MOODY'S
INVESTORS SERVICE

CREDIT OPINION
4 October 2016

Update

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RATINGS

Bank of Ireland

Domicile	Dublin, Ireland
Long Term Debt	Baa2
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	Baa1
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

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

Post Rating Action Update

Summary Rating Rationale

On September 19[1], we upgraded the long-term bank deposit ratings of Bank of Ireland (BOI) to Baa1 from Baa2 following the upgrade of the bank's baseline credit assessment (BCA) to ba1 from ba2. We affirmed BOI's senior unsecured ratings at Baa2 because the upgrade of the bank's BCA was offset by a one-notch reduction in the uplift resulting from our Advanced Loss Given Failure (LGF) analysis. Therefore, while the Preliminary Rating Assessment (PRA) for the bank's deposits remains two notches above the BCA, the uplift for the senior unsecured debt above the BCA is now one notch, down from two. This change has been driven by the maturity and reduction in outstanding debt instruments resulting in higher loss given failure. We continue to assume a moderate probability of government support, resulting in a further notch of uplift above the PRA for both deposit and senior unsecured debt ratings.

As part of the same rating action, we also upgraded BOI's long-term counterparty risk assessment (CRA) to A3(cr) from Baa1(cr) as well as the ratings of all junior instruments. The bank's short-term deposits and debt ratings were affirmed at Prime-2.

The upgrade of BOI's BCA follows the change in the country's Macro Profile to 'Strong' from 'Moderate+'[2] as well as reflecting: (1) significant improvements in asset quality, evidenced in the bank's problem loan ratio, which declined to 9.7% as of June 2016 from 13.6% a year earlier; (2) maintenance of adequate capital levels despite headwinds, such as the negative impact of the defined benefit pension deficit volatility; (3) improved profitability, in particular, stronger core income generation; and (4) lower reliance on market funding, evidenced in the decline in the market funds to tangible banking assets ratio to 9.3% as of June 2016 from 11.5% as of June 2015.

Credit Strengths

» Improved profitability thanks to the bank's strong domestic franchise in Ireland and expanding position in the UK through partnerships with the Post Office and AA plc

» Regulatory capital levels well above regulatory minimum requirements despite the volatility introduced by variations in the defined benefit pension scheme funded status

» Sound funding profile and adequate liquidity buffers

Credit Challenges

» Sizable stock of problem loans, albeit declining thanks to the favourable operating environment in Ireland

» Macroeconomic uncertainties in the UK following the country's decision to leave the EU

» Pressures on the interest margin are starting to materialise given the increasing pricing competition in the Irish mortgage market and the low interest rate environment in both the UK and Ireland

Rating Outlook

The positive outlook on BOI's long-term deposit and senior debt ratings reflects the improving trends in the bank's financial strength, in particular, our expectation of a further reduction in problem loans. It also reflects our expectation that the bank's organic capital generation will mainly offset the expected decline in the TCE/RWA ratio due to the maturity of the bank's high trigger contingent capital instruments and a potential further increase in the bank's pension deficit. The positive outlook on senior debt also reflects the potential for lower loss-given-failure as subordinated debt increases.

Factors that Could Lead to an Upgrade

BOI's long-term debt and deposit ratings could be upgraded as a result of: (1) an upgrade in its standalone ba1 BCA; or (2) a significant increase in the bank's bail-in-able debt. The bank's BCA could be upgraded due to: (1) further reductions in non-performing loans; (2) improved capital metrics; while maintaining (3) stable profitability, funding and liquidity metrics.

Factors that Could Lead to a Downgrade

BOI's ratings could be downgraded as a result of: (1) a downgrade of its standalone ba1 BCA; or (2) the redemption of maturing subordinated instruments without their replacement. BOI's BCA could be downgraded because of: (1) a deterioration in the bank's asset quality; (2) increased volatility of its capital metrics; (3) a deterioration in profitability; or (4) a significant increase in the use of confidence-sensitive wholesale funding or a material reduction in liquid assets.

Key Indicators

Exhibit 1

BANK OF IRELAND (Consolidated Financials) [1]

	6-16[2]	12-15[2]	12-14[2]	12-13[2]	12-12[3]	Avg.
Total Assets (EUR million)	121,487	127,089	125,540	128,215	141,854	-3.8[4]
Total Assets (USD million)	134,966.1	138,056.2	151,910.1	176,672.8	187,019.1	-7.8[4]
Tangible Common Equity (EUR million)	7,094.8	7,451.1	6,237.3	5,540.9	5,895.2	4.7[4]
Tangible Common Equity (USD million)	7,882	8,094.1	7,547.4	7,635.1	7,772.2	0.4[4]
Problem Loans / Gross Loans (%)	9.7	11	15	17	16.3	13.8[5]
Tangible Common Equity / Risk Weighted Assets (%)	13.4	13.2	11.1	8.5	8.9	11.5[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	69.1	74.9	98.1	114.5	121.2	95.6[5]
Net Interest Margin (%)	1.8	1.8	1.7	1.4	0.9	1.5[5]
PPI / Average RWA (%)	2.1	2.4	2.2	1.8	0.1	2.1[6]
Net Income / Tangible Assets (%)	0.7	0.6	1.1	-0.4	-0.8	0.2[5]
Cost / Income Ratio (%)	62.3	58.3	57.2	58.2	97.8	66.7[5]
Market Funds / Tangible Banking Assets (%)	9.3	10	15.4	20.4	27.2	16.5[5]
Liquid Banking Assets / Tangible Banking Assets (%)	19.5	19.6	20.1	19.6	21.6	20.1[5]
Gross loans / Due to customers (%)	109.8	113	119.6	125.6	133.3	120.3[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel III - fully-loaded or transitional phase-in; IFRS [3] Basel II; IFRS [4] Compound Annual Growth Rate based on IFRS reporting periods [5] IFRS reporting periods have been used for average calculation [6] Basel III - fully-loaded or transitional phase-in & IFRS reporting periods have been used for average calculation

Source: Moody's Financial Metrics

Detailed Rating Considerations

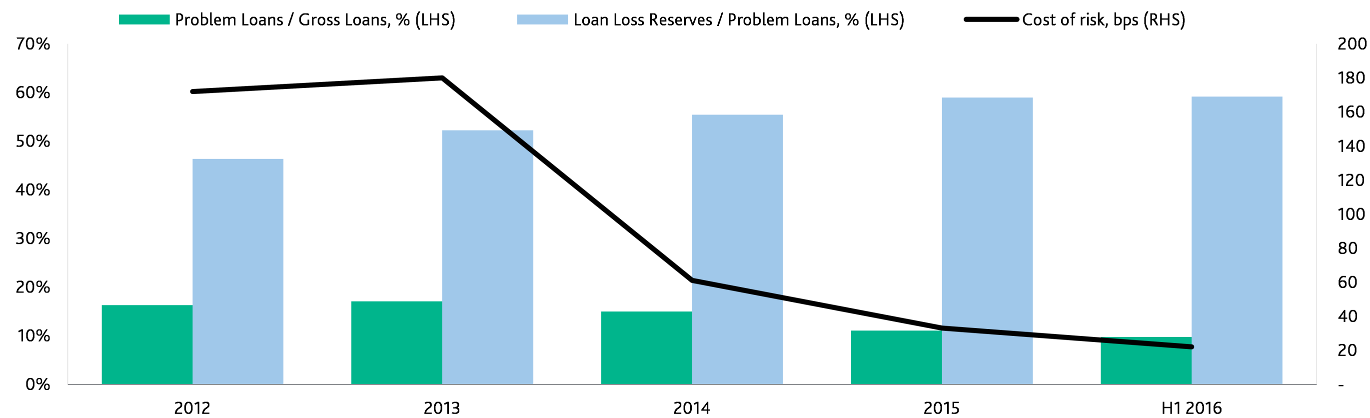
The financial data in the following sections are sourced from BOI's consolidated financial statements unless otherwise stated.

Weak albeit improving asset quality

The bank reported a decline in impaired loans of 17% to €8.3 billion over the first half of 2016, which led to a reduction in the bank's problem loan ratio to 9.7% as of June 2016 from 11% as of December 2015. The reduction was supported by the favourable operating environment in Ireland leading to improvements in the labour market and the bank's significant effort to provide sustainable restructuring solutions to troubled borrowers. However, the overall level of impaired and restructured loans is still elevated, exposing the bank to material downside risk, as confirmed by the results of the European Banking Authority's (EBA's) stress test. In our view, however, a negative shock is unlikely in the short-term and we expect the bank's cost of risk (measured by loan loss provisions over gross loans) to remain relatively low following a decline to 21 basis points from 32 basis points during the first six months of 2016, while the problem loan provision coverage remained at 59.0%.

Exhibit 2

BOI's asset risk metrics continue to improve



Source: Moody's Banking Financial Metrics

Following improvements in property prices, the bank is better positioned to reclaim higher-value collateral in the event of customer default, assuming that positive economic conditions are maintained. Residential property prices in Ireland increased by 6.7%[3] in the year to July 2016. We believe that despite the deceleration in property prices increases triggered by macro-prudential measures taken by the Central Bank of Ireland, housing supply constraints will contribute to further increases in house prices. As a result, the proportion of the bank's portfolio in negative equity continues to decline, with the proportion of residential mortgages in Ireland with a loan-to-value above 120% falling to 7% as of December 2015 from 15% as of December 2014. We expect these improvements to eventually lead to further provisioning releases.

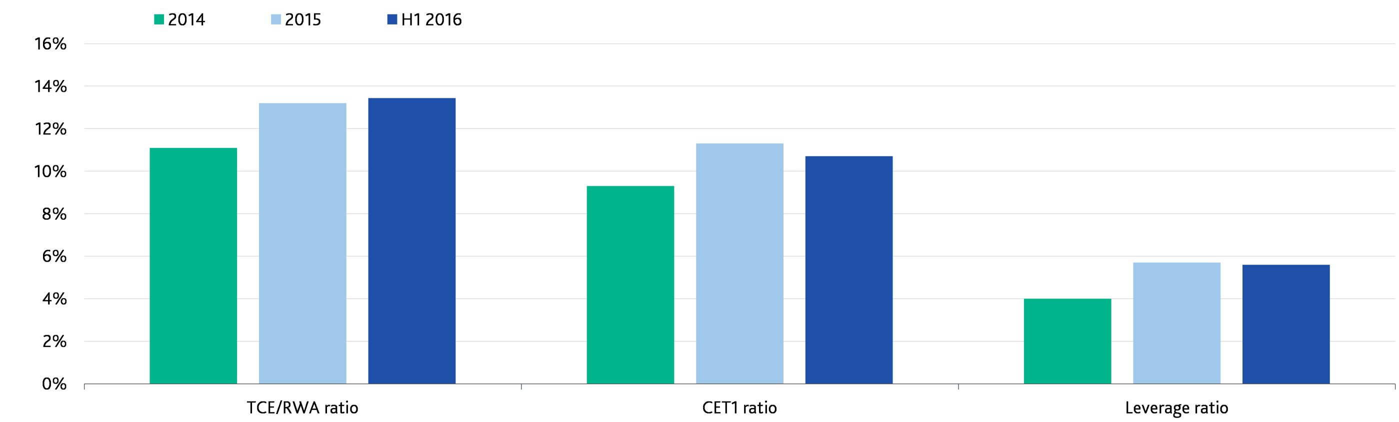
However, we believe that the bank still faces asset quality challenges in its domestic loan book: nearly 19% of BOI's buy-to-let loans were non-performing (classified as defaulted) as of June 2016, albeit down from 21.5% as of December 2015. In addition, as of the same date 20% of the Irish non-property SME portfolio was non-performing, while the non-property corporate book recorded a non-performing loan (NPL) ratio of 4.2%.

The reduced inflow of new NPLs should continue to support a strengthening of BOI's asset quality and profitability metrics. The bank has historically reported lower levels of problem loans compared to those of its Irish peers, reflecting geographic diversification derived from its lending activities in the UK as well as its more conservative underwriting standards. However, given the size of the problem loan portfolio, the past volatility of asset prices in Ireland and the headwinds to the UK economy following the outcome of the EU referendum, we consider the bank's asset risk remains a relative weakness for the bank, reflected in an assigned score of b1.

Enhanced ability to generate capital organically overshadowed by pension deficit volatility

The bank has demonstrated its strong ability to generate capital through earnings, as well as RWA reduction, resulting in an increase in its tangible common equity to risk weighted assets (TCE/RWA) ratio to 13.4% as of June 2016 from 8.5% as of December 2013 (13.2% as of December 2015). However, these improvements have been overshadowed by the negative effects of the defined benefit pension plan volatility on the regulatory capital ratios. BOI's fully loaded common equity tier 1 (CET1) ratio decreased to 10.7% as of June 2016 from 11.3% as of December 2015, largely driven by a €0.5 billion increase in the bank's pension deficit and adverse foreign exchange rate movements. The different trend over the last six months between Moody's capital ratios and the regulatory measures is due to the improving creditworthiness of Ireland (A3 positive), reducing the add-on to RWAs used in our own measures[4]. We also include in our TCE the €1 billion high trigger contingent capital instruments (CoCo) issued by the bank in 2009. We expect our and regulatory capital metrics to broadly converge since these high trigger loss absorption instruments were redeemed by the bank in July. While we believe that the bank's capital metrics will remain volatile, its improved ability to generate capital organically will largely offset the uncertainty caused by the periodic movements, arising from the changes in its pension deficit.

Exhibit 3
Regulatory capital ratios have been negatively affected by the pension plan deficit volatility



Source: Moody's Banking Financial Metrics

On a transitional basis, the bank's CET1 of 12.8% is comfortably above 10.25%, the bank's 2015 minimum required pillar 2 under the supervisory review and evaluation process (SREP). However, On 29 July, the EBA published the results of its 2016 stress test exercise conducted on 51 European banks and BOI's forecast stressed capital ratios were amongst the lowest of the participating European banks. Under the adverse scenario, BOI's fully-loaded CET1 ratio declined to 6.1% as of December 2018 from 11.3% as of December 2015, and its fully loaded leverage ratio fell to 3.7% from 5.7%. On a transitional basis, the bank's CET1 ratio decreased to 7.7% from 13.3%, while its leverage ratio fell to 4.5% from 6.6% in the same period. Although the results are based on a static balance sheet as of December 2015, the decline in capital and leverage ratios under the stressed scenario continue to highlight the downside risks arising from a relatively high proportion of problem loans compared to European peers.

We see the bank's organic capital generation and its current TCE level as a relative strength for the BCA. The assigned score of baa2 also reflects the pension deficit volatility and expected negative effect on capital metrics of the CoCo maturity.

Stabilising profitability driven by lower impairment charges, but margin pressures are likely to arise

According to our calculations, BOI's net income to tangible assets ratio declined to 0.7% during the first half of 2016 from 1% during the same period in 2015, driven by lower income from available for sale assets sales and lower net interest income, negatively affected by the impact of foreign exchange rates. The bank also reported a 9% increase in total operating expenses to €952 million due to increased regulatory charges and expenses related to IT investment, compliance and business growth. The decline in pre-provision income was partially offset by a decline in impairment charges by €75 million to €93 million over the same period. Although we expect a further decline in impairments in the short term, in our opinion, the level of impairments will be higher in the medium term, following the inevitable decline of loan loss reversals.

The bank's net interest margin (NIM) pre-ELG[5] fees fell by 10 basis points to 2.11% during the first half of 2016 from 2.21% in the first half 2015 since lower asset yields outweighted the improvements in the cost of funding. Although BOI's NIM will benefit in H2 2016 from the replacement of the high trigger CoCo which matured in July, we expect the pressure on asset margins to continue due to the increasing competition in the Irish mortgage market. In addition, low interest rate environment will likely persist in both Ireland and the UK, which we expect to exacerbate margin pressure.

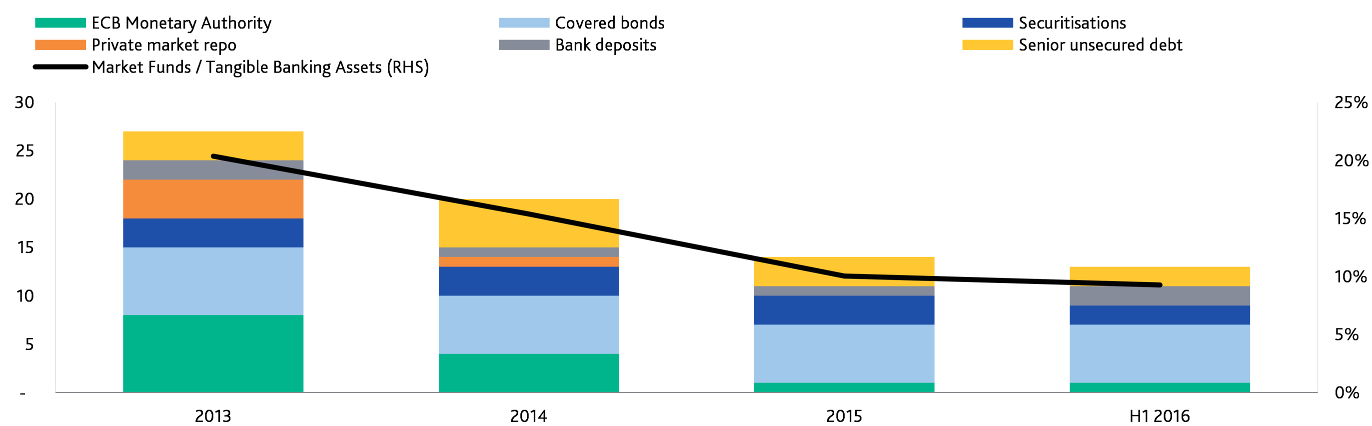
Given all these considerations, we assign a Profitability score of baa3, one notch below the macro-adjusted score. We see profitability stabilising over the outlook period as the bank will aim to cut costs again and generate new businesses to offset the negative pressures.

Demonstrated market access and relatively low reliance on wholesale funding

The bank has further reduced the use of wholesale funding and lowered the negative funding gap, reflected in a net loans to customer deposits (LTD) ratio of 103% at 30 June 2016, down from 106% as of 31 December 2015. Wholesale funding continued to gradually decrease in 2016, having fallen to €13.5 billion as of June 2016 from €14.2 billion at end-2015 and €19.9 billion at end-2014. As part of this reduction, the bank repurchased €0.6 billion nominal value of senior unsecured debt securities in June. The repurchase comprised €0.3 billion of the January 2019 notes (yielding 0.306%) and €0.3 billion of the April 2020 notes (0.397%). As a result, the bank's market funds to tangible banking assets ratio declined to 9.3% as of June 2016 from 10% as of December 2015. In the past the bank relied heavily on ECB funding, but following the repayments made in the past couple of years this type of funding now makes up only 11% of wholesale and around 1% of total funding. We believe the bank's funding structure will now stabilize close to the current level.

Exhibit 4

BOI's reliance on wholesale funding (€ billion, LHS) has decreased and the bank's funding profile has now stabilised



Source: Moody's Banking Financial Metrics and BOI financial reports

BOI has a diverse market funding mix and has demonstrated strong access to the market. In 2015 the bank issued €3.25 billion of wholesale funding, making three covered bonds issuances and one senior unsecured issuance, and in addition issued €750 million fixed rate perpetual additional tier 1 notes. Most of the market funding is secured, and 66% has maturity of over a year as of 30 June 2016. We see the bank's funding structure as a relative strength and, therefore, assign an a2 score to this factor.

BOI has sufficient stock and good quality of liquid assets in both Ireland and the UK. As of June 2016, the bank had a liquid banking assets to tangible banking assets ratio of 19.5%. BOI also comfortably meets the regulatory liquidity requirements, reporting a Net Stable Funding Ratio of 119% and a Liquidity Coverage Ratio of 116% as of end of June 2016. We do not expect significant changes over the medium term in the bank's liquidity profile and assign a Liquid Resources score of baa2, in line with the macro-adjusted score.

BOI's BCA is supported by its 'Strong+' Macro Profile

Although based in Ireland (Macro Profile of 'Strong') the bank has significant operations in the UK (Very Strong-), which in combination lead to its `Strong+` Macro Profile. Both are wealthy countries with very high institutional strength and low level of susceptibility to event risk. Although both economies have reported relatively strong economic growth, the outcome of the UK referendum on its membership in the European Union poses some challenges for households and corporates. Both the UK and Ireland operating environments also include elevated, although decreasing, private sector indebtedness and credit conditions that are sensitive to interest rates and housing prices.

Moody's scorecard suggests a BCA range of baa2-ba1. We position BOI's BCA at the bottom of this range as ba1, reflecting the need for further reduction on the downside risk arising from the still sizable impaired loans portfolio. The positive outlook reflects the likelihood of the bank's BCA moving to the middle of the range as credit fundamentals improve, resulting in a possible upgrade in the long-term debt and deposit ratings of the bank.

Notching Considerations

Loss Given Failure and additional notching

BOI is subject to the EU Bank Resolution and Recovery Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, and assigns 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 very low loss-given-failure, due to 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 PRA of baa2, two notches above the BCA.

BOI's senior unsecured debt is likely to face low loss-given-failure due to the loss absorption provided by its own volume and the amount of debt subordinated to it. This results in a PRA of baa3, one notch above the BCA. This is lower than the PRA for deposits because of the probability that we incorporate in our LGF analysis that resolution authorities may take actions to preserve deposits in a bail-in, at the expense of senior unsecured debt.

BOI's subordinated instruments are likely to face a high level of 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. However, we note that the bank continues to increase the amount of junior liabilities after the issue of €750 million fixed rate perpetual additional tier 1 notes. We assign a rating of (P)B1 (hyb) to these notes. The rating of BOI's subordinated debt and junior subordinated debt is Ba2 and Ba3(hyb), respectively. The rating of the non-cumulative preference shares is B1(hyb).

Government support

We believe that there is a moderate probability of government support for BOI should the bank fail, which leads to one notch of uplift from the Preliminary Rating Assessments for both deposits and senior unsecured ratings.

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 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 (e.g., swaps), letters of credit, guarantees and liquidity facilities.

The CR Assessment is positioned at A3(cr)/ Prime 2(cr). The CR Assessment, prior to government support, is positioned three notches above the BOI's BCA of ba1, based on the cushion 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 also benefits from one notch of government support, in line with our support assumptions on deposits and senior unsecured debt. This reflects our view that any support provided by governmental authorities to a bank which benefits senior unsecured debt or deposits is very likely to benefit operating activities and obligations reflected by the CR Assessment as well, consistent with our belief that governments are likely to maintain such operations as a going-concern in order to reduce contagion and preserve a bank's critical functions.

About Moody's Bank Scorecard

Our Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment 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.

Rating Methodology and Scorecard Factors

Exhibit 5

BANK OF IRELAND

Macro Factors						
Weighted Macro Profile	**Strong +**	**100%**				

Financial Profile						
Factor	**Historic Ratio**	**Macro Adjusted Score**	**Credit Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	13.2%	b1	←→	b1	Quality of assets	Collateral and provisioning coverage
Capital						
TCE / RWA	13.4%	a2	↓↓	baa2	Expected trend	Capital fungibility
Profitability						
Net Income / Tangible Assets	0.5%	baa2	←→	baa3	Expected trend	Loan loss charge coverage
Combined Solvency Score		baa3		ba1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	10.0%	a2	↑	a2	Expected trend	Market funding quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	19.6%	baa2	←→	baa2	Quality of liquid assets	Stock of liquid assets
Combined Liquidity Score		a3		a3		
Financial Profile				baa3		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint:				A3		
Scorecard Calculated BCA range				baa2-ba1		
Assigned BCA				ba1		
Affiliate Support notching				0		
Adjusted BCA				ba1		

Balance Sheet	**in-scope (EUR)**	**% in-scope**	**at-failure (EUR)**	**% at-failure**
Other liabilities	17,009	22.7%	22,267	29.7%
Deposits	51,548	68.7%	46,290	61.7%
Preferred deposits	38,146	50.9%	36,238	48.3%
Junior Deposits	13,403	17.9%	10,052	13.4%
Senior unsecured bank debt	2,000	2.7%	2,000	2.7%
Dated subordinated bank debt	1,368	1.8%	1,368	1.8%
Junior subordinated bank debt				
Preference shares (bank)	817	1.1%	817	1.1%
Senior unsecured holding company debt				
Dated subordinated holding company debt				
Junior subordinated holding company debt				
Preference shares (holding company)				
Equity	2,250	3.0%	2,250	3.0%
Total Tangible Banking Assets	74,992	100%	74,992	100%

Debt class	De jure waterfall		De facto waterfall		Notching		LGF notching guidance versus 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 Assessment	22.0%	22.0%	22.0%	22.0%	3	3	3	3	0	baa1 (cr)
Deposits	22.0%	5.9%	22.0%	8.6%	2	3	2	2	0	baa2
Senior unsecured bank debt	22.0%	5.9%	8.6%	5.9%	2	0	1	1	0	baa3
Dated subordinated bank debt	5.9%	4.1%	5.9%	4.1%	-1	-1	-1	-1	0	ba2
Junior subordinated bank debt	4.1%	4.1%	4.1%	4.1%	-1	-1	-1	-1	-1	ba3 (hyb)
Cumulative bank preference shares	4.1%	3.0%	4.1%	3.0%	-1	-1	-1	-1	-2	b1 (hyb)
Non-cumulative bank preference shares	4.1%	3.0%	4.1%	3.0%	-1	-1	-1	-1	-2	b1 (hyb)

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency rating	Foreign Currency rating
Counterparty Risk Assessment	3	0	baa1 (cr)	1	A3 (cr)	--
Deposits	2	0	baa2	1	Baa1	Baa1
Senior unsecured bank debt	1	0	baa3	1	Baa2	Baa2
Dated subordinated bank debt	-1	0	ba2	0	Ba2	Ba2
Junior subordinated bank debt	-1	-1	ba3 (hyb)	0	--	Ba3 (hyb)
Cumulative bank preference shares	-1	-2	b1 (hyb)	0	B1 (hyb)	--
Non-cumulative bank preference shares	-1	-2	b1 (hyb)	0	B1 (hyb)	B1 (hyb)

Source: Moody's Financial Metrics

Ratings

Exhibit 6

Category	Moody's Rating
BANK OF IRELAND	
Outlook	Positive
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	ba1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Issuer Rating	Baa2
Senior Unsecured	Baa2
Subordinate	Ba2
Jr Subordinate	Ba3 (hyb)
Pref. Stock -Dom Curr	B1 (hyb)
Pref. Stock Non-cumulative	B1 (hyb)
Commercial Paper	P-2
Other Short Term	(P)P-2
BANK OF IRELAND (UK) PLC	
Outlook	Positive
Bank Deposits	Ba2/NP
Baseline Credit Assessment	ba2
Adjusted Baseline Credit Assessment	ba2
Counterparty Risk Assessment	Baa2(cr)/P-2(cr)
BANK OF IRELAND UK HOLDINGS PLC	
BACKED Pref. Stock -Dom Curr	B1 (hyb)
AVONDALE SECURITIES SA	
Outlook	Stable
Senior Secured -Dom Curr	Baa3

Source: Moody's Investors Service

Endnotes

1 Please see 'Moody's takes rating actions on Irish banks', 19 September 2016

2 Please refer to 'Ireland Macro Profile: Strong', 23 September 2016

3 National price index annual change, Central Statistics Office

4 The adjustment factor applied to risk weightings of sovereign debt held by Irish banks was reduced to 20% from 50% following the recent upgrade of the sovereign rating to A3 from Baa1. For more detail on this and other Moody's standard adjustments see 'Financial Statement Adjustments in the Analysis of Financial Institutions', 12 February 2016

5 Eligible Liabilities Guarantee

REPORT NUMBER 1043620

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