

RATING ACTION COMMENTARY

Fitch Rates Bank of Ireland Group's EMTN Programme, Senior, Tier 2 and AT1 Notes

Tue 02 Mar, 2021 - 11:52 AM ET

Fitch Ratings - Milan - 02 Mar 2021: Fitch Ratings has assigned Bank of Ireland Group Private Limited Company's (BOIG, BBB/Negative) long-term senior debt issued under the group's EUR25 billion EMTN programme and outstanding long-term senior notes 'BBB' ratings. Fitch has also assigned BOIG's subsidiary Bank of Ireland's (BOI, BBB+/Negative) long-term senior debt issued under the group's EUR25 billion EMTN programme and outstanding long-term senior notes 'BBB+' ratings. Fitch has also assigned a 'BB+' rating to BOI's outstanding Tier 2 notes and a 'BB-' rating to BOIG's outstanding AT1 notes.

The ratings assigned to the EUR25 billion EMTN programme are programme ratings and do not necessarily apply to all the notes issued under it.

BOIG's and BOI's other ratings are unaffected by this rating action.

KEY RATING DRIVERS

BOI'S SENIOR DEBT (PROGRAMME AND NOTES)

BOI's long-term senior debt is rated in line with its 'BBB+' Long-Term Issuer Default Rating (IDR) as the notes are direct, unsecured and senior obligations of the issuer. BOI's long-

term senior debt and Long-Term IDR are one notch above its Viability Rating (VR), and one notch above BOIG's Long-Term IDR, to reflect the protection offered to BOI's senior third-party liabilities by existing resolution funds ultimately raised by BOIG, downstreamed to BOI and designed to protect the operating company's external senior creditors in a group failure. The buffers of junior and downstreamed senior holding company debt are built to comply with minimum requirement for own funds and eligible liabilities (MREL).

BOIG'S SENIOR DEBT (PROGRAMME AND NOTES)

BOIG's long-term senior debt is rated in line with its 'BBB' Long-Term IDR, which is in turn in line with its VR, as the notes are direct, unsecured and senior obligations of the issuer.

BOI'S TIER 2 SUBORDINATED DEBT

The notes are rated two notches below BOI's 'bbb' VR for loss severity to reflect below-average recovery prospects. No notching is applied for incremental non-performance risk because write-down of the notes will only occur once the point of non-viability is reached and there is no coupon flexibility before non-viability.

BOIG'S AT1 NOTES

The notes are rated four notches below BOIG's 'bbb' VR, which is the baseline notching for this type of debt under Fitch's criteria. The notching reflects poor recoveries due to the notes' deep subordination (two notches) as well as incremental non-performance risk relative to the VR (two notches), given fully discretionary coupon payments and mandatory coupon restriction features, including where prohibited by the regulator or where a coupon would exceed distributable items.

BOIG's maintains sound buffers above its regulatory capital requirements. At end-2020, BOIG's 14.9% consolidated CET1 ratio was 510bp above its 9.77% regulatory requirement.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

BOIG's and BOI's senior debt is rated in line with their respective Long-Term IDRs and therefore would be upgraded if their Long-Term IDRs were upgraded. For the most recent

sensitivities, see ' Fitch Affirms Bank of Ireland Group at 'BBB'; Outlook Negative' dated October 2020, at www.fitchratings.com.

The Tier 2 and AT1 notes' ratings would be upgraded if BOI's and BOIG's VRs, from which they are notched, were upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

BOIG's and BOI's senior debt would be downgraded if their Long-Term IDRs were downgraded. For the most recent sensitivities see ' Fitch Affirms Bank of Ireland Group at 'BBB'; Outlook Negative' dated October 2020, at www.fitchratings.com.

The Tier 2 and AT1 notes' ratings would be downgraded if BOI's and BOIG's VRs were downgraded. BOIG's AT1 notes' ratings are also sensitive to adverse changes in its notching from BOI's and BOIG's VRs, which could arise if Fitch changes its assessment of the probability of the notes' non-performance relative to the risk captured in the VRs. This may reflect a change in capital management in the group or an unexpected shift in regulatory capital requirements, for example.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit [<https://www.fitchratings.com/site/re/10111579>]

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

RATING ACTIONS

ENTITY/DEBT	RATING		
Bank of Ireland Group Public Limited Company			
● subordinated	LT	BB-	New Rating
● senior unsecured	LT	BBB	New Rating
Bank of Ireland			
● senior unsecured	LT	BBB+	New Rating
● subordinated	LT	BB+	New Rating

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 28 Feb 2020\) \(including rating assumption sensitivity\)](#)

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Bank of Ireland
Bank of Ireland Group Public Limited Company

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Banks Europe Ireland
