Pillar 3 Disclosures

For the year ended
31 December 2016

The Partnership Bank

BOI Group Classification: Purple - Highly Confidential & Market Sensitive

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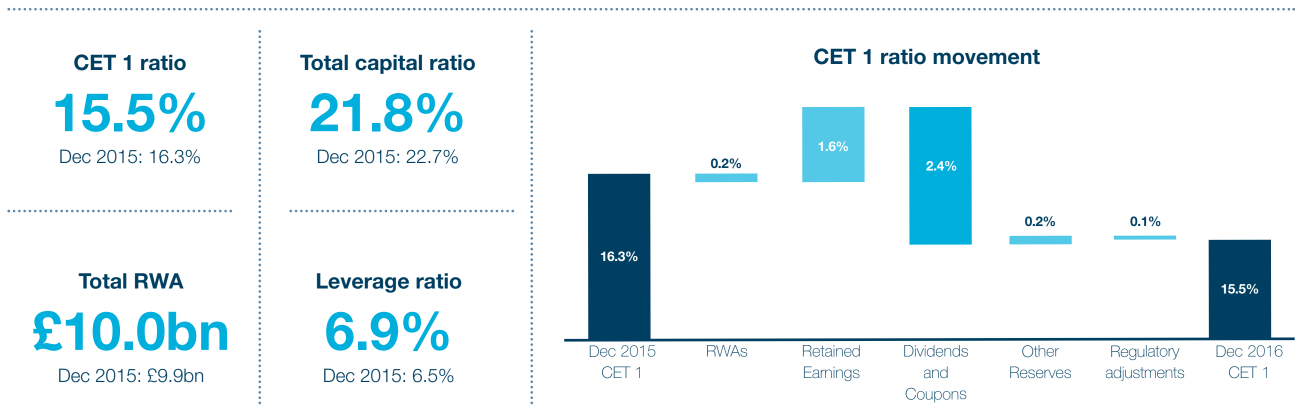
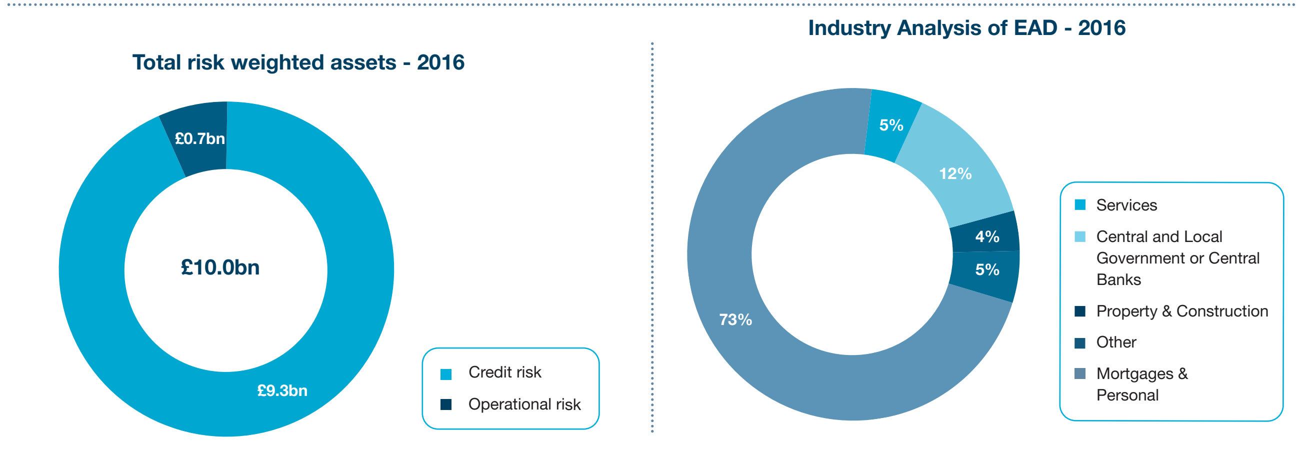
Percentages throughout the document are calculated on the absolute underlying figures and so may differ from the percentages calculated on the rounded numbers presented.

Key highlights

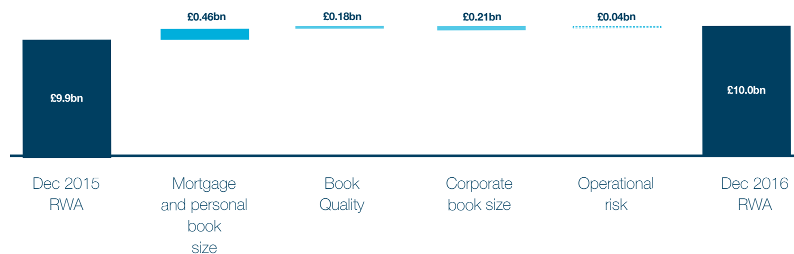
Key metrics - Fully Loaded



Key metrics - Lending Book Analysis



RWA movement



1. Introduction

1.1 Background

Bank of Ireland (UK) plc, 'the Bank', is the principal operating subsidiary of the Bank of Ireland Group in the UK. The Bank and its holding in NIIB Group Limited, First Rate Exchange Services Holdings Limited, Bank of Ireland Trustee Limited, Midasgrange Limited and Bowbell No. 1 plc are hereinafter referred to as the 'Group' throughout this document.

In the context of this document CRD IV describes the package of the Capital Requirements Regulation 575/2013 (CRR), the Capital Requirements Directive (CRD) and regulatory and technical standards.

The purpose of this document is to disclose information in accordance with the scope of application of CRD IV requirements for the Group, particularly covering capital, credit risk and leverage.

CRD IV is commonly referred to as containing the following three Pillars:

Pillar 1 contains mechanisms and requirements for the calculation by financial institutions of their minimum capital requirements for credit risk, market risk and operational risk.

Pillar 2 is intended to ensure that each financial institution has sound internal processes in place to assess the adequacy of its capital, based on a thorough evaluation of its risks. Supervisors are tasked with evaluating how well financial institutions are assessing their capital adequacy needs relative to their risks. Risks not considered under Pillar 1 are considered under this Pillar.

Pillar 3 is intended to complement Pillar 1 and Pillar 2. It requires that financial institutions disclose information on the scope of application of CRD IV requirements, particularly covering capital requirements / risk weighted assets (RWA) and resources, risk exposures and risk assessment processes.

The Group's Pillar 3 disclosures have been prepared in accordance with CRD IV as implemented into UK legislation and in accordance with the Group's Pillar 3 Disclosure policy.

The Group is required to comply with the CRD IV disclosure requirements at 31 December 2016. For ease of reference, the requirements are referred to as 'Pillar 3' in this document. Pillar 3 contains both qualitative and quantitative disclosure requirements.

The Group's Pillar 3 document is a technical paper which should be read in conjunction with the Bank of Ireland (UK) plc Annual Report for the year ended 31 December 2016 (hereinafter referred to as the 'Group's Annual Report'). The Group's Annual Report is referred to periodically throughout this document.

The Group's qualitative disclosure requirements are mainly addressed in the Strategic Report and Risk Management Report of the Group's Annual Report. This document contains the Group's Pillar 3 quantitative disclosure requirements and the remainder of the qualitative disclosure requirements not included in the Group's Annual Report.

Frequency
CRD IV and European Banking Authority (EBA) guidelines require that the Group disclose information on at least an annual basis. To ensure the effective communication of the Group's business and risk profile, the Group also pays particular attention to the possible need to provide information more frequently than annually.

In December 2016, the EBA published final guidelines on revised Pillar 3 disclosure requirements to improve and enhance the consistency and comparability of institutions' disclosures. These guidelines apply from 31 December 2017, however the Group has made certain enhancements to this year's disclosures in early compliance with these guidelines.

Verification
Information which is sourced from the Group's Annual Report may be subject to audit by the Group's external auditors and is subject to both internal and external review, along with appropriate governance procedures. The Pillar 3 document is subject to a robust governance process including review by the Executive Risk Committee and final approval by the Audit Committee.

Media
Copies of the Group's Annual Report, along with the Group's Pillar 3 Disclosures can be obtained from the Group's website at www.bankofirelanduk.com. The Bank of Ireland Group's Pillar 3 disclosure document is published on www.bankofireland.com and provides a comprehensive and consolidated view of risk exposures for the full Bank of Ireland Group, thereby complementing this disclosure document.

1.2 Scope of application

The Group complied with the capital regulations, as set out in CRD IV and CRR and supported by EBA Regulatory Technical Standards (RTS) and Prudential Regulation Authority (PRA) Policy Statements throughout the year. This disclosure is presented in respect of the year to 31 December 2016.

As a significant subsidiary of the Bank of Ireland Group, in accordance with the reporting requirements included in Article 13 (1) of Regulation (EU) No.575/2013, this Pillar 3 disclosure document specifically covers own funds, capital requirements, capital buffers, credit risk adjustments, remuneration policy, leverage and use of credit risk mitigation techniques.

Some of the areas covered are also dealt with in the Group's Annual Report and cross referencing to relevant sections in that document is provided in Appendix VI. In other areas more detail is provided in these Pillar 3 disclosures. For instance, the section on capital requirements includes additional information on the amount of capital held against various risks and exposure classes. Appendix I provides a reconciliation of accounting equity to regulatory capital and Appendix II provides details on the composition of the Group's own funds.

It should be noted that while some quantitative information in this document is based on financial data contained in the Group's Annual Report, other quantitative data is sourced from the Group regulatory platform and is calculated according to regulatory requirements. The difference between the accounting data and information sourced from the Group's regulatory reporting platform is most evident for credit risk disclosures where credit exposure under CRD IV (referred to as Exposure at Default (EAD)) is defined as the expected amount of EAD and is estimated under specified CRD IV parameters and, unlike financial statement information, includes potential future drawings of committed credit lines as well as other technical differences. Pillar 3 quantitative data is thus not always directly comparable with the quantitative data contained in the Group's Annual Report. Some details of the key differences between the Group's accounting and regulatory exposures are set out on pages 6 and 7.

1.3 Supervision

The Group is authorised and regulated by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA).

1.4 Scope of consolidation

As at 31 December 2016 the Group consisted of Bank of Ireland (UK) plc (the 'Bank') and its share of the following entities:

- 100% of NIIB Group Limited (NIIB)[1] – an asset finance and consumer lending group. On 15 January 2016, the trade of Northridge Finance Ltd was transferred to NIIB Group Ltd, which continues to trade using Northridge Finance brand. On 22 January 2016, the trade of Bank of Ireland Personal Finance Ltd was transferred to the Bank;
- 50% of First Rate Exchange Services Holdings Limited (FRESH), a joint venture, which, via its wholly owned subsidiary, First Rate Exchange Services Limited (FRES), is a wholesale and retail provider of foreign exchange with retail distribution primarily via the Post Office;
- 100% of Bank of Ireland Trustee Company Limited - this company ceased trading in February 2014 and previously operated as a multi -restricted intermediary providing advice to clients on financial services products operating in the Northern Ireland market;
- 100% of Midasgrange Limited - this company traded as Post Office Financial Services until 3 September 2012 when the trade, assets and liabilities transferred to the Bank; and
- Bowbell No. 1 plc (Bowbell) - an entity which acquires mortgage loans and issues mortgage backed securities. The Bank does not own more than half the voting power in the company but it is deemed a subsidiary in accordance with IFRS 10.

The Group's immediate and ultimate parent is the Governor and Company of the Bank of Ireland (the Parent).

The Bank is a public limited company incorporated in England and Wales and domiciled in the UK.

The Pillar 3 quantitative disclosures are prepared for the Regulatory Group which comprises the Bank and NIIB. Table 1.1 below illustrates the Group entities included in the Regulatory Group.

Table 1.1 - Regulatory group entities

		Method of regulatory consolidation		
Name of the entity	**Method of accounting consolidation**	**Full consolidation**	**Neither consolidated nor deducted**	**Description of the entity**
Bank of Ireland UK plc	Full consolidation	X		Credit institution
NIIB Group Ltd	Full consolidation	X		Financial corporation
Northridge Finance Ltd	Full consolidation	X		Financial corporation
Bank of Ireland Personal Finance Ltd	Full consolidation	X		Financial corporation
First Rate Exchange Services[2]	Joint Venture - equity Accounted		X	Joint Venture - Financial corporation
Bank of Ireland Trustee Company Ltd[2]	Full consolidation		X	Immaterial Financial corporation
Midasgrange Ltd[2]	Full consolidation		X	Dormant company
Bowbell No. 1 plc	Full consolidation		X	Special purpose entity

[1] Includes the entities NIIB Group Ltd, Northridge Finance Ltd and Bank of Ireland Personal Finance Ltd.
[2] Held at cost and risk weighted at 100%.

1.4 Scope of consolidation (continued)

Table 1.2 below provides a reconciliation of the Group's consolidated balance sheet on a statutory accounting basis (as presented on page 89 of the Group's Annual Report) to the Group's consolidated balance sheet under the regulatory scope of consolidation.

Table 1.2 - Consolidated regulatory balance sheet

	31 December 2016			31 December 2015		
	Statutory balance sheet £m	**Deconsolidation adjustments £m**	**Regulatory balance sheet £m**	Statutory balance sheet £m	Deconsolidiation adjustments £m	Regulatory balance sheet £m
Assets						
Cash and cash equivalents	1,172	-	1,172	3,269	-	3,269
Items in the course of collection from other banks	131	-	131	147	-	147
Derivative financial instruments	55	-	55	45	-	45
Loans and advances to banks	3,369	(144)	3,225	3,949	(156)	3,793
Available for sale financal assets	1,140	-	1,140	956		956
Loans and advances to customers	19,821	135	19,956	19,255	149	19,404
Interest in joint venture	61	(59)	2	60	(60)	-
Interest in subsidiaries	-	-	-	-	2	2
Intangible assets	25	-	25	30	-	30
Property, plant and equipment	8	-	8	8	-	8
Current tax assets	-	-	-	-	-	-
Other assets	109	-	109	132	-	132
Deferred tax assets	69	-	69	86	-	86
Retirement benefits asset	-	-	-	2	-	2
Total assets	**25,960**	**(68)**	**25,892**	27,939	(65)	27,874
Equity and liabilities						
Deposits from banks	2,691	(3)	2,688	2,606	(2)	2,604
Customer accounts	19,475	1	19,476	21,574	2	21,576
Items in the course of transmission to other banks	85	-	85	74	-	74
Derivative financial instruments	102	-	102	56	-	56
Other liabilities	1,200	-	1,200	1,175	-	1,175
Provisions	16	-	16	13	-	13
Current tax liability	6	-	6	2	-	2
Subordinated liabilities	335	-	335	335	-	335
Total liabilties	**23,910**	**(2)**	**23,908**	25,835	-	25,835
Equity						
Share capital	851	-	851	851	-	851
Retained earnings	296	(66)	230	374	(65)	309
Other reserves	603	-	603	579	-	579
Other equity instruments	300	-	300	300	-	300
Total equity attributable to owners of the Bank	**2,050**	**(66)**	**1,984**	2,104	(65)	2,039
Total equity and liabilities	**25,960**	**(68)**	**25,892**	27,939	(65)	27,874

1.4 Scope of consolidation (continued)

Distinctions between Pillar 3 and IFRS quantitative disclosures

It should be noted that there are fundamental technical differences in the basis of calculation between financial statement information based on IFRS accounting standards and regulatory information based on CRD IV capital adequacy concepts and rules. This is most evident for credit risk disclosures. Credit exposure in default (EAD) under the CRD IV, is defined as the expected amount of EAD and is estimated under specified regulatory rules.

There are two different types of tables included in this document, those compiled based on accounting standards and those compiled using CRD IV methodologies. Unless specified otherwise, both sets of data reflect the position as at 31 December 2016. The specific methodology used is indicated before each table where applicable.

Table 1.3 below outlines the principal differences between total regulatory group accounting assets at 31 December 2016 of £25.9 billion (31 December 2015: £27.9 billion) and total regulatory EAD of £24.0 billion (31 December 2015: £25.4 billion).

Table 1.3 - Regulatory balance sheet assets reconciliation to exposure at default (EAD)

	31 December 2016 £m	31 December 2015 £m
Total regulatory balance sheet assets	**25,892**	27,873
Balance sheet netting	(2,012)	(2,584)
Assets deducted from regulatory capital	(99)	(127)
Off balance sheet	200	244
Other	53	(49)
Exposure at default (EAD)	**24,034**	25,357

1.5 Risk management

The Group adopts an integrated approach to risk management to ensure that all material classes of risk are taken into account and that its risk management and capital management strategies are aligned with its overall business strategy.

Section 1.8 of the Strategic Report, within the Group's Annual Report, provides a summary of the principal risks and uncertainties faced by the Group, the outlook for these risks going forward, the implications for the Group should the risks materialise, and the relevant key controls and mitigating factors.

The Group's approach to risk management is approved by the Board of Directors on the recommendation of the Board Risk Committee (BRC) on an annual basis. Details of the embedded risk management framework and the management of key risks are included in the Risk Management Report in the Group's Annual Report.

2. Capital

2.1 Capital management

Key points:

- At all times during the financial year the Group maintained appropriate capital resources in line with regulatory requirements.
- Common equity tier 1 (CET 1) ratio is 15.5% at 31 December 2016 under both CRD IV transitional and fully loaded basis.
- Sustained strong capital position enabled the payment of the first equity dividend of £220 million to the Parent on 30 September 2016
- The leverage ratio is 6.9% at 31 December 2016 under both the CRD IV transitional and fully loaded basis.

Capital adequacy risk

Capital adequacy risk is the risk that the Group holds insufficient capital to absorb extreme and unexpected losses, which could eventually result in the Group not being able to continue operating.

Capital management objectives and policies

The Group manages its capital position to ensure that it has sufficient capital to cover the risks of its business, support its strategy and to comply at all times with regulatory capital requirements.

Capital adequacy and its effective management is critical to the Group's ability to operate its businesses, grow organically and pursue its strategy. The Group's business and financial condition could be adversely affected if it is not able to manage its capital effectively or if the amount or quality of capital held is insufficient. This could arise in the case of a materially worse than expected financial performance (including, for example, reductions in profits and retained earnings as a result of impairment losses or write downs, increases in RWA and delays in the disposal of certain assets as a result of market conditions).

Capital requirements and capital resources

The Group complied with all its regulatory capital requirements throughout 2016.

The Group manages its capital resources to ensure that the overall amount and quality of resources exceeds the Group's capital requirements. Capital requirements are determined by the CRD IV, the CRR and firm specific requirements imposed by the PRA. The CRR minimum requirements are typically driven by credit risk, market risk and operational risk, and also require stress-absorbing buffers.

Additional firm-specific buffers reflect the PRA's view of the systemic importance of a bank and also internal capital adequacy which is determined by internal stress testing as part of the Internal Capital Adequacy Assessment Process (ICAAP).

An additional firm-specific countercyclical buffer is also required, reflecting the countercyclical buffer rates applicable to the exposures held by the Group.

The UK countercyclical buffer rate, set by the Financial Policy Committee (FPC) throughout 2016 was 0%. The countercyclical buffer rate applicable to the Group at 31 December 2016 was 0%. See Appendix V for the mandatory countercyclical buffer disclosure.

CRD IV requires a capital conservation buffer of 2.5% of CET 1 capital which all banks must hold. This requirement is being phased in from 1 January 2016 to 1 January 2019. The applicable requirement for the Group at 31 December 2016 was 0.625%.

Capital management reporting

The Group monitors and reports the capital position daily, monthly and quarterly. Reporting includes a suite of early warning triggers and measurement against risk appetite and is reviewed by the Prudential Risk team, the Capital Management Forum and the Assets and Liabilities Committee. The Monthly Risk Report includes capital management information which is reviewed by the Executive Risk Committee and the BRC.

Stress testing and capital planning

The Group uses stress testing as a key risk management tool to gain a better understanding of its risk profile and its resilience to internal and external shocks. In addition, stress testing provides a key input to the Group's capital assessments and related risk management and measurement assumptions.

The Group's stress testing is designed to:

- confirm the Group has sufficient capital resources;
- inform the setting of capital risk appetite measures;
- ensure the alignment between the Group's Risk Management Framework and senior management decision making; and
- to provide sufficiently severe and forward looking scenarios.

The Group regularly assesses its existing and future capital adequacy under a range of scenarios, using a combination of quantitative and qualitative analysis in the ICAAP, which is reviewed by the PRA and the SSM on a periodic basis. The ICAAP, which acts as a link between the Group's strategy, capital and risk under stress, is approved annually by the Board.

The Group also undertakes reverse stress testing on an annual basis which informs, enhances and integrates with the stress testing framework by considering extreme events that could cause the Group to fail. This testing also improves risk identification and risk management and the results are also approved by the Board, as part of the Group's ICAAP.

The Group's capital planning process includes a review of the Group's expected capital position which is reviewed and challenged on a monthly basis by senior management.

The Group's capital plan (which is approved at least annually by the Board) also includes sensitivities to ensure the continued resilience of the underlying assumptions under adverse conditions and changes to the regulatory landscape.

2.2 Capital requirements / risk weighted assets

Table 2.1 below shows the amount of capital the Regulatory Group is required to set aside to meet the minimum capital ratio of 8% (excluding capital buffers) of RWA set by the CRR.

Table 2.1 - Pillar 1 capital requirements by exposure class

	31 December 2016			31 December 2015		
	Capital required £m	**RWA £m**	**Exposure (EAD) £m**	Capital required £m	RWA £m	Exposure (EAD) £m
Central governments or central banks	1	19	2,975	1	17	4,916
Public sector entities	-	-	16	-	-	-
Multinational development banks	-	-	356	-	-	384
Institutions	6	69	304	7	86	361
Corporates	117	1,461	1,638	134	1,674	1,849
Retail	114	1,424	1,999	89	1,110	1,582
Secured by mortgages on residential property	449	5,623	15,850	438	5,478	15,413
Exposures in default	33	410	362	47	588	500
Covered bonds	3	37	187	-	-	-
Equity	-	2	2	-	2	2
Other items	17	210	345	16	196	350
Credit and counterparty risk[1]	**740**	**9,255**	**24,034**	732	9,151	25,357
Operational risk[2]	**62**	**779**	**-**	60	746	-
Total	**802**	**10,034**	**24,034**	792	9,897	25,357

The standardised categories included in Table 2.1 are the asset classes, as per Article 112 of CRR. Only asset classes to which an exposure is attached have been included.

The Group applies the standardised approach for the calculation of its credit and counterparty risk and operational risk capital requirements.

There is no impediment to the prompt transfer of funds within the Group.

The total increase in Pillar 1 capital requirements of £10 million, which equates to an RWA increase of £137 million, relates primarily to growth in the Retail and Mortgage portfolios, offset by deleveraging in the GB Commercial portfolio disclosed above in the corporate exposure class and improvement in book quality as reflected in the reduction in exposures in default.

[1] *The Group's approach to Counterparty credit risk management is included in section 2.1.2 of the Annual Report.*
[2] *The Group's approach to Operational risk management is included in section 2.5 of the Annual Report.*

2.3 Capital resources

Table 2.2 sets out the Regulatory Group's capital position and key capital and leverage ratios. Following capital restructures during 2015, the Group's capital position is the same on a transitional and fully loaded basis.

Table 2.2 - Regulatory capital position and key capital and leverage ratios

Fully loaded - CRD IV	31 December 2016 £m	31 December 2015 £m
Ordinary share capital	851	851
Capital contributions	566	566
Retained earnings and other reserves	267	322
Total equity	**1,684**	1,739
Regulatory adjustments	**(132)**	(127)
Deferred tax assets relying on future profitability	*(74)*	*(84)*
Intangible assets	*(25)*	*(30)*
Cashflow hedge reserve	*(32)*	*(11)*
Retirement benefit asset	-	*(2)*
Prudent valuation adjustment	*(1)*	-
Common equity tier 1 capital	**1,552**	1,612
Additional tier 1		
Subordinated perpetual contingent conversion additional tier 1 securities	300	300
Total tier 1 capital	**1,852**	1,912
Tier 2		
Dated loan capital	335	335
Total tier 2 capital	**335**	335
Total capital	**2,187**	2,247
Total risk weighted assets	**10,034**	9,897
Capital ratios		
Common equity tier 1 capital ratio	15.5%	16.3%
Tier 1 capital ratio	18.4%	19.3%
Total capital ratio	21.8%	22.7%
Leverage ratio	6.9%	6.5%

Capital ratios have been presented including the benefit of the retained profit in the period in accordance with Article 26 (2) of the CRR.

2.3 Capital resources (continued)

Table 2.3 provides an analysis of the movement in capital resources by tier of capital on a fully loaded basis.

Table 2.3 - Movement in regulatory capital

Fully loaded - CRD IV	31 December 2016 £m	31 December 2015 £m
Opening common equity tier 1 capital	**1,612**	1,239
Capital contribution	-	165
Contribution to common equity tier 1 capital from profit	163	186
Dividends and coupons paid to Parent, net of tax	(239)	-
Net actuarial loss on defined benefit schemes	(3)	-
Other reserves	24	(16)
	1,557	1,574
Regulatory adjustments	**(5)**	38
Deferred tax relying on future profitability	*10*	*14*
Intangible assets	*5*	*9*
Cashflow hedge reserve	*(21)*	*15*
Retirement benefit asset	*2*	*(2)*
Prudent valuation adjustment	*(1)*	*-*
Qualifying holdings outside of the financial sector	*-*	*2*
Closing common equity tier 1 capital	**1,552**	1,612
Opening additional tier 1 capital	**300**	**-**
Subordinated perpetual contingent conversion additional tier 1 securities issued	-	300
Closing addtional tier 1 capital	**300**	300
Total tier 1 capital	**1,852**	1,912
Opening tier 2 capital	**335**	958
Grandfathered non-cumulative callable preference shares repurchased	-	(300)
Dated loan capital repurchased	-	(523)
Dated loan capital issued	-	200
Closing tier 2 capital	**335**	335
Closing total regulatory capital	**2,187**	2,247

The Group is strongly capitalised with a total capital ratio on a fully loaded basis of 21.8% at 31 December 2016 (22.7%: 31 December 2015).

Total capital resources decreased by £60 million during 2016 to £2.19 billion, due to:

- a dividend of £220 million and AT1 coupons of £24 million paid to the Parent, less a tax credit of £5 million on the AT1 coupons;
- increases of £5 million in regulatory capital deductions; and
- net actuarial loss on defined benefit schemes of £3 million; offset by
- a 2016 profit after tax of £163 million; and
- increases in other reserves of £24 million.

Risk weighted assets increased by £137 million from £9.9 billion to £10.0 billion reflecting growth in the residential mortgages and consumer portfolios, offset by the impact of the continued deleverage of the GB Commercial lending portfolio.

Leverage

The Group's leverage ratio on a fully loaded basis has increased by 0.4% to 6.9% at 31 December 2016 which is in excess of the Basel Committee minimum leverage ratio of 3%. The Basel Committee has indicated that final calibrations and further adjustments to the definition of the leverage ratio will be completed by 2017, with a view to migrating to a Pillar 1 (minimum capital requirement) treatment on 1 January 2018. The European Commission have proposed the introduction of a binding leverage requirement of 3% as part of the CRD V package proposals. It is anticipated that the binding leverage requirements will be applicable from 2019 at the earliest pending final agreement of the proposals at EU level. See Appendix IV for further disclosures on leverage.

3. Credit risk

Credit risk is the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Group in respect of loans or other financial transactions. This risk comprises country risk, default risk, recovery risk, exposure risk, cross border (or transfer) risk, concentration risk and settlement risk. The nature of the Group's exposure to credit risk, the manner in which it arises, policies and processes for managing credit risk, and the methods used to measure and monitor credit risk are set out in the Group's Annual Report in the Risk Management section.

Credit risk arises from loans and advances to customers. It also arises from the financial transactions the Group enters into with financial institutions, sovereigns and state institutions. The main types of financial transactions the Group enters into which give rise to credit risk are loans and advances to customers and its investments in liquid assets. Credit risk on loans and advances to customers arises as a result of the amounts it has actually lent and the amounts which it has committed to lend.

The principles governing the provision of credit are contained in the Statement of Credit Policy, which is approved by the BRC.

Individual sector and portfolio-level credit policies define in greater detail the credit approach appropriate to those sectors or portfolios.

Through its ongoing credit review processes the Group facilitates the early identification of deteriorating loans, with a view to taking corrective action to prevent the loan becoming impaired. Typically, loans that are at risk of impairment are managed by dedicated specialist units and debt collection teams focused on working out loans.

The Group uses the standardised approach for the calculation of credit risk capital requirements. The standardised approach involves the application of prescribed regulatory risk weights to credit exposures to calculate capital requirements.

The credit risk information disclosed in this document includes a breakdown of the Group's exposures by CRR exposure class, by location, sector, maturity and asset quality. Information on past due and impaired financial assets and provisions is also provided.

3.1 Credit risk mitigation for risk management purposes

An assessment of the borrower's ability to service and repay the proposed level of debt is undertaken for credit requests and is the primary component of the Group's approach to mitigating credit risk.

In addition, the Group mitigates credit risk through both the adoption of preventative measures, (e.g. controls and limits) and the development and implementation of strategies to assess and reduce the impact of particular risks, should these materialise.

3.2 Credit risk mitigation for capital requirements calculation

The Group's approach to the use of credit risk mitigation is as follows:

- For intergroup exposure to the Parent, including derivative exposures, and for repo exposures to other banks and sovereigns, the Group utilise both on and off balance sheet netting;
- For the purposes of calculating the capital requirements for retail mortgages, in accordance with the guidelines of CRR Article 125, the risk weight of retail mortgages may be reduced (to a minimum of 35% for fully performing secured mortgages) based on the LTV of the property; and
- Credit risk mitigation techniques are not used for the Group's other portfolios.

Where credit risk mitigation techniques are implemented for the portfolios, as described above, the Group's application of the CRR is controlled by the "Capital Requirements Regulation BOI(UK) PLC Credit Risk-Weighted Asset Calculation Policy". This includes the approach to netting, collateral valuation, and definition of cash as the only eligible collateral for netting arrangements.

The Group's main counterparty where netting is applicable is the Parent. At 31 December 2016 the gross exposure to which netting is applied is £2.8 billion with a post netting balance of £304 million.

3.3 Credit risk disclosures

3.3.1 Exposure to credit risk

Table 3.1 shows the EAD by standardised asset class as at 31 December 2016 and 31 December 2015.

Table 3.1 - Exposure to credit risk

	31 December 2016		31 December 2015	
Exposure Class	**Total exposure (EAD) £m**	**Total average exposure over the year (EAD) £m**	Total exposure (EAD) £m	Total average exposure over the year (EAD) £m
Central governments or central banks	2,975	3,840	4,916	4,675
Public sector entities	16	16	-	-
Multilateral development banks	356	405	384	405
Institutions	304	338	361	243
Corporates	1,638	1,682	1,849	1,927
Retail	1,999	1,880	1,582	1,504
Secured by mortgages on residential property	15,850	15,763	15,413	14,819
Exposures in default	362	427	500	636
Covered bonds	187	153	-	-
Equity	2	2	2	2
Other items	345	344	350	305
Total	**24,034**	**24,850**	25,357	24,516

Total EAD decreased in the period by £1.3 billion. This is primarily attributable to a decrease in exposures to Central governments and central banks as a result of enhanced liquidity management practices, and a decrease in exposures to corporates due to continued managed deleverage. These reductions are offset by growth in the retail and residential mortgage portfolios.

3.3.2 Geographic analysis of exposure

The Group has two primary markets, Great Britain and Northern Ireland. Table 3.2 shows the geographic location of credit risk exposures based on EAD.

Table 3.2 - Geographic analysis of exposure

	31 December 2016				31 December 2015			
	Northern Ireland (EAD) £m	**Great Britain (EAD) £m**	**Other (EAD) £m**	**Total (EAD) £m**	Northern Ireland (EAD) £m	Great Britain (EAD) £m	Other (EAD) £m	Total (EAD) £m
Central governments or central banks	-	2,930	45	2,975	-	4,880	36	4,916
Public sector entities	-	-	16	16	-	-	-	-
Multilateral development banks	-	-	356	356	-	-	384	384
Institutions	-	62	242	304	-	-	361	361
Corporates	1,189	449	-	1,638	1,208	641	-	1,849
Retail	342	1,657	-	1,999	314	1,268	-	1,582
Secured by mortgages on residential property	663	15,187	-	15,850	623	14,790	-	15,413
Exposures in default	258	104	-	362	320	180	-	500
Covered bonds	-	187	-	187	-	-	-	-
Equity	-	-	2	2	-	-	2	2
Other items	-	-	345	345	-	-	350	350
Total	**2,452**	**20,576**	**1,006**	**24,034**	2,465	21,759	1,133	25,357

3.3.3 Industry analysis of exposure

Tables 3.3 and 3.4 show the Exposure at Default (EAD) split by the industry classification based on the purpose of the loan. Similar headings to those in the industry analysis contained in the Group's Annual Report have been used. However, the values shown below will differ from the Group's Annual Report as these tables are based on EAD rather than an accounting basis as used in the Group's Annual Report.

Table 3.3 - Industry analysis of exposure

31 December 2016 **Exposure class**	**Central and local government or central banks (EAD) £m**	**Mortgages (EAD) £m**	**Personal (EAD) £m**	**Manufacturing (EAD) £m**	**Agriculture (EAD) £m**	**Services (EAD) £m**	**Property & construction (EAD) £m**	**Distribution (EAD) £m**	**Energy (EAD) £m**	**Other (EAD) £m**	**Total (EAD) £m**
Central governments or central banks	2,975	-	-	-	-	-	-	-	-	-	2,975
Public sector entities	-	-	-	-	-	-	-	-	-	16	16
Multilateral development banks	-	-	-	-	-	352	-	-	-	4	356
Institutions	-	-	-	-	-	52	-	-	-	252	304
Corporates	-	-	58	143	68	398	828	74	-	69	1,638
Retail	-	-	1,578	32	121	164	64	35	5	-	1,999
Secured by mortgages on residential property	-	15,850	-	-	-	-	-	-	-	-	15,850
Exposures in default	-	152	14	4	2	23	164	3	-	-	362
Covered bonds	-	-	-	-	-	187	-	-	-	-	187
Equity	-	-	-	-	-	-	-	-	-	2	2
Other	-	-	-	-	-	-	-	-	-	345	345
Total	**2,975**	**16,002**	**1,650**	**179**	**191**	**1,176**	**1,056**	**112**	**5**	**688**	**24,034**

Table 3.4 - Industry analysis of exposure

31 December 2015 Exposure Class	Central and local government or central banks (EAD) £m	Mortgages (EAD) £m	Personal (EAD) £m	Manufacturing (EAD) £m	Agriculture (EAD) £m	Services (EAD) £m	Property & construction (EAD) £m	Distribution (EAD) £m	Energy (EAD) £m	Other (EAD) £m	Total (EAD) £m
Central governments or central banks	4,911	-	-	-	-	-	-	-	-	5	4,916
Multilateral development banks	-	-	-	-	-	384	-	-	-	-	384
Institutions	-	-	-	-	-	-	-	-	-	361	361
Corporates	-	-	82	142	53	497	932	83	1	59	1,849
Retail	-	-	1,153	23	122	217	41	24	2	-	1,582
Secured by mortgages on residential property	-	15,413	-	-	-	-	-	-	-	-	15,413
Exposures in default	-	162	25	8	2	39	259	5	-	-	500
Equity	-	-	-	-	-	-	-	-	-	2	2
Other	-	-	-	-	-	-	-	-	-	350	350
Total	4,911	15,575	1,260	173	177	1,137	1,232	112	3	777	25,357

3.3.4 Maturity analysis of exposure

The maturity analysis below shows the Group's credit exposure by residual contractual maturity date and is based on EAD.

Table 3.5 - Maturity analysis of exposure

	31 December 2016				31 December 2015			
	<1 Year (EAD) £m	**1-5 Years (EAD) £m**	**>5 Years (EAD) £m**	**Total (EAD) £m**	<1 Year (EAD) £m	1-5 Years (EAD) £m	>5 Years (EAD) £m	Total (EAD) £m
Central governments or central banks	2,237	690	48	2,975	4,331	266	319	4,916
Public sector entities	16	-	-	16	-	-	-	-
Multilateral development banks	34	322	-	356	130	254	-	384
Institutions	251	53	-	304	320	41	-	361
Corporates	595	451	592	1,638	419	628	802	1,849
Retail	74	1,405	520	1,999	61	1,086	435	1,582
Secured by mortgages on residential property	193	692	14,965	15,850	239	732	14,442	15,413
Exposures in default	50	30	282	362	78	53	369	500
Covered bonds	23	164	-	187	-	-	-	-
Equity	-	-	2	2	2	-	-	2
Other items	345	-	-	345	306	22	22	350
Total	**3,818**	**3,807**	**16,409**	**24,034**	5,886	3,082	16,389	25,357

3.3.5 Asset quality

Under the standardised approach credit risk is measured by applying risk weights outlined in the CRR based on the exposure class to which the exposure is allocated. Where a counterparty is rated by External Credit Assessment Institutions (ECAIs) or Export Credit Agencies (ECAs), the Standardised approach permits banks to use these ratings to determine the risk weighting applicable to exposures to that counterparty. This is done by firstly mapping the rating to a credit quality step, which in turn is then mapped to a risk weight.

Table 3.6 is based on EAD displayed by risk weight band.

Table 3.6 - Risk weight band analysis of exposure

	Risk Weight									
31 December 2016 Exposure class	**0% (EAD) £m**	**20% (EAD) £m**	**35% (EAD) £m**	**50% (EAD) £m**	**75% (EAD) £m**	**100% (EAD) £m**	**150% (EAD) £m**	**>150% (EAD) £m**	**Total (EAD) £m**	**Total (RWA) £m**
Central governments or central banks	2,968	-	-	-	-	-	-	7	2,975	19
Public sector entities	16	-	-	-	-	-	-	-	16	-
Multilateral development banks	356	-	-	-	-	-	-	-	356	-
Institutions	-	277	-	27	-	-	-	-	304	69
Corporates	-	-	-	-	-	1,638	-	-	1,638	1,461
Retail	-	-	-	-	1,999	-	-	-	1,999	1,424
Secured by mortgages on residential property	-	-	15,661	-	189	-	-	-	15,850	5,623
Exposures in default	-	-	-	-	-	265	97	-	362	410
Covered bonds	-	187	-	-	-	-	-	-	187	37
Equity	-	-	-	-	-	2	-	-	2	2
Other items	31	131	-	-	-	183	-	-	345	210
Total	**3,371**	**595**	**15,661**	**27**	**2,188**	**2,088**	**97**	**7**	**24,034**	**9,255**

3.3.5 Asset quality (continued)

Table 3.6 - Risk weight band analysis of exposure

31 December 2015 Exposure class	Risk Weight 0% (EAD) £m	20% (EAD) £m	35% (EAD) £m	50% (EAD) £m	75% (EAD) £m	100% (EAD) £m	150% (EAD) £m	>150% (EAD) £m	Total (EAD) £m	Total RWA £m
Central governments or central banks	4,909	-	-	-	-	-	-	7	4,916	17
Multilateral development banks	384	-	-	-	-	-	-	-	384	-
Institutions	-	313	-	48	-	-	-	-	361	86
Corporates	-	-	-	-	-	1,849	-	-	1,849	1,674
Retail	-	-	-	-	1,582	-	-	-	1,582	1,110
Secured by mortgages on residential property	-	-	15,206	-	207	-	-	-	15,413	5,478
Exposures in default	-	-	-	-	-	325	175	-	500	588
Equity	-	-	-	-	-	2	-	-	2	2
Other items	36	148	-	-	-	166	-	-	350	196
Total	5,329	461	15,206	48	1,789	2,342	175	7	25,357	9,151

3.3.6 Past due and impaired exposures

Past due but not impaired loans, whether forborne or not, are defined as follows:

- loans excluding Residential mortgages where repayment of interest and / or principal are overdue by at least one day but are not impaired; and
- residential mortgages may be past due but not impaired in cases where the loan to value (LTV) ratio on the mortgage indicates no loss to the Group in the case of default by the borrower.

Impaired loans are defined as follows:

- all loans with a specific impairment provision attached to them together with loans (excluding Residential mortgages) which are more than 90 days in arrears;
- Residential mortgages considered forborne, with a specific provision attaching to them, are reported as both forborne and impaired; and
- Forborne loans (excluding residential mortgages) with a specific provision attaching to them are only reported as impaired and not forborne.

3.3.6.1 Past due and impaired exposures by industry

Table 3.7 is based on information from the Group's Annual Report and discloses 'past due' and 'impaired' balances by industry class.

Table 3.7 - Past due and impaired exposures by industry class

	31 December 2016			31 December 2015		
Exposure by industry	**Past due exposures £m**	**Impaired exposures £m**	**Total £m**	Past due exposures £m	Impaired exposures £m	Total £m
Mortgages	352	67	419	376	73	449
Personal	21	40	61	24	28	52
Manufacturing	1	7	8	1	17	18
Agriculture	1	2	3	1	3	3
Services	6	57	63	3	96	99
Property & Construction	31	291	322	108	527	635
Distibution	2	5	7	4	7	11
Energy	-	-	-	-	-	-
Other	1	6	7	1	51	52
Total	**415**	**475**	**890**	518	801	1,319

Total 'past due' and 'impaired' exposures decreased by £429 million to £890 million at 31 December 2016 (31 December 2015: £1,319 million). £313 million of the decrease relates to the property and construction sector and is attributable to the utilisation of provisions through completion of workout strategies during the year.

3.3.6.2 Past due and impaired exposures by geography

Table 3.8 is based on information from the Group's Annual Report and discloses 'past due' and 'impaired' balances by geographic location.

Table 3.8 - Past due and impaired exposures by geography

	31 December 2016			31 December 2015		
	Past due exposures £m	**Impaired exposures £m**	**Total £m**	Past due exposures £m	Impaired exposures £m	Total £m
Northern Ireland	38	290	328	47	510	557
Great Britain	377	185	562	471	291	762
Total	**415**	**475**	**890**	518	801	1,319

3.3.7 Specific credit risk adjustments (provisions)

The loan loss provisioning methodology used in the Group is set out in the Risk Management section of the Group's Annual Report.

CRD IV introduced the definition of 'specific' and 'general' credit risk adjustments and, in line with the relevant technical standard, the Group has included 'specific provisions' and 'IBNR' as specific credit risk adjustments. The Group has no 'general' credit risk adjustments.

Table 3.9 shows the specific credit risk adjustments by industry classification. It is based on information from the Group's Annual Report.

Table 3.9 - Specific credit risk adjustments by industry

	31 December 2016		31 December 2015	
	Year end specific credit risk adjustments £m	**Charges during the year for specific credit risk adjustments £m**	Year end specific credit risk adjustments £m	Charges during the year for specific credit risk adjustments £m
Mortgages	28	2	30	5
Personal	39	6	37	11
Manufacturing	3	(1)	10	-
Agriculture	1	-	1	-
Services	29	6	48	-
Property & Construction	160	10	296	28
Distribution	3	2	3	-
Energy	-	-	-	-
Other	3	(2)	29	-
Total	**266**	**23**	454	44

Table 3.10 shows the specific credit risk adjustments breakdown on a geographic basis. It is based on information from the Group's Annual Report.

Table 3.10 - Specific credit risk adjustments by geography

	31 December 2016		31 December 2015	
Industry class	**Total specific provisions £m**	**Total IBNR provisions £m**	Total specific provisions £m	Total IBNR provisions £m
Northern Ireland	147	17	279	30
Great Britain	64	38	108	37
Total	**211**	**55**	387	67

Specific provisions decreased by 45% to £211 million at 31 December 2016 (31 December 2015: £387 million) mainly as a result of provision utilisation in the property and construction sector. IBNR provisions decreased from £67 million at 31 December 2015 to £55 million at 31 December 2016.

Table 3.11 shows the the provisions against loans and advances to customers split by specific provisions and IBNR provisions.

Table 3.11 - Specific credit risk adjustments by provision type

	31 December 2016		31 December 2015	
	Year end specific credit risk adjustments £m	**Charges during the year for specific credit risk adjustments £m**	Year end specific credit risk adjustments £m	Charges during the year for specific credit risk adjustments £m
Total specific provision	211	35	387	49
Total IBNR provision	55	(12)	67	(5)
Total	**266**	**23**	454	44

Table 3.12 shows the movement in the provision on loans and advances to customers during 2015 and 2016. It is based on information from the Group's Annual Report.

Table 3.12 - Specific credit risk adjustment charges during the year

2016	**31 December 2016 £m**	31 December 2015 £m
Opening balance	454	613
Exchange adjustments	11	(5)
Provisions utilised	(238)	(219)
Recoveries	10	13
Other movements	6	8
Charge to the income statement	23	44
Closing balance	**266**	454

Appendix I: Reconciliation of accounting capital to regulatory capital

The table below provides a reconciliation between the reported capital in the Group's Annual Report and the capital position of the Regulatory Group.

	31 December 2016		31 December 2015	
	Statutory Group £m	**Regulatory Group £m**	Statutory Group £m	Regulatory Group £m
Total equity	**1,750**	**1,684**	1,804	1,739
Ordinary share capital	*851*	*851*	*851*	*851*
Capital Contribution	*566*	*566*	*566*	*566*
Retained Earnings[1]	*296*	*230*	*374*	*310*
Other reserves	*37*	*37*	*13*	*12*
Common equity tier 1 regulatory adjustments:		**(132)**		(127)
Deferred tax assets relying on future profitability		*(74)*		*(84)*
Intangible assets		*(25)*		*(30)*
Cashflow hedge reserve		*(32)*		*(11)*
Retirement benefit asset		*-*		*(2)*
Prudent valuation adjustment		*(1)*		*-*
Common equity tier 1 capital	**1,750**	**1,552**	1,804	1,612
Additional tier 1				
Subordinated perpetual contingent conversion additional tier 1 securities	300	300	300	300
Total tier 1 capital	**2,050**	**1,852**	2,104	1,912
Tier 2				
Dated loan capital	335	335	335	335
Total tier 2 capital	**335**	**335**	335	335
Total capital base	**2,385**	**2,187**	2,439	2,247

[1] *The £66 million (2015: £65 million) difference in retained earnings relates to deconsolidation of the reserves entities outside of the Regulatory Group (FRESH, Bank of Ireland Trustee Company Ltd, Midasgrange Ltd and Bowbell No. 1 plc).*

Appendix II: Own funds

The table below outlines the component parts of regulatory capital including details of capital instruments, adjustments, deductions and filters in line with the prescribed template provided in Article 5 of commission regulation EU No. 1423/2013. The table further details total risk weighted assets, capital ratios and buffers before listing applicable caps on capital instruments subject to phase-out. Line referencing for Annex VI of commission regulation EU No. 1423/2013 is also provided. Rows that are not applicable to the Group have been omitted.

Own funds disclosure template

Annex VI Reference		**31 December 2016 Fully loaded CRD IV £m**	31 December 2015 Fully loaded CRD IV £m
Common equity tier 1 capital: Instruments and reserves			
1	Capital Instruments and the related share premium accounts	851	851
	of which: Ordinary stock	*851*	*851*
2	Retained Earnings	230	309
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	603	579
6	**Common equity tier 1 (CET 1) capital before regulatory adjustments**	**1,684**	1,739
	Common equity tier 1 (CET 1) capital regulatory adjustments		
7	Additional value adjustments (negative amount)	(1)	-
8	Intangible assets (net of related tax liability) (negative amount)	(25)	(30)
10	Deferred tax asset that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(74)	(84)
11	Fair value reserves related to gains or losses on cashflow hedges	(32)	(11)
15	Defined-benefit pension fund assets (negative amount)		(2)
28	**Total regulatory adjustments to Common equity tier 1 (CET1)**	**(132)**	(127)
29	**Common equity tier 1 (CET 1) capital**	**1,552**	1,612
	Additional tier 1 (AT1) Capital: instruments and provisions		
30	Capital instruments and the relates share premium acounts	300	300
31	*of which: classified as equity under applicable accounting standards*	*300*	*300*
36	**Additional tier 1 (AT1) capital before regulatory adjustments**	**300**	300
44	**Additional Tier 1 (AT1) capital**	**300**	300
45	**Tier 1 capital (T1 = CET 1 + AT1)**	**1,852**	1,912

Own funds disclosure template (continued)

Annex VI Reference		31 December 2016 Fully loaded CRD IV £m	31 December 2015 Fully loaded CRD IV £m
	Tier 2 (T2) Capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	335	335
51	**Tier 2 (T2) capital before regulatory adjustments**	**335**	335
58	**Tier 2 (T2) Capital**	**335**	335
59	**Total Capital (TC = T1+T2)**	**2,187**	2,247
60	**Total Risk weighted assets**	**10,034**	9,897
	Capital ratios and buffers		
61	Common equity tier 1 (as a percentage of total risk exposure amount)	15.5%	16.3%
62	Tier 1 (as a percentage of total risk exposure amount)	18.4%	19.3%
63	Total capital (as a percentage of total risk exposure amount)	21.8%	22.7%
64	institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systematic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount.	5.1%	4.5%
65	*of which: capital conservation buffer requirement*[1]	*0.6%*	*0.0%*
66	*of which countercyclical buffer requirement*	*0.0%*	*0.0%*
67	*of which: systemic risk buffer requirement*	*0.0%*	*0.0%*
67a	*of which: Global Systemically Important institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	*0.0%*	*0.0%*
68	Common Equity Tier 1 available to meet buffers (as a percentage if risk exposure amount)	11.0%	11.8%

[1] The capital conservation buffer requirement is being phased in from 1 January 2016 to 1 January 2019. The 2016 buffer requirement of 0.625% will increase to 2.5% in 2019.

Appendix III: Capital instruments

The table below provides information on the CET 1, AT1 and Tier 2 instruments issued by the Bank per Article 3 of commission regulation EU no. 1423/2013.

1	Issuer	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc	Bank of Ireland (UK) plc
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Certificate No.1	Certificate No.1	Certificate No.1
3	Governing law(s) of the instrument	English law	English law	English law	English law	English law	English law	English law	English law	English law	English law
4	Transitional CRR rules	Common equity tier 1	Common equity tier 1	Common equity tier 1	Common equity tier 1	Tier 2	Tier 2	Common equity tier 1	Additional tier 1	Tier 2	Additional tier 1
5	Post-transitional CRR rule	Common equity tier 1	Common equity tier 1	Common equity tier 1	Common equity tier 1	Tier 2	Tier 2	Common equity tier 1	Additional tier 1	Tier 2	Additional tier 1
6	Eligible at solo/ (sub)-consolidated /solo & (sub)-consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares	Subordinated Loan Facility Agreement	Subordinated Loan Facility Agreement	Ordinary Shares	Subordinated perpetual contingent conversion additional tier 1 capital securities	Floating Subordinated Notes	Subordinated perpetual contingent conversion additional tier 1 capital securities
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£581m	£50m	£175m	£10m	£90m	£45m	£35m	£200m	£200m	£100m
9	Nominal amount	£581m	£50m	£175m	£10m	£90m	£45m	£35m	£200m	£200m	£100m
9a	Issue price	£1 each	£1 each	£1 each	£1 each	n/a	n/a	£1 each	n/a	n/a	n/a
9b	Redemption price	Non - Redeemable	Non - Redeemable	Non - Redeemable	Non - Redeemable	Repayment of loan in full	Repayment of loan in full	Non - Redeemable	Redemption of Securities in full	Redemption of notes in full	Redemption of Securities in full
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability - Amortised Cost	Liability - Amortised Cost	Shareholders' equity	Shareholders' equity	Liability - Amortised Cost	Shareholders' equity

11	Original date of issuance	7 October 2010	19 December 2011	21 December 2011	16 July 2012	16 July 2012	19 December 2012	3 April 2013	1 May 2015	26 November 2015	26 November 2015
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Dated	Perpetual	Perpetual	Dated	Perpetual
13	Original maturity date	No Maturity	No Maturity	No Maturity	No Maturity	Second day succeeding the 10th anniversary of the drawdown date i.e. 18 July 2022	Second day succeeding the 10th anniversary of the drawdown date i.e. 21 December 2022	No Maturity	No Maturity	Interest payment date falling in November 2025	No Maturity
14	Issuer call subject to prior supervisory approval	No	No	No	No	Yes	Yes	No	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	n/a	n/a	n/a	n/a	On the last day of an interest period being a date falling on or after the 5th anniversary of the drawdown date (£90 million plus interest accrued and unpaid)	On the last day of an interest period being a date falling on or after the 5th anniversary of the drawdown date (£45 million plus interest accrued and unpaid)	n/a	1 May 2020 £200m (plus interest accrued and unpaid)	Interest payment date falling in November 2020 £200m (plus interest accrued and unpaid)	26 November 2020 £100m (plus interest accrued and unpaid)
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a	On the last day of an interest Period post 5 year call	On the last day of an interest Period post 5 year call	n/a	On any interest payment date after 1 May 2020	On any interest payment date after the IPD in November 2020	On any interest payment date after 26 November 2020
17	Fixed or floating dividend / coupon	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Fixed to Floating	Floating	Fixed to Floating
18	Coupon rate and any related index	As per the earnings per share calculation	As per the earnings per share calculation	As per the earnings per share calculation	As per the earnings per share calculation	6mth sterling Libor +11%	6mth sterling Libor +9%	As per the earnings per share calculation	7.875% from the issue date to but excluding 1 May 2020 and thereafter at the relevant reset interest rate	3mth sterling Libor + 4.225%	8.40% from the issue date to but excluding 26 November 2020 and thereafter at the relevant reset interest rate
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Fully discretionary	Fully discretionary	Mandatory	Fully discretionary

20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Fully discretionary	Fully discretionary	Mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Convertible	Non-convertible	Convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7% Fully Loaded CET 1	n/a	7% Fully Loaded CET 1
25	If convertible, fully or partially	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Fully	n/a	Fully
26	If convertible, conversion rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	200 million £1 shares	n/a	100 million £1 shares
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Mandatory	n/a	Mandatory
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Ordinary Shares	n/a	Ordinary Shares
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Bank of Ireland (UK) plc	n/a	Bank of Ireland (UK) plc
30	Write-down features	No	No	No	No	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Most junior	Most junior	Most junior	Most junior	See Note 1	See Note 1	Most junior	See Note 2	See Note 3	See Note 2
36	Non-compliant transitional features	No	No	No	No	No	No	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note 1 *Notwithstanding any other provision in the Agreement if any order is made or effective resolution passed for the winding-up of the Issuer: a) the Loan Debt will be subordinated to the Senior Claims: and (b) the Lender shall be entitled to receive and retain (whether by means of a claim in the winding up of the Issuer, the operation of set-off or otherwise) any amount in respect of the Loan Debt only if and to the extent that the Issuer is both solvent both at the time of and immediately after the payment of such an amount.*

Note 2 *In the event of a Winding-Up prior to the occurrence of a Trigger Event, there shall be payable by Issuer in respect of each Security (in lieu of any other payment by the Issuer, but subject as provided in Condition 4.1), such amount, if any, as would have been payable to the Securityholder if, on the day prior to the commencement of the Winding-Up and thereafter, such Securityholder were the holder of one of a class of preference shares in the capital of the Issuer (Notional Preference Shares) ranking pari passu as to a return of assets on a Winding-Up with the claims in respect of Parity Obligations and the holders of that class or classes of preference shares (if any) from time to time issued or which may be issued by Issuer which have a preferential right to a return of assets in the Winding-Up over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Securityholder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding-Up was an amount equal to the principal amount of the relevant Security and any accrued but unpaid interest thereon and any damages awarded for breach of any obligations.*

Note 3 *On a Winding-Up the rights of the Noteholders against the Issuer in respect of the Notes are subordinated in right of payment to all Senior Creditors but shall rank at least pari passu with the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and in priority to the claims of (1) holders of all obligations of the Issuer which constitute Tier 1 Capital of the Issuer, (2) holders of all undated or perpetual subordinated obligations of the Issuer and (3) holders of all classes of share capital of the Issuer.*

Appendix IV: Leverage

CRD IV requires the disclosure of the Group's leverage ratio, which measures the level of Tier 1 capital against both on and off balance sheet exposures. As at 31 December 2016, the leverage ratio was 6.9% on a fully loaded basis (31 December 2015: 6.5%).

The Group's leverage ratio is in excess of the Basel Committee's minimum leverage ratio of 3%. The Basel Committee has indicated that final calibrations and further adjustments to the definition of leverage ratio will be completed by 2017, with a view to migrating to a Pillar 1 (minimum capital requirement) treatment on 1 January 2018.

The European Commission have proposed the introduction of a binding leverage requirement of 3% as part of the CRD V package proposals. It is anticipated that the binding leverage requirement will be applicable from 2019 at the earliest pending the final agreement of the proposals at EU level.

On 10 October 2014, the European Commission adopted Delegated Regulation (EU) 2015/62 amending regulation (EU) No. 575/2013. The figures in the table below are prepared using the delegated act methodology.

The tables below illustrate leverage ratio calculated in accordance with Articles 429, 499(2) and (3) of the CRR as at 31 December 2016 and 31 December 2015 on a fully loaded basis. Rows that are not applicable to the Group have been omitted.

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures - Fully loaded CRD IV		**31 December 2016 £m**	31 December 2015 £m
1	**Total assets as per published financial statements**	**25,960**	27,939
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(68)	(65)
4	Adjustments for derivative financial instruments	(16)	11
5	Adjustments for securities financing transactions 'SFTs'	58	4
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	502	512
7	Other adjustments	549	874
8	**Total leverage ratio exposure**	**26,985**	29,275

Table LRCom: leverage ratio common disclosure - Fully loaded CRD IV		31 December 2016 £m	31 December 2015 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	26,485	28,829
2	(Asset amounts deducted in determining Tier 1 capital)	(99)	(127)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**26,386**	28,702
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	16	30
5	Add-on amounts for PFE associated with all derivatives transactions mark-to-market method)	23	26
11	**Total derivative exposures (sum of lines 4 to 10)**	**39**	56
Securities financing transaction exposures			
14	Counterparty credit risk exposures for SFT assets	58	4
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**58**	4
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	3,688	3,559
18	(Adjustments for conversion to credit equivalent amounts)	(3,186)	(3,047)
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**502**	512
Capital and total exposures			
20	**Tier 1 capital**	**1,852**	1,912
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**26,985**	29,275
Leverage ratio			
22	**Leverage ratio[1]**	**6.9%**	6.5%

[1] *Reconsideration of the Delegated Regulation (EU) 2015/62 identified an overstatement of £641 million in the off balance sheet exposures in the 2015 disclosures. This has been restated in the 2015 comparatives and has resulted in an increase in the 2015 leverage ratio from 6.4% to 6.5%.*

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) - Fully loaded CRD IV		31 December 2016 £m	31 December 2015 £m
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**26,386**	28,702
EU-3	Banking book exposures, of which:	26,386	28,702
EU-4	Covered bonds	187	-
EU-5	Exposures treated as sovereigns	3,363	5,295
EU-7	Institutions	2,938	3,962
EU-8	Secured by mortgages of immovable properties	15,697	15,215
EU-9	Retail exposures	1,995	1,579
EU-10	Corporate	1,586	1,803
EU-11	Exposures in default	358	495
EU-12	Other exposures (eg equity, securitisations, and other noncredit obligation assets)	262	352

LRQua: Disclosure on qualitative items

Leverage is the extent to which a firm funds its assets with borrowings rather than equity. More debt relative to each pound of equity results in higher level of leverage. Excessive leverage is controlled by monitoring the leverage ratio. The leverage ratio measures the extent to which a firm has financed its assets with equity. It does not take into account what those assets are, or their risk characteristics. Leverage ratios effectively place a cap on borrowings as a multiple of a bank's equity.

Although there are ongoing discussions on the definition of the leverage ratio within Europe, and also regarding the leverage coverage framework, firms are required to calculate and monitor their leverage ratios. The accepted definition of the leverage ratio is currently Tier 1 capital divided by assets (which include derivatives, SFTs, undrawn balances) with a benchmark of 3% to be adhered to. The Group's capital and exposures are monitored on a daily basis. When proposed transactions or movements in capital or assets are being considered, the impact on the leverage ratio is taken into account.

The leverage ratio as at 31 December 2016 was 6.9% (31 December 2015: 6.5%).

The increase of 0.4% in the leverage ratio is primarily driven by a decrease of £2.3 billion in leverage exposure, offset by a decrease in Tier 1 capital to £1,852 million at 31 December 2016 (31 December 2015: £1,912 million).

Appendix V: Countercyclical buffer

The Group is required by the CRR and Commission Delegated Regulation 2015/1555 to disclose the key elements of the calculation of the countercyclical buffer, comprising the geographical distribution of the relevant credit exposure and the Group's institution-specific countercyclical capital buffer rate. The calculation of the Group countercyclical buffer rate requires that the location of the own funds requirements for all credit exposures are identified geographically, and institution-specific rate is the weighted average of the of countercyclical buffer rates that apply in the jurisdictions of the exposure.

Under the Commission Delegated Regulation 1152/2014 Article 2(5)b the Group allocates all non-UK exposures to the UK for the purposes of calculating the countercyclical buffer, due to the fact that the Group has a non-material foreign exposure which is below the threshold conditions outlined in the delegated regulation. The countercyclical buffer applicable to the Group throughout 2016 was 0%.

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

		General credit exposures		Trading Book exposures		Securitisation exposures		Own funds requirements					
	31 December 2016	**Exposure value for SA £m**	**Exposure value for IRB £m**	**Sum of long and short position of trading book £m**	**Value of trading book exposure for internal models £m**	**Exposure value for SA £m**	**Exposure value for IRB £m**	**General credit exposures £m**	**Trading book exposures £m**	**Securitisation exposures £m**	**Total £m**	**Own funds requirement weights**	**Counter-cyclical capital buffer rate %**
10	Breakdown by country												
	United Kingdom	20,383	-	-	-	-	-	733	-	-	733	1.00	0.00%
20	**Total**	**20,383**	**-**	**-**	**-**	**-**	**-**	**733**	**-**	**-**	**733**	**1.00**	

Amount of institution-specific countercyclical capital buffer

		31 December 2016
10	Total risk exposure amount (£m)	10,037
20	Institution specific countercyclical buffer rate (%)	0.00
30	Institution specific countercyclical buffer requirement (£m)	-

Appendix VI: Remuneration at Bank of Ireland (UK) plc

Remuneration restrictions ("the Remuneration Restrictions")

Bank of Ireland (UK) plc (hereinafter referred to as "the Group"), as part of the Bank of Ireland Group, is currently operating under a number of remuneration restrictions which cover all directors, senior management, employees and certain service providers. The Remuneration Restrictions were contained within the Covered Institutions Financial Support Scheme 2008 and the 2011 Minister's Letter ("The Minister's Letter") under which the Bank of Ireland Group gave a number of commitments and undertakings to the Irish Minister for Finance in respect of remuneration practices. The Minister's Letter was a further condition of the Transaction Agreement entered into with the Irish Government (July 2011) during the 2011 Recapitalisation of the Bank of Ireland Group.

The Group considers itself to be in compliance with these remuneration restrictions.

Remuneration at Bank of Ireland (UK) plc

This section of the Pillar 3 document should be read in conjunction with the Group's Annual Report 31 December 2016, which provides information on directorships held by members of the management body. Copies of the Group's Annual Report 31 December 2016 can be obtained from our website www.bankofirelanduk.com.

This section summarises remuneration for individuals identified as material risk takers, "Code Role Holders" in respect of 2016 and provides brief information on the decision-making policies for remuneration and the links between pay and performance in line with the requirements set out in the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) Remuneration Code and in line with the European Banking Authority (EBA) Remuneration Guidelines and other relevant guidelines.

Whereas the Bank of Ireland Group seeks to ensure it operates remuneration policies which are compliant with regulatory guidelines, it is currently operating under significant governmental and legal constraints in relation to remuneration. The Remuneration policy, therefore, can only be implemented to the extent possible given these constraints.

These constraints also have an effect on the Group, as a result of which it is currently unable to provide a fixed/variable remuneration mix, which results in significant risk in terms of attraction, retention and alignment with the needs of the business and some inflexibilities with the cost base. If the Group fails to recruit and retain skilled and qualified people, its businesses may be negatively impacted.

Decision-making process for remuneration policy

The Group's Remuneration Committee holds delegated responsibility from the Board of Directors for oversight of the Group's Remuneration Policy. During 2016, the Group's Remuneration Committee met twice. The Remuneration Committee comprises a minimum of three non-Executive Directors who have the knowledge, skills and experience to reach an independent judgement on the suitability of the frameworks, policies and practices including implications for risk and risk management. At least one member of the Committee will also be a member of the Board Risk Committee.

Code Role Holders

Under the PRA, FCA and EBA Remuneration Guidelines, the Group is required to maintain a list of individuals identified as material risk takers, "Code Role Holders". This listing is developed and maintained in line with the January 2014 EBA Guidelines and criteria. In line with our internal Code Role Holder process, this listing is reviewed on a regular basis, at a minimum bi-annually. The EBA criteria are tested against all the Group's employees to determine who was holding a Code Role. As at 31 December 2016 there were 60 Code Role Holders (December 2015: 63).

Attraction, motivation and retention

The Group's success depends in part on the availability of high calibre people and the continued services of members of its management team, both at its head office and at each of its business units.

If the Group fails to attract and appropriately train, motivate and retain high calibre people, its businesses may be negatively impacted. Restrictions imposed on remuneration by Government, tax or regulatory authorities or other factors outside the Group's control in relation to the retention and recruitment of employees may adversely impact on the Group's ability to attract and retain such staff.

The restrictions imposed by the Minister's Letter place the Group at an increasing competitive disadvantage in seeking to retain and attract staff, particularly those with certain skill sets.

Link between pay and performance

Individual performance measures and targets are agreed for each employee using a Balanced Scorecard approach through the Group performance management process. The four Key Result Areas, each with a minimum weighting of 10%, are as follows:

- Customer;
- Leadership and People Development;
- Financial / Revenue / Cost / Efficiency; and
- Risk (covers all areas of Risk including Credit, Regulatory, Operational and Conduct Risk).

Bank of Ireland (UK) plc Remuneration Policy

The Group's Remuneration Policy aims to support the Group's objectives of long-term sustainability and success, sound and responsible risk management and good corporate governance.

In addition the Group's Remuneration Policy seeks to ensure that:

- the Group's efforts are aligned with, and contribute to, the long term strategy, sustainability, value creation and success of the Group;
- the Group has the necessary remuneration philosophy, strategy and frameworks to attract, retain and motivate high calibre employees;
- the Group offers a competitive remuneration package across all markets, in a cost effective manner;
- remuneration frameworks, policies and practices are simple, transparent, easy to understand and implement;
- sound and effective risk management is reflected in performance management and remuneration frameworks and their alignment to performance targets and governance structures;
- remuneration frameworks, policies, processes and practices are aligned with and applied in consideration of the Group's Risk Appetite Statement and overall risk governance framework;
- risk adjusted financial performance is an important measure when evaluating performance;
- business and individual performance measures and targets are aligned with business objectives at either a Group or local business level, ensuring alignment with business strategy, risk measures and priorities and is based on a balanced scorecard approach;
- all remuneration policies are subject to appropriate governance;
- the Group is compliant with all applicable regulatory remuneration requirements as they relate to the Group; and
- remuneration frameworks, policies, practices, processes, procedures, systems and controls support the fair treatment of customers and mitigate the potential for conflict between commercial, customer and public interests.

The Group will continue to seek to ensure that its remuneration policy enables it to be competitive and comprehensively adhere to regulatory principles and guidelines set out by relevant regulatory authorities, including the PRA, FCA and the EBA.

These design features support all remuneration practices across the Group, being applied proportionately depending on the nature, scale and complexity of the particular business area.

Remuneration expenditure

The following tables show the remuneration awards made by the Group to Code Role Holders in 2016

The award data is prorated for those employees who were newly classified as Code Role Holders during 2016 and for those who were removed from the Code Role list during 2016.

Table 1a

Aggregate 2016 Remuneration Expenditure by Business Area	No. of coded roles holders as at 31 December 2016	No. of Employees who held a code role in 2016[1,2]	Remuneration expenditure £m
Non-executive Directors	5	7	0.49[]
BOI UK Front Line	18	23	4.86
BOI UK Support Functions	28	39	6.32
Bank of Ireland Group Roles	9	11	-[]
Grand Total	**60**	**80**	**11.67**

Remuneration expenditure includes:

- *Fixed Pay (Fees, Salaries, Employer Pension Contributions, Car Cash Allowances and other fixed payments and non-monetary benefits) as per the EBA Remuneration Guidelines and;*
- *Variable payments (all other payments not defined as fixed pay under the EBA Remuneration Guidelines). (Please note that no variable payments, excluding severance payments were made in 2016).*

[1] *Data shown for all employees who held a Code Role at any stage in 2016 for the period they held the Code Role.*

[2] *If in the event the Group engages individuals, who are employed by an external company, then the individuals will not be classified as Code Role Holders: however if the individual is responsible for their engagement to the Group, and therefore responsible for the risk they pose, they have been identified as a Code Role Holder.*

No individual earned a total remuneration of £850,000 or more in 2016 (€1 million at exchange rate 0.85).

* *In line with the January 2014 EBA Guidelines and criteria an additional 10 Code Role Holders who are employed by Bank of Ireland Group and are wholly remunerated by Bank of Ireland Group and not by BOI (UK) plc, have been identified. Their remuneration data is not included in these tables, but is reported in the Bank of Ireland Group Pillar 3 disclosure. In addition, there is 1 other Bank of Ireland Group employee who is a Non-Executive Director of BOI (UK) plc who received no fees/remuneration in this respect, and therefore no remuneration data is reported.*

Table 1b

Aggregate 2015 Remuneration Expenditure by Business Area	No. of coded roles holders as at 31 December 2015	No. of Employees who held a code role in 2015[1, 2]	Remuneration expenditure £m
Non-executive Directors	6	8	0.42[]
BOI UK Front Line	19	22	4.33
BOI UK Support Functions	30	32	4.65
Bank of Ireland Group Roles	8	9	- []
Grand Total	**63**	**71**	**9.39**

Remuneration expenditure includes:
- *Fixed Pay (Fees, Salaries, Employer Pension Contributions, Car Cash Allowances and other fixed payments and non-monetary benefits) as per the EBA Remuneration Guidelines and;*
- *Variable payments (all other payments not defined as fixed pay under the EBA Remuneration Guidelines). (Please note that no variable payments, excluding severance payments were made in 2015).*

[1] *Data shown for all employees who held a Code Role at any stage in 2015 for the period they held the Code Role.*
[2] *If in the event the Group engages individuals, who are employed by an external company, then the individuals will not be classified as Code Role Holders: however if the individual is responsible for their engagement to the Group, and therefore responsible for the risk they pose, they have been identified as a Code Role Holder.*

No individual earned a total remuneration of £733,950 or more in 2015 (€1 million at exchange rate 0.73395).

* *In line with the January 2014 EBA Guidelines and criteria an additional 7 Code Role Holders who are employed by Bank of Ireland Group and are wholly remunerated by Bank of Ireland Group and not by BOI (UK) plc, have been identified. Their remuneration data is not included in these tables, but is reported in the Bank of Ireland Group Pillar 3 disclosure. In addition, there are 2 other Bank of Ireland Group employees who are Non-Executive Directors of BOI (UK) plc who receive no fees/remuneration in this respect, and therefore no remuneration data is reported.*

Table 2a - Analysis of 2016 Remuneration between and Variable Amounts (actually paid in 2016)

Senior Managers (Senior Management Team for UK plc) Remuneration Table

(Note: there were 10 Senior Managers in Coded Roles in 2016)

Total value of remuneration awarded in 2016	Non-deferred	Deferred
Fixed Remuneration[1]		
Cash based	3.22	-
Shares and share-linked instruments	-	-
Other	0.47	-
Variable Remuneration		
Cash based[2]	-	-
Shares and share-linked instruments	-	-
Other	-	-

Table 2b - All Other Risk Roles (NEDs & All Other Code Staff in UK plc) Remuneration Table

(Note: there were 59 Code Roles (excluding Senior Managers) in 2016[1])

Total value of remuneration awarded in 2016	Non-deferred	Deferred
Fixed Remuneration[1]		
Cash based	7.38	-
Shares and share-linked instruments	-	-
Other	0.24	-
Variable Remuneration		
Cash based[2]	0.36	-
Shares and share-linked instruments	-	-
Other	-	-

[1] *Fixed remuneration 2016: fees, salaries, employer pension contribution amounts, car allowances and other payments.*
[2] *Cash based 2016: Severance pay.*
The fixed to variable remuneration ratio for 2016 was 0.97:0.03

2016 New sign-on and severance payments
- No payments were made to any Code Role Holders hired during 2016 relating to the commencement of their employment.
- During the course of the year, 3 individuals designated as Code Role Holders received severance payments.
- The total value of payments made to this population, comprising Statutory Redundancy, Voluntary Parting Payments, pay in lieu of notice, and Annual Leave payment was £0.36 million.
- The highest individual payment made to a departing employee, was £0.24 million, which was comprised of Voluntary Parting and Statutory Redundancy.
- The above payments are included in the previous tables.

Appendix VII: Disclosure reference table

The Group's Annual Report for the year ended 31 December 2016 can be accessed on the Group's website - www.bankofirelanduk.com

The reference table below details, by subject area, the qualitative and quantitative disclosures incorporated in the Pillar 3 document and the Group's Annual Report.

Subject Area	Pillar 3	Annual Report
Risk management objective and policies	Section 1.5 - Risk management Section 2.1 - Capital management	Section 1.8 - Strategic report Risk management report
Own funds	Section 2.3 - Capital resources Appendix I, II, III	Section 1.7.14 - Strategic report
Capital requirements	Section 2.2 - Capital requirements / risk weighted assets Sections 3.3.1 to 3.3.6	Section 1.7.14 - Strategic report
Capital buffers	Section 2.1 - Capital management Appendix V - Countercyclical buffer	
Credit risk adjustments	Section 3.3.7 - Specific credit risk adjustments (provisions)	Section 2.1 - Risk management report
Remuneration policy	Appendix V	Section 1 - Risk management report
Leverage	Appendix IV	Section 1.7.14 - Strategic report
Use of credit risk mitigation techniques	Section 3.1 - Credit risk mitigation for risk management purposes Section 3.2 - Credit risk mitigation for capital requirements calculation	Section 2.1.3 - Risk management report

Glossary

Basel III	Basel III is a global regulatory standard on bank capital adequacy and liquidity risk. It was agreed upon by the members of the Basel Committee on Banking Supervision. Basel III is implemented in Europe through the CRD IV legislation (see below).
CET 1	Common equity tier 1.
CRD IV	The CRD IV package transposes, via a Regulation and a Directive, the new global standards on bank capital (commonly known as the Basel III agreement) into the EU legal framework. The Capital Requirements Directive and the (Capital Requirements) Regulation were published in the Official Journal of the EU on 27 June 2013 and the legislation is being implemented on a phased basis from 1 January 2014 with full implementation by 2019.
Credit Conversion Factor (CCF)	An estimate of the proportion of undrawn commitments expected to be drawn down at the point of default. The CCF is expressed as a percentage and is used in the calculation of Exposure at Default (EAD).
Credit Risk Standardised Approach	A method for calculating risk capital requirements using ECAI ratings (where available) and supervisory risk weights.
Credit Risk Mitigation	A technique to reduce the credit risk associated with an exposure by the application of credit risk mitigants such as collateral, guarantees and credit protection.
EBA	The European Banking Authority, formerly CEBS (the Committee of European Banking Supervisors).
Export Credit Agency (ECA)	An Export Credit Agency is an agency in a creditor country that provides insurance, guarantees, or loans for the export of goods and services. CRD IV limits the use of ECA credit assessments to exposures to central governments and central banks. Therefore, credit institutions are allowed to use ECA credit assessments to calculate the risk weight of their exposures to central governments and central banks, in addition to ECAIs' credit assessments for other types of exposures.
External Credit Assessment Institution (ECAI)	An eligible External Credit Assessment Institution (ECAI) is an entity, other than an Export Credit Agency, that issues external credit assessments, and that has been determined by the competent authorities to meet the eligibility requirements set out in the Capital Requirements Directive. The credit assessment provided by the ECAI is used to provide a basis for capital requirement calculations in the Standardised approach for securitisation positions as well as an input into the IRB Institutions model.
Exposure at Default (EAD)	The estimated value of the bank's exposure at the moment of the borrower's default determined under regulatory rules.
Exposure Weighted Average Risk Weight	Average risk weighting of exposures. Calculating the exposure weighted average risk weight involves multiplying the exposure values by the relevant risk weight, summing the answers and dividing by the total exposure values.
FCA	The Financial Conduct Authority.
IBNR	Incurred but not reported provisions.
IFRS	International Financial Reporting Standards.
Leverage Ratio	The leverage ratio is a monitoring tool which allows competent authorities to assess the risk of excessive leverage in their respective institutions.
MDB	Multilateral Development Bank.
Off Balance Sheet	Off balance sheet items include undrawn commitments to lend, guarantees, letters of credit, acceptances and other items as listed in Annex I of the CRR.

Operational Risk Standardised Approach	The Pillar 1 approach which allows banks to calculate their capital requirement in respect of operational risk by multiplying the gross income from each business line by the relevant factor specified in respect of that business line (as set out in CRD IV).
PRA	The Prudential Regulation Authority.
Risk Weighted Assets (RWA)	Used in the calculation of risk-based capital ratios. Total assets are calculated by applying predetermined risk-weight factors (set by the regulators) to the nominal outstanding amount of each on-balance sheet asset and the notional principal amount of each off-balance sheet item. The term risk weighted assets for the purposes of this document also can be described as risk weighted exposures.

Standardised Exposure Classes

• *Retail:*	Exposures must be to an individual person or to a small or medium sized entity. It must be one of a significant number of exposures with similar characteristics such that the risks associated with such lending are substantially reduced and, the total amount owed, shall not, to the knowledge of the credit institution, exceed £850,000 (€1 million at exchange rate 0.85).
• *Public Sector Entities:*	Exposures to Public Sector Entities and non-commercial undertakings.
• *Corporates:*	In general, a corporate exposure is defined as a debt obligation of a corporate, partnership or proprietorship.
• *Exposures in default:*	Where the exposure is past due more than 90 days or unlikely to pay.
• *Exposures associated with particularly high risks:*	Exposures associated with particularly high risks such as investments in venture capital firms and private equity investments.
• *Institutions and Corporates with a short-term credit assessment:*	Short term exposures to an Institution or Corporate.
• *Other items:*	Exposures not falling into the other exposure classes outlined.

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