of EUR 1.2 million and EUR 2.8 million, respectively.

At end-2015, the Group's exposure to NAMA bonds was down significantly to EUR 1.4 billion while the Group was holding Irish government bonds of EUR 4.7 billion, with EUR 2.75 billion of it classified as available for sale and EUR 1.95 billion (nominal EUR 1.5 billion) being reclassified as held to maturity during 2015. The combined exposure totalled EUR 6.1 billion equating to 1.02 times of the Group's fully-loaded common equity tier 1 capital.

Funding and Liquidity

During 2015 Bank of Ireland's funding and liquidity profile further strengthened as a result of increased customer deposits, selective usage of the wholesale market and reduced monetary authority funding. Customer deposits increased by EUR 5.3 billion to EUR 80.2 billion and accounted for 83% of the total funding base (excluding equity). The significant increase was mainly attributable to Retail UK and to Retail Ireland while customer deposits in Corporate & Treasury fell slightly. As a result, and despite the increase in customer loans as new lending exceeded redemptions, the loan-to-deposit ratio improved further to 106% at end-2015, and further improved in 1Q16 to 104%. DBRS notes that this is comfortably within the Bank's targeted loan-to-deposit ratio of less than 120%.





Source: Company reports. Note: Capital comprises of stockholders' equity and subordinated debt

Monetary authority funding has been reducing notably and at end-2015 accounted for a minimal EUR 1.5 billion, all TLTRO (Targeted Long Term Refinancing Operation). DBRS notes that the Bank has been able to replace monetary authority funding with wholesale funding by consistently being able to access the capital markets. During 2015 Bank of Ireland placed four non-capital transactions in debt capital markets raising EUR 3.25 billion. These consisted of a EUR 750 million senior unsecured issue and three Irish Mortgage Asset Covered Securities for a combined amount of EUR 2,500 million.

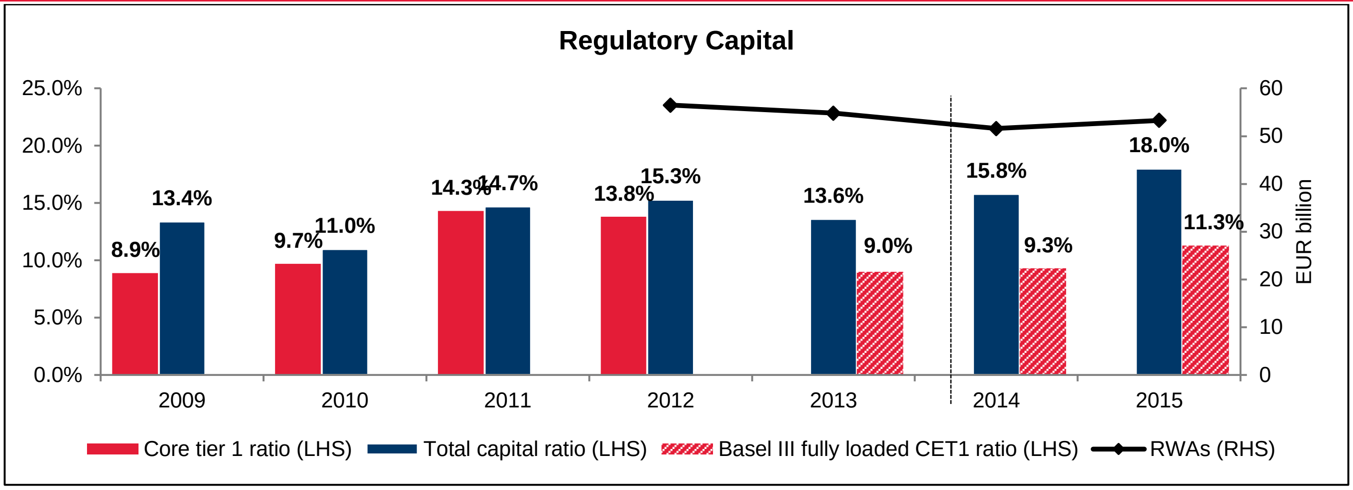
Liquidity management remains prudent. At end-2015 Bank of Ireland had liquid assets of EUR 24 billion, of which EUR 6 billion was Irish government debt or NAMA senior debt. Given the EUR 2 billion of wholesale funding with a maturity of less than a year, DBRS views the Bank as having an ample liquidity buffer. At end-2015 Bank of Ireland reported a Liquidity Coverage Ratio of 108% and a Net Stable Funding Ratio of 120%. This is up from 103% and EUR 114% at end-2014, respectively.

Capitalisation

Bank of Ireland's capital position further improved in 2015. At end-2015 the Basel III fully loaded Common Equity Tier 1 (CET1) ratio stood at 11.3%, up from 9.3% at end-2014. The increase was mainly due to the improved profitability in 2015. The CET1 ratio was 13.3% on a transitional basis while the transitional total capital ratio reached 18.0%, up from 15.2% as of January 1, 2015 additionally supported by the issuance of a EUR 750 million Additional Tier 1 issue in June 2015. All figures exclude the EUR 1.3 billion 2009 Preference Shares that were de-recognised from regulatory capital in November 2015 and redeemed on January 4, 2016. In February 2016 the Bank announced a transitional requirement of 10.25% for 2016 as outlined by the Single Supervisory Mechanism (SSM) following the Group's Supervisory Review and Evaluation Process (SREP). Furthermore, the Central Bank of Ireland has advised that the Group will be required to maintain an O-SII (Other Systemically Important Institution) buffer, which will be phased-in. The initial buffer will be 0.5% from July 2019, moving up to 1.0% from July 2020 and with the final buffer being 1.5% from July 2021. Bank of Ireland intends to maintain a management buffer of 100 to 150 basis points above the minimum regulatory capital requirements. Given the Bank's return to profitability and internal capital generation DBRS views the Bank as able to meet the requirements of the evolving regulatory environment. DBRS notes that at end-1Q16 the fully loaded CET1 ratio stood at 11.2%, broadly in line with end-2015, as the organic capital generation was offset an increase in the defined benefit pension deficit to EUR 0.9 billion.

The Bank's leverage ratio also, excluding the 2009 Preference Shares, was 6.6% on a transitional basis and 5.7% on a fully loaded basis at end-2015.

DBRS also notes that the Bank plans to re-commence dividend payments in the first half of 2017, reflecting the full year 2016 results. DBRS would expect any dividend payments to be at a low level to begin with, only increasing to the 50% of sustainable earnings target level over time.



Source: Company reports. Note: The 2014 and 2015 figures exclude the impact of the 2009 Preference Shares. The 2013 Basel III fully loaded CET1 ratio, excluding the 2009 Preference Shares, was 6.3%.

Bank of Ireland	31/12/2015		31/12/2014		31/12/2013		31/12/2012		31/12/2011	
	EUR		EUR		EUR		EUR		EUR	
EUR Millions	IFRS		IFRS		IFRS		IFRS		IFRS	
Balance Sheet										
Cash and deposits w ith central banks	6,603	5.04%	4,991	3.85%	6,385	4.83%	8,472	5.73%	8,181	5.29%
Lending to/deposits w ith credit institutions	4,872	3.72%	5,286	4.07%	5,122	3.88%	9,950	6.72%	8,494	5.49%
Financial Securities*	25,747	19.66%	27,494	21.18%	26,619	20.15%	25,124	16.98%	24,198	15.64%
- Trading portfolio	3	0.00%	12	0.01%	252	0.19%	143	0.10%	6	0.00%
- At fair value	12,280	9.38%	11,528	8.88%	10,306	7.80%	9,460	6.39%	8,914	5.76%
- Available for sale	10,128	7.73%	13,580	10.46%	12,104	9.16%	11,093	7.50%	10,262	6.63%
- Held-to-maturity	1,922	1.47%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
- Other	1,414	1.08%	2,374	1.83%	3,957	2.99%	4,428	2.99%	5,016	3.24%
Financial derivatives instruments	3,064	2.34%	3,692	2.84%	3,492	2.64%	5,847	3.95%	6,362	4.11%
- Fair Value Hedging Derivatives	674	0.51%	827	0.64%	801	0.61%	2,297	1.55%	2,204	1.42%
- Mark to Market Derivatives	2,390	1.82%	2,865	2.21%	2,691	2.04%	3,550	2.40%	4,158	2.69%
Gross lending to customers	90,575	69.16%	89,541	68.98%	92,755	70.20%	100,165	67.70%	105,679	68.31%
- Loan loss provisions	5,886	4.49%	7,423	5.72%	8,241	6.24%	7,544	5.10%	6,365	4.11%
Insurance assets	1,323	1.01%	1,322	1.02%	1,023	0.77%	940	0.64%	708	0.46%
Investments in associates/subsidiaries	139	0.11%	289	0.22%	298	0.23%	318	0.21%	324	0.21%
Fixed assets	1,175	0.90%	1,025	0.79%	1,127	0.85%	1,181	0.80%	1,331	0.86%
Goodw ill and other intangible assets	526	0.40%	410	0.32%	374	0.28%	371	0.25%	393	0.25%
Other assets	2,822	2.15%	3,173	2.44%	3,179	2.41%	3,140	2.12%	5,395	3.49%
Total assets	**130,960**	**100.00%**	**129,800**	**100.00%**	**132,133**	**100.00%**	**147,964**	**100.00%**	**154,700**	**100.00%**
Total assets (USD)	142,240		157,124		182,052		195,126		200,909	
Loans and deposits from credit institutions	1,191	0.91%	4,234	3.26%	12,360	9.35%	21,393	14.46%	31,653	20.46%
Repo Agreements in Deposits from Customers	29	0.02%	557	0.43%	500	0.38%	1,000	0.68%	0	0.00%
Deposits from customers	80,135	61.19%	74,280	57.23%	73,367	55.53%	74,170	50.13%	70,506	45.58%
- Demand	47,498	36.27%	41,104	31.67%	36,811	27.86%	32,852	22.20%	31,127	20.12%
- Time and savings	32,666	24.94%	33,733	25.99%	37,056	28.04%	42,318	28.60%	39,379	25.46%
Issued debt securities	13,243	10.11%	16,040	12.36%	15,280	11.56%	18,073	12.21%	19,124	12.36%
Financial derivatives instruments	3,619	2.76%	4,038	3.11%	3,228	2.44%	5,274	3.56%	6,018	3.89%
- Fair Value Hedging Derivatives	1,092	0.83%	1,171	0.90%	573	0.43%	2,089	1.41%	2,183	1.41%
- Other	2,527	1.93%	2,867	2.21%	2,655	2.01%	3,185	2.15%	3,835	2.48%
Insurance liabilities	10,403	7.94%	9,918	7.64%	8,502	6.43%	7,988	5.40%	7,037	4.55%
Other liabilities	10,787	8.24%	9,486	7.31%	9,338	7.07%	9,704	6.56%	8,633	5.58%
- Financial liabilities at fair value through P/L	8,317	6.35%	8,249	6.36%	8,017	6.07%	7,967	5.38%	NA	-
Subordinated debt	2,260	1.73%	2,329	1.79%	1,513	1.15%	1,542	1.04%	1,264	0.82%
Hybrid Capital	180	0.14%	171	0.13%	162	0.12%	165	0.11%	162	0.10%
Equity	9,113	6.96%	8,747	6.74%	7,883	5.97%	8,655	5.85%	10,303	6.66%
Total liabilities and equity funds	**130,960**	**100.00%**	**129,800**	**100.00%**	**132,133**	**100.00%**	**147,964**	**100.00%**	**154,700**	**100.00%**
Income Statement										
Interest income	3,269		3,432		3,669		4,006		4,618	
Interest expenses	825		1,111		1,665		2,560		3,076	
Net interest income and credit commissions	2,444	73.20%	2,321	75.75%	2,004	78.59%	1,446	81.56%	1,542	39.09%
Net fees and commissions	319	9.55%	344	11.23%	301	11.80%	300	16.92%	420	10.65%
Trading / FX Income	95	2.85%	105	3.43%	198	7.76%	71	4.00%	-38	-0.96%
Net realised results on investment securities (available for sale)	207	6.20%	192	6.27%	50	1.96%	60	3.38%	-28	-0.71%
Net results from other financial instruments at fair value	-40	-1.20%	-149	-4.86%	-185	-7.25%	-357	-20.14%	55	1.39%
Net income from insurance operations	212	6.35%	104	3.39%	166	6.51%	136	7.67%	190	4.82%
Results from associates/subsidiaries accounted by the equity method	46	1.38%	92	3.00%	31	1.22%	46	2.59%	35	0.89%
Other operating income (incl. dividends)	56	1.68%	55	1.80%	-15	-0.59%	71	4.00%	1,769	44.84%
Total operating income	3,339	100.00%	3,064	100.00%	2,550	100.00%	1,773	100.00%	3,945	100.00%
Staff costs	892	48.98%	730	45.43%	550	39.51%	841	47.04%	878	53.08%
Other operating costs	799	43.88%	759	47.23%	724	52.01%	805	45.02%	640	38.69%
Depreciation/amortisation	130	7.14%	118	7.34%	118	8.48%	142	7.94%	136	8.22%
Total operating expenses	1,821	100.00%	1,607	100.00%	1,392	100.00%	1,788	100.00%	1,654	100.00%
Pre-provision operating income	**1,518**		**1,457**		**1,158**		**-15**		**2,291**	
Loan loss provisions**	296		472		1,665		1,769		2,004	
Post-provision operating income	1,222		985		-507		-1,784		287	
Impairment on tangible assets	-6		-9		0		0		0	
Impairment on intangible assets	0		0		0		0		-4	
Other non-operating items***	4		-74		-13		-394		-498	
Pre-tax income	1,232		920		-520		-2,178		-207	
(-)Taxes	285		134		-34		-337		-233	
(-)Other After-tax Items (Reported)	0		0		0		0		0	
(+)Discontinued Operations (Reported)	0		0		0		0		0	
(-)Minority interest	7		0		-3		-6		-4	
Net income	**940**		**786**		**-483**		**-1,835**		**30**	
Net income (USD)	1,043		1,044		-641		-2,359		42	

*Includes derivatives w hen breakdow n unavailable, **LLP includes Impairments on financial assets, ***Incl. Other Provisions

Off-balance sheet and other items					
Asset under management	NA	NA	NA	NA	NA
Derivatives (notional amount)	224,109	203,501	222,218	267,803	336,856
BIS Risk-w eighted assets (RWA)	53,300	51,581	56,422	56,521	67,135
No. of employees (end-period)	11,145	11,086	11,255	12,016	13,234

Earnings and Expenses					
Earnings					
Net interest margin [1]	1.98%	1.87%	1.50%	1.00%	1.01%
Yield on average earning assets	2.64%	2.76%	2.74%	2.78%	3.01%
Cost of interest bearing liabilities	0.85%	1.14%	1.62%	2.22%	2.51%
Pre-provision earning capacity (total assets basis) [2]	1.16%	1.11%	0.85%	-0.01%	1.45%
Pre-provision earning capacity (risk-w eighted basis) [3]	2.89%	2.70%	2.05%	-0.02%	3.13%
Net Interest Income / Risk Weighted Assets	4.59%	4.50%	3.55%	2.56%	2.30%
Non-Interest Income / Total Revenues	26.80%	24.25%	21.41%	18.44%	60.91%
Post-provision earning capacity (risk-w eighted basis)	2.33%	1.82%	-0.90%	-2.89%	0.39%
Expenses					
Efficiency ratio (operating expenses / operating income)	54.54%	52.45%	54.59%	100.85%	41.93%
All inclusive costs to revenues [4]	54.93%	54.51%	54.92%	124.00%	55.31%
Operating expenses by employee	163,392	144,958	123,678	148,802	124,981
Loan loss provision / pre-provision operating income	19.50%	32.40%	143.78%	-11793.33%	87.47%
Provision coverage by net interest income	825.68%	491.74%	120.36%	81.74%	76.95%
Profitability Returns					
Pre-tax return on Tier 1 (excl. hybrids)	17.30%	12.05%	-7.49%	-27.94%	-2.11%
Return on equity	10.32%	8.98%	-6.12%	-21.20%	0.29%
Return on average total assets	0.72%	0.60%	-0.35%	-1.20%	0.02%
Return on average risk-w eighted assets	1.79%	1.46%	-0.86%	-2.97%	0.04%
Dividend payout ratio [5]	0.00%	0.00%	0.00%	0.00%	0.00%
Internal capital generation [6]	10.96%	10.18%	-5.69%	-18.09%	0.45%

Growth					
Loans	3.13%	-2.84%	-8.75%	-6.74%	-13.30%
Deposits	7.12%	1.31%	-1.73%	6.62%	7.74%
Net interest income	5.30%	15.82%	38.59%	-6.23%	-30.51%
Fees and commissions	-7.27%	14.29%	0.33%	-28.57%	11.70%
Expenses	13.32%	15.45%	-22.15%	8.10%	54.29%
Pre-provision earning capacity	4.19%	25.82%	-7820.00%	-100.65%	-35.88%
Loan-loss provisions	-37.29%	-71.65%	-5.88%	-11.73%	-12.26%
Net income	19.59%	-262.73%	-73.68%	-6216.67%	-104.89%

Risks					
RWA% total assets	40.70%	39.74%	42.70%	38.20%	43.40%
Credit Risks					
Impaired loans % gross loans	11.02%	14.96%	17.02%	16.27%	12.75%
Loss loan provisions % impaired loans	58.96%	55.40%	52.21%	46.30%	47.23%
Impaired loans (net of LLPs) % pre-provision operating income [7]	269.89%	410.09%	651.47%	-58340.00%	311.39%
Impaired loans (net of LLPs) % equity	45.86%	69.67%	97.71%	103.07%	70.35%
Liquidity and Funding					
Customer deposits % total funding	82.76%	76.67%	71.56%	64.40%	57.53%
Total w holesale funding % total funding [8]	17.24%	23.33%	28.44%	35.60%	42.47%
- Interbank % total funding	1.23%	4.37%	12.06%	18.57%	25.83%
- Debt securities % total funding	13.68%	16.56%	14.90%	15.69%	15.61%
- Subordinated debt % total funding	2.33%	2.40%	1.48%	1.34%	1.03%
Short-term w holesale funding % total w holesale funding	26.33%	41.52%	48.22%	64.46%	66.06%
Liquid assets % total assets	28.42%	29.10%	28.85%	29.43%	26.42%
Net short-term w holesale funding reliance [9]	-35.02%	-30.85%	-25.60%	-16.39%	-5.71%
Adjusted net short-term w holesale funding reliance [10]	-54.14%	-51.70%	-46.71%	-36.71%	-24.23%
Customer deposits % gross loans	88.47%	82.96%	79.10%	74.05%	66.72%

Capital [11]					
Tier 1	14.82%	14.95%	12.39%	13.92%	14.45%
Tier 1 excl. All Hybrids	13.28%	14.80%	12.23%	13.75%	14.31%
CET1 (As-reported)	11.30%	9.30%	6.30%	13.80%	14.30%
Tangible Common Equity / Tangible Assets	5.01%	5.44%	4.71%	4.36%	5.20%
Total Capital	17.97%	18.30%	13.55%	15.31%	14.73%
Retained earnings % Tier 1	53.94%	62.00%	64.15%	67.87%	43.19%

[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-w eighted 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 w holesale funding - liquid assets) % illiquid assets
[10] (Short-term w holesale funding - liquid assets- loans maturing w ithin 1 year) % illiquid assets
[11] Capital ratios of Interim results exclude profits for the year
* Interim information is annualised w here needed.

Methodologies

The principal applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (December 2015). Other applicable methodologies include the DBRS Criteria – Support Assessments for Banks and Banking Organisations (March 2016), DBRS Criteria: Rating Bank Capital Securities – Subordinated, Hybrid, Preferred & Contingent Capital Securities (February 2016) and Critical Obligations Rating Criteria (February 2016).

Ratings

Issuer	Debt	Rating	Rating Action	Trend
The Governor and Company of the Bank of Ireland	Issuer Rating	BBB (high)	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Debt	BBB (high)	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Non-Guaranteed Long-Term Deposits	BBB (high)	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Non-Guaranteed Short-Term Debt	R-1 (low)	Confirmed	Stable
The Governor and Company of the Bank of Ireland	Non-Guaranteed Short-Term Deposits	R-1 (low)	Confirmed	Stable
The Governor and Company of the Bank of Ireland	Long Term Critical Obligations Rating	A	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Short Term Critical Obligations Rating	R-1 (low)	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Long-Term Deposits Guaranteed by the Irish Government	A (high)	Confirmed	Stable
The Governor and Company of the Bank of Ireland	Dated Subordinated Debt (Issued After-2011)	BBB	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Dated Subordinated Notes due Sept. 2018 (ISIN CA062786AD07)	BBB	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Floating Rate Subordinated Notes due 2017 (ISIN XS0223310862)	BBB	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Subordinated Notes due 2020 (ISIN XS0487711573)	BBB	Trend Change	Positive
The Governor and Company of the Bank of Ireland	Subordinated Notes due 2020 (ISIN XS0487711656)	BBB	Trend Change	Positive
Bank of Ireland UK Holdings plc	Perpetual Preferred Securities (ISIN XS0125611482)	BB (high)	Trend Change	Positive

Rating History

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

Previous Actions

- DBRS Confirms Bank of Ireland at BBB (high), Trend Changed to Positive on LT Ratings, April 22, 2016.
- DBRS Upgrades Irish Gteed LT Deposits of Bank of Ireland to A (high), Stable Trend, March 18, 2016.
- DBRS Assigns Critical Obligations Ratings to 33 European Banking Groups, February 4, 2016.
- DBRS Comments on BoI Rating Actions – IA raised to BBB (high), September 29, 2015.
- DBRS Downgrades 31 European Banking Groups due to Removal of Systemic Support Uplift, September 29, 2015.
- DBRS Confirms Irish Govt Guaranteed LT Debt of Bank of Ireland at ‘A’; Trend Revised to Positive, September 16, 2015.
- DBRS Places 38 European Banking Groups Under Review Negative due to Systemic Support, May 20, 2015.
- DBRS Confirms Bank of Ireland at BBB (high), Trend Changed to Stable, IA revised up to BBB, April 23, 2015.

Previous Report

- The Governor and Company of the Bank of Ireland, Rating Report, April 30, 2015.

Notes:
All figures are in EUR unless otherwise noted.

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

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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