

## CREDIT OPINION

14 June 2017

Update

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### RATINGS

#### Bank of Ireland

Domicile	Dublin, Ireland
Long Term Debt	Baa1
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	A3
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

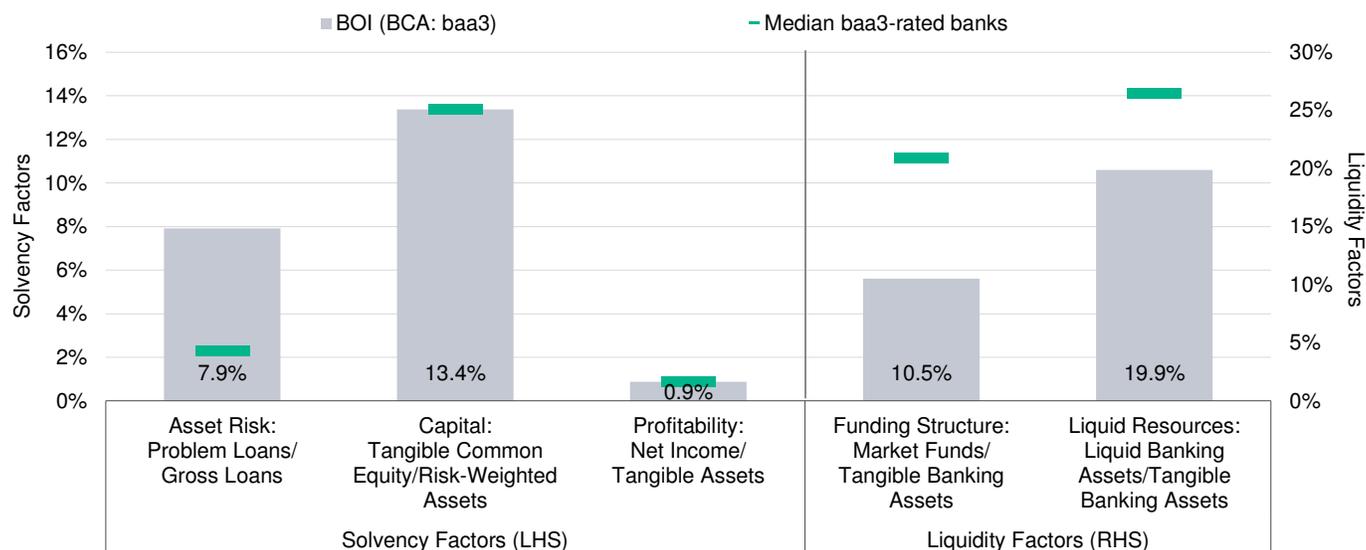
#### Summary Rating Rationale

On 6 June we upgraded the long-term bank deposit ratings of Bank of Ireland (BOI) to A3 from Baa1. We also upgraded BOI's long-term senior unsecured debt ratings to Baa1 from Baa2. The action was driven by: (1) the upgrade of the bank's baseline credit assessment (BCA) to baa3 from ba1; (2) the results of our Advanced Loss Given Failure Analysis (LGF) leading to a PRA two notches above the BCA for deposits and one notch above in the case of senior unsecured debt and; (3) an expectation of a moderate level of government support, which translates into one notch of further uplift for both the deposit and senior unsecured ratings. As part of the same rating action, we affirmed BOI's long-term counterparty risk assessment (CRA) at A3(cr)/P-2(cr). The bank's short-term deposit and debt ratings were affirmed at Prime-2.

The upgrade of BOI's BCA to baa3 reflects: (1) improvements in asset quality, evidenced in a further decrease in the bank's problem loan ratio to 7.9% at December 2016 from 11% a year earlier; (2) adequate capital levels despite headwinds and conservative capital management; (3) stable core profitability and sustained net interest margin; and (4) a solid funding profile with an improved loan-to-deposit ratio. The BCA remains constrained by the remaining sizeable stock of non-performing loans in addition to a significant stock of forbore loans with an expectation of a slower rate of amortisation going forward.

The outlook on BOI's long-term deposit and senior debt ratings remains positive, reflecting our expectation of debt to be issued by a new holding company over the outlook period which if carried out as planned, will increase the level of protection for both bank's deposits and senior debt.

Exhibit 1

**Key Financial Ratios**

December 2016 ratios for BOI  
 Source: Moody's Banking Financial Metrics

**Credit Strengths**

- » Strong domestic franchise in Ireland and established position in the UK through partnerships with the Post Office and AA plc;
- » Solid capitalisation supported by sustained earnings generation and conservative capital management;
- » Sound funding profile and sufficient liquidity buffers.

**Credit Challenges**

- » Sizeable stock of problem loans, albeit declining aided by a favourable operating environment in Ireland;
- » Macroeconomic uncertainties in the UK and Ireland related to the UK's exit from the EU;
- » Pressures on the interest margin given the increasing pricing competition in the Irish mortgage market and an ultra 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 our expectation of material amount of debt to be issued by a new holding company over the outlook period, which, if carried out as planned, will increase the level of protection for both bank's deposits and its own senior debt.

**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 BCA; or (2) a significant increase in the bank's bail-in-able debt.
- » The bank's BCA could be upgraded following (1) further significant reductions in non-performing loans and/or improving provisioning coverage; (2) improving capitalisation and risk absorption capacity, while maintaining (3) stable profitability, funding and liquidity metrics.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Factors that Could Lead to a Downgrade

- » BOI's ratings could be downgraded as a result of (1) a downgrade of its standalone BCA; or (2) the redemption of maturing subordinated instruments without their replacement.
- » BOI's BCA could be downgraded due to (1) a significant deterioration in the bank's asset quality; (2) a significant and sustained drop in the bank's capitalisation; (3) a deterioration in its core profitability metrics; or (4) a significant increase in the use of confidence-sensitive wholesale funding or a material reduction in liquid assets.

## Key Indicators

Exhibit 2

### BANK OF IRELAND (Consolidated Financials) [1]

	12-16 <sup>2</sup>	12-15 <sup>2</sup>	12-14 <sup>2</sup>	12-13 <sup>2</sup>	12-12 <sup>3</sup>	CAGR/Avg. <sup>4</sup>
Total Assets (EUR million)	119,494	127,089	125,540	128,215	141,854	-4.2 <sup>5</sup>
Total Assets (USD million)	126,037	138,056	151,910	176,673	187,019	-9.4 <sup>5</sup>
Tangible Common Equity (EUR million)	6,916	7,451	6,237	5,541	5,895	4.1 <sup>5</sup>
Tangible Common Equity (USD million)	7,295	8,094	7,547	7,635	7,772	-1.6 <sup>5</sup>
Problem Loans / Gross Loans (%)	7.9	11.0	15.0	17.0	16.3	13.4 <sup>6</sup>
Tangible Common Equity / Risk Weighted Assets (%)	13.4	13.2	11.1	8.5	8.9	11.5 <sup>7</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	60.4	74.9	98.1	114.5	121.2	93.8 <sup>6</sup>
Net Interest Margin (%)	1.8	1.8	1.7	1.4	0.9	1.5 <sup>6</sup>
PPI / Average RWA (%)	1.9	2.4	2.2	1.8	0.1	2.1 <sup>7</sup>
Net Income / Tangible Assets (%)	0.9	0.6	1.1	-0.4	-0.8	0.3 <sup>6</sup>
Cost / Income Ratio (%)	65.9	58.3	57.2	58.2	97.8	67.5 <sup>6</sup>
Market Funds / Tangible Banking Assets (%)	10.5	10.0	15.4	20.4	27.2	16.7 <sup>6</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	19.9	19.6	20.1	19.6	21.6	20.1 <sup>6</sup>
Gross Loans / Due to Customers (%)	109.6	113.0	119.6	125.6	133.3	120.2 <sup>6</sup>

[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] May include rounding differences due to scale of reported amounts [5] Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime [6] Simple average of periods presented for the latest accounting regime. [7] Simple average of Basel III periods presented

Source: Moody's Financial Metrics

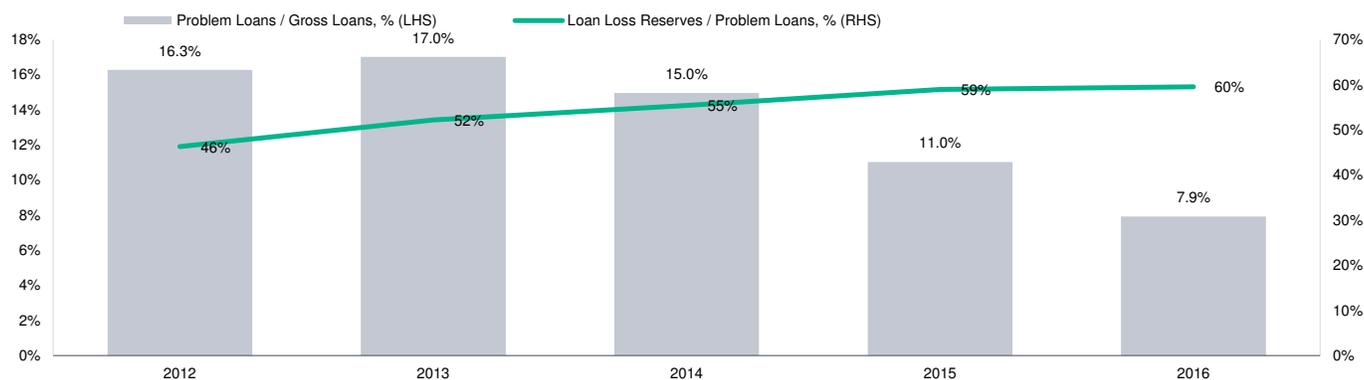
## Detailed Rating Considerations

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

### Improving asset quality, but the stock of impaired and forborne loans remain sizeable

In 2016 BOI saw a further €3.5 billion reduction in impaired loans to €6.5 billion at December 2016, which led to a reduction in the bank's problem loan ratio to 7.9% from 11% at 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. The bank's provision coverage of impaired loans remained stable at 60% at December 2016, which we view as adequate and comparable with its peers.

Exhibit 3

**Problem loans continue to decrease and are adequately provisioned**

Source: Moody's Banking Financial Metrics

Following improvements in property prices in Ireland, the bank is better positioned to reclaim higher-value collateral in the event of customer default, assuming that positive economic conditions are maintained. 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 100% falling to 16% at December 2016 from 27% at December 2015.

The reduced inflow of new non-performing loans should continue to support the strengthening of BOI's asset quality metrics. The bank has historically reported lower levels of problem loans compared to those of its Irish peers, reflecting its geographic diversification due to its lending activities in the UK as well as its more conservative underwriting standards.

However, we believe that the bank still faces asset quality challenges in its domestic loan book: 16.5% of BOI's Irish buy-to-let loans were non-performing (classified as defaulted) at December 2016, albeit down from 21.5% at December 2015. As of the same date 17% of the Irish non-property SME portfolio was non-performing, while the non-property corporate book recorded a non-performing loan (NPL) ratio of 3.5%. The property and construction portfolio continues to be the worst performer with 27.3% defaulted loans at December 2016, although the exposure to this segment (currently at €10.3 billion) has been reduced by €3 billion, or nearly 23%, during the course of 2016.

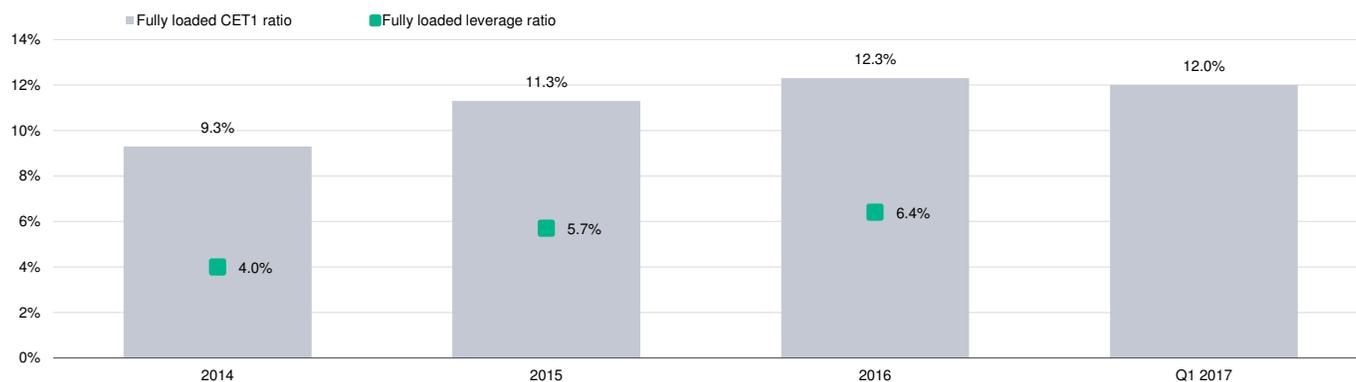
In addition, BOI has a large portion of vulnerable restructured loans, which, in our view, have an increased probability of falling back into non-performance in the event of macro-economic headwinds. The bank reported €7.8 billion of loans, which were subject to some form of forbearance but not impaired at December 2016. Of these, €2.7 billion (3% of gross lending) were categorised as lower quality or past due.

The overall level of impaired and forborne loans and loans in negative equity is still high, exposing the bank to material downside risk, as confirmed by the results of the European Banking Authority's (EBA's) stress test. We therefore consider the bank's asset quality remains a relative weakness for the bank, reflected in an assigned score of b1.

**Capitalisation expected to remain solid supported by sustained earnings generation and conservative capital management**

BOI's fully loaded common equity tier 1 (CET1) ratio increased by 100 basis points to 12.3% at December 2016 from 11.3% at December 2015, driven by steady capital generation, a reduction in the accounting deficit on the defined benefit pension schemes and a reduction in risk-weighted assets (RWAs). The volatility of the pension deficit, however, continues to affect the bank's capital ratios, as evidenced by a decline in the fully loaded CET1 ratio to 12% at March 2017 as the a €0.2 billion widening in the deficit offset organic capital generation during the first quarter of the year. BOI reported a pro-forma fully loaded leverage ratio of 6.4% at December 2016, compared to 5.7% at December 2015, which we consider as solid.

Exhibit 4

**Regulatory capital ratios remain strong**

Source: BOI financial reports

On a transitional basis, the bank's CET1 of 13.8% at March 2017 (14.2% at December 2016) comfortably exceeds its Supervisory Review and Evaluation Process (SREP) requirement of 8%, consisting of a Pillar 1 requirement of 4.5%, a Pillar 2 requirement of 2.25% and a capital conservation buffer for 2017 of 1.25%.

We calculate a tangible common equity to risk weighted assets ratio of 13.4% at December 2016, which rose from 13.2% at December 2015 despite the maturity of €1 billion high trigger contingent capital instruments in July 2016. The ratio was supported by the earnings generation in the year and further benefitted from the improving creditworthiness of Ireland (upgraded to A3 positive in May 2016), reducing the add-on to RWAs used in our own measures<sup>1</sup>.

BOI recently announced it had decided to postpone the re-commencement of dividend payments to 2018, having previously guided the market towards 2017 timeline. We believe the bank's demonstrated ability to generate capital organically and conservative capital management will largely mitigate any potential future volatility due to movements in the pension deficit, sterling exchange rate changes (although the impact is limited due to hedging in place) and expected eventual increase in impairment charges. We expect BOI to continue to maintain adequate capital levels in excess of regulatory requirements and view its capitalisation as a relative strength for the BCA. The assigned score of baa1 reflects this view and also takes into account the downside risks arising from a still relatively high proportion of unprovisioned problem loans and loans in negative equity as a percentage of the bank's capital.

### **Profitability is supported by decreasing funding costs and impairment charges, but pressures persist from low asset margins and high regulatory costs**

BOI reported statutory profit before tax of €1 billion in 2016, 16% lower than €1.2 billion in 2015, reflecting lower operating income, higher regulatory charges, expenses related to business investment and lower non-recurring gains (€171 million gain in 2016 on the sale of shares in Visa Europe and liquidity portfolio rebalancing vs €237 million gain in 2015), partially offset by a decrease in impairment charges.

The bank's net interest income, before Eligible Liabilities Guarantee (ELG) fees, decreased by 7% to €2.3 billion from €2.5 billion 2015, driven by interest rate pressures, sterling depreciation and lower income on liquid assets due to bond sales as part of the liquidity portfolio optimisation. BOI reported a net interest margin (NIM) pre-ELG at 2.19% for 2016, unchanged from 2015. The NIM reflects a substantial reduction in funding costs following the repayment of the expensive high trigger contingent capital notes in July 2016 and the downward re-pricing of the UK customer deposits, which offset a decrease in yields on customer loan and liquidity portfolio. BOI reported a further increase in NIM to 2.30% for the first three months of 2017, driven by further reductions in the cost of funding and changing asset mix. While we believe BOI's NIM will continue to be supported by cheaper funding and a gradual change in the lending mix, as new lending replaces legacy low yielding tracker mortgages and nonperforming assets, we also anticipate the pressure on the bank's asset yields to persist amid low interest rate environment and increasing competition in the mortgage market, in both Ireland and the UK.

According to our calculations, the bank's cost-to-income ratio increased to 66% in 2016 from 58% in 2015, reflecting increased regulatory charges and expenses related to the bank's investments in the replacement of its core banking platforms that commenced in 2016.

The decline in pre-provision income in 2016 was partially offset by a 41% fall in impairment charges by to €176 million from €296 million in 2015 owing to the improving performance of the loan portfolio and higher level of loan loss provision releases. Although there may be a further decline in impairments in the short term, we expect that provision releases will gradually diminish and the bank's impairment charges will stabilise at a somewhat higher level than the current one.

We calculate a net income to tangible assets ratio of 0.87% in 2016, higher than 0.63% in 2015, largely driven by stronger returns on defined benefit pension assets, which we fully reflect in the income statement through our standard pension adjustment<sup>2</sup>.

We assign a Profitability score of baa2, one notch below the macro-adjusted score, to reflect the challenges the bank's profitability is facing from the prolonged period of low interest rates and the macroeconomic uncertainties related to the UK's exit from the EU.

### **Relatively low use of wholesale funding and sufficient liquidity**

The bank's negative funding gap was lowered further, reflected in a gross loans to customer deposits (LTD) ratio of 109% at December 2016, down from 113% at December 2015. This reflects a larger reduction in gross lending (by €8.2 billion to €82.4 billion) than that in customer deposits (by €5 billion to €75.2 billion), both primarily driven by the weakening of the sterling.

The use of wholesale funding remained broadly stable at €14.4 billion at December 2016 (€14.2 billion at December 2015). In June 2016 the bank completed a liability management exercise whereas it repurchased €0.6 billion nominal value of senior unsecured debt securities. In addition, it redeemed €0.8 billion of securitisations, and there were €0.8 billion scheduled maturities during 2016. The bank replaced these with the funding from monetary authorities (through the ECB's Targeted Longer Term Refinancing Operation and the Bank of England's Term Funding Scheme), which increased by €1.9 billion to €3.4 billion at December 2016, but remains at modest levels (3% of total funding).

The bank's market funding mix is diverse. Most of market funding is secured, and 64% had maturity of over a year at December 2016. We calculate the bank's market funds to tangible banking assets ratio of 10.5% at December 2016 (10.0% at December 2015). We see the bank's funding structure as a relative strength. We assign an a3 score to this factor, one notch below the macro-adjusted score to reflect an expectation of a pick up in the use of market funding as the bank commences debt issuances to meet its Minimum Requirements for Eligible Liabilities (MREL).

BOI has sufficient stock and good quality of liquid assets in both Ireland and the UK. At December 2016, the bank had a liquid banking assets to tangible banking assets ratio of 19.9%. BOI also comfortably meets regulatory liquidity requirements, reporting a Net Stable Funding Ratio of 122% and a Liquidity Coverage Ratio of 113% at December 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.

The scorecard suggests a BCA range of baa2-ba1. We position BOI's BCA in the middle of this range at baa3.

## **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 baa1, 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 baa2, 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. The rating of BOI's subordinated debt and junior subordinated debt is Ba1 and Ba2(hyb), respectively.

### **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 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.

BOI's CR Assessment is A3(cr)/Prime-2(cr). The CR Assessment, prior to government support, is positioned three notches above the BOI's BCA of baa3, based on the cushion against default provided to the senior obligations represented by the CR Assessment by subordinated instruments. This brings it the same level as our rating on [the Government of Ireland \(A3 positive\)](#). Therefore, our assumption of moderate probability of government support for the bank's operating obligations does not give rise to any further uplift and the long-term and short-term CR Assessments are A3(cr) and Prime-2(cr), respectively.

### **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%**

Factor	Historic Ratio	Macro Adjusted Score	Credit Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	11.3%	b1	← →	b1	Expected trend	Collateral and provisioning coverage
Capital						
TCE / RWA	13.4%	a2	← →	baa1	Stress capital resilience	Capital fungibility
Profitability						
Net Income / Tangible Assets	0.9%	baa1	↓	baa2	Expected trend	
Combined Solvency Score		baa3		ba1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	10.5%	a2	↓	a3	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	19.9%	baa2	← →	baa2	Expected trend	
Combined Liquidity Score		a3		baa1		
Financial Profile						
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				baa3		
Affiliate Support notching				0		
Adjusted BCA				baa3		

Balance Sheet	in-scope (EUR million)	% in-scope	at-failure (EUR million)	% at-failure
Other liabilities	15,717	21.1%	21,057	28.3%
Deposits	52,352	70.3%	47,012	63.1%
Preferred deposits	38,741	52.0%	36,804	49.4%
Junior Deposits	13,612	18.3%	10,209	13.7%
Senior unsecured bank debt	2,000	2.7%	2,000	2.7%
Dated subordinated bank debt	1,355	1.8%	1,355	1.8%
Preference shares (bank)	810	1.1%	810	1.1%
Equity	2,234	3.0%	2,234	3.0%
Total Tangible Banking Assets	74,468	100%	74,468	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	22.3%	22.3%	22.3%	22.3%	3	3	3	3	0	a3 (cr)
Deposits	22.3%	5.9%	22.3%	8.6%	2	3	2	2	0	baa1
Senior unsecured bank debt	22.3%	5.9%	8.6%	5.9%	2	0	1	1	0	baa2
Dated subordinated bank debt	5.9%	4.1%	5.9%	4.1%	-1	-1	-1	-1	0	ba1
Junior subordinated bank debt	4.1%	4.1%	4.1%	4.1%	-1	-1	-1	-1	-1	ba2 (hyb)
Cumulative bank preference shares	4.1%	3.0%	4.1%	3.0%	-1	-1	-1	-1	-2	ba3 (hyb)
Non-cumulative bank preference shares	4.1%	3.0%	4.1%	3.0%	-1	-1	-1	-1	-2	ba3 (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	a3 (cr)	0	A3 (cr)	--
Deposits	2	0	baa1	1	A3	A3
Senior unsecured bank debt	1	0	baa2	1	Baa1	Baa1
Dated subordinated bank debt	-1	0	ba1	0	Ba1	Ba1
Junior subordinated bank debt	-1	-1	ba2 (hyb)	0	--	Ba2 (hyb)
Cumulative bank preference shares	-1	-2	ba3 (hyb)	0	Ba3 (hyb)	--
Non-cumulative bank preference shares	-1	-2	ba3 (hyb)	0	Ba3 (hyb)	Ba3 (hyb)

Source: Moody's Financial Metrics

## Ratings

Exhibit 6

Category	Moody's Rating
<b>BANK OF IRELAND</b>	
Outlook	Positive
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa3
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Issuer Rating	Baa1
Senior Unsecured	Baa1
Subordinate	Ba1
Jr Subordinate	Ba2 (hyb)
Pref. Stock -Dom Curr	Ba3 (hyb)
Pref. Stock Non-cumulative	Ba3 (hyb)
Commercial Paper	P-2
Other Short Term	(P)P-2
<b>BANK OF IRELAND (UK) PLC</b>	
Outlook	Positive
Bank Deposits	Baa3/P-3
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa3
Counterparty Risk Assessment	A3(cr)/P-2(cr)

Source: Moody's Investors Service

## Endnotes

- [1](#) 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
- [2](#) see 'Defined Benefit Post-Retirement Plans' section in '[Financial Statement Adjustments in the Analysis of Financial Institutions](#)', 12 February 2016

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