REPUBLIC OF IRELAND

*EJR Sen Rating(Curr/Prj) A+/ A+

Rating Analysis - 8/18/23

Despite the persisting challenges, the near-term outlook for the Irish economy appears more positive than previously expected, driven by a better global economic environment and continued domestic resilience. The tight labor market is expected to gradually support the recovery of household real incomes, contributing to underlying growth in the economy.

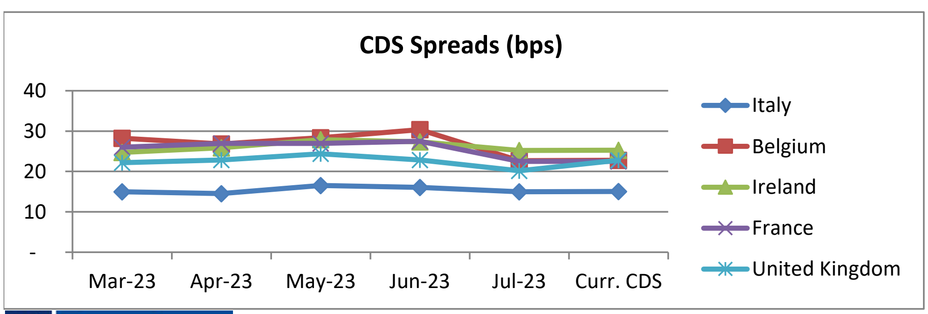
After experiencing two years of double-digit growth, Ireland's GDP is anticipated to decelerate, with projected growth rates of 4.4% in 2023 and 3.7% in 2024. This shift is mainly due to the gradual easing of export support from multinational-dominated sectors. Despite the persistent inflation, consumer spending is expected to remain relatively robust in 2023, driven by substantial employment growth and the boost from the summer tourist season. As business confidence improves, firms' incentives to invest will gradually strengthen. When accounting for distortions caused by the high presence of multinational firms, modified domestic demand is estimated to grow by 1.8% in 2023 and 3.0% in 2024. Affirming.

Annual Ratios (source for past results: IMF)

CREDIT POSITION	2020	2021	2022	P2023	P2024	P2025
Debt/ GDP (%)	71.8	65.5	46.7	35.7	22.6	7.1
Govt. Sur/Def to GDP (%)	-4.0	-0.9	2.5	5.3	8.6	12.0
Adjusted Debt/GDP (%)	71.8	65.5	46.7	35.7	22.6	7.1
Interest Expense/ Taxes (%)	6.2	4.4	3.7	3.2	2.7	2.4
GDP Growth (%)	4.5	14.3	17.9	2.5	3.6	3.6
Foreign Reserves/Debt (%)	1.6	1.9	2.2	2.9	4.4	13.6
Implied Sen. Rating	A+	A+	AA-	AA-	AA	AA

INDICATIVE CREDIT RATIOS	AA	A	BBB	BB	B	CCC
Debt/ GDP (%)	100.0	115.0	130.0	145.0	170.0	200.0
Govt. Sur/Def to GDP (%)	2.5	0.5	-2.0	-5.0	-8.0	-10.0
Adjusted Debt/GDP (%)	95.0	110.0	125.0	140.0	160.0	190.0
Interest Expense/ Taxes (%)	9.0	12.0	15.0	22.0	26.0	35.0
GDP Growth (%)	3.5	3.0	2.0	1.0	-1.0	-5.0
Foreign Reserves/Debt (%)	3.0	2.5	2.0	1.5	1.0	0.5

PEER RATIOS	Other NRSRO Sen.	Debt as a % GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio-Implied Rating*
Federal Republic Of Germany	AAA	65.3	-2.6	65.3	2.7	7.4	AA-
French Republic	AA	117.1	-4.2	117.1	6.1	5.5	A-
Kingdom Of Belgium	AA	103.8	-3.4	103.8	5.1	9.3	BBB
Republic Of Italy	BBB-	151.3	-7.8	151.3	14.6	6.8	BB+
United Kingdom	AA	147.9	-5.5	147.9	15.0	9.7	BBB-

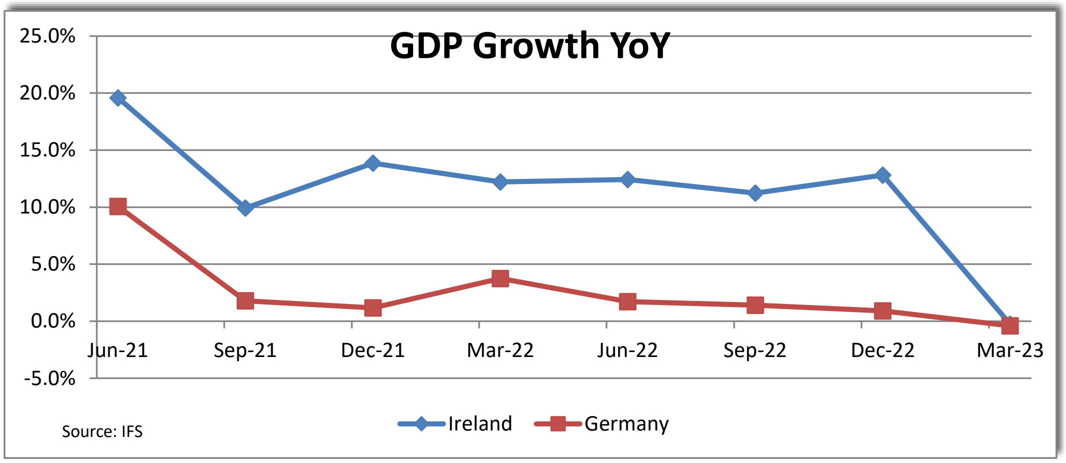


Country	EJR Rtg.	CDS
Italy	BBB-	15
Belgium	BBB	23
Ireland	A+	25
France	A+	23
United Kingdom	A+	23

Egan-Jones Ratings Company

Economic Growth

The first quarter of 2023 saw resilient household consumption, supported by substantial wage and employment growth, as well as considerable pandemic-related excess savings. However, the economic landscape faced challenges, including a weaker global outlook, rising energy and input prices, and higher borrowing costs, which dampened firms' investment incentives, particularly in the manufacturing sector. As a result, along with low exports, this led to a contraction in GDP during the first quarter of 2023. Underlying inflationary pressures persisted, as evidenced by core inflation reaching 4.3% in April. Although year-on-year headline consumer price inflation eased to 6.3%, there was some acceleration in energy prices and continued strength in food price inflation, partly driven by contract renegotiations with long-term suppliers.



Fiscal Policy

Starting from early 2022, the government has implemented cost-of-living support measures amounting to 2.4% of GDP (equivalent to 4.4% of GNI*). These measures, predominantly temporary, have provided relief to households and small businesses by alleviating the burden of rising energy costs. Approximately one third of these support measures were specifically targeted to assist those in need. The strong performance of corporate tax receipts, representing one-fifth of total revenues, has contributed significantly to achieving a fiscal surplus of 1.6% of GDP in 2022.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Ireland	2.47	46.65	25.28
Germany	-2.62	65.28	15.02
France	-4.25	117.11	22.50
Belgium	-3.36	103.79	22.79
Italy	-7.83	151.26	15.02
United Kingd	-5.52	147.88	22.81

Sources: Thomson Reuters and IFS

Unemployment

In July 2023, Ireland's seasonally adjusted unemployment rate decreased to 4.1 percent, down from the upwardly revised rate of 4.2 percent in June. This reading underscored the continued tightness in the Eurozone labor market, despite the central bank's hawkish monetary policy stance. The number of unemployed individuals saw an increase of 3,600 compared to the previous month, bringing the total to 111,900. Furthermore, the youth unemployment rate also rose to 10.7 percent, up from 10.5 percent in

Unemployment (%)

	2021	2022
Ireland	6.27	4.50
Germany	3.58	3.07
France	7.88	7.32
Belgium	6.28	5.58
Italy	9.56	8.08
United Kingd	4.00	3.70

Source: Intl. Finance Statistics

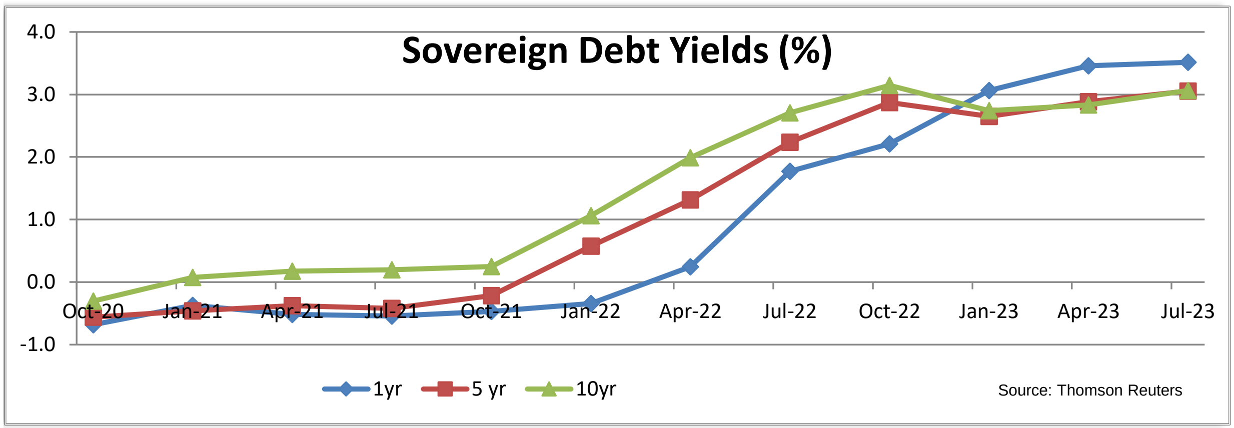
Banking Sector

Irish domestic banks have remained relatively unaffected by recent stress in the global banking market. Their strong loan-deposit franchise positions them well to capitalize on rising interest rates. The core business model of these banks, focused on deposit-taking and lending, has resulted in a substantial portion of operating income coming from net-interest income (NII), which grew by an impressive 75 percent in the year leading up to March 2023.

Bank Assets (billions of local currency)	Assets	Mkt Cap/ Assets %
BANK OF IRELAND	151.3	6.21
ALLIED IRISH BANKS	129.8	7.74
Total	281.1	
EJR's est. of cap shortfall at 10% of assets less market cap		8.7
Ireland's GDP		502.6

Funding Costs

As per the Trading Economics global macro model, the Interest Rate in Ireland is expected to reach 2.5% by the end of this quarter. Looking ahead, the projected trend indicates that the Ireland Interest Rate may rise to approximately 3.5% in 2023 and then gradually decrease to around 2.75% in 2024. Currently, the Ireland 10Y Government Bond offers a yield of 2.902%. Furthermore, the 10 Years vs 2 Years bond spread is -24.7 basis points, indicating an inverted yield curve.



Ease of Doing Business

Major factors for growing the economy are the ease of doing business and the economic freedom; although not the sole factor for determining economic growth, a country which makes it easy for businesses to operate and provides a reasonably free environment to conduct business has a good chance for growth. The chart on the right indicates that with an overall rank of 24 (1 is best, 189 worst) is strong.

The World Bank's Doing Business Survey*	2021 Rank	2020 Rank	Change in Rank
Overall Country Rank:	**24**	**24**	**0**
Scores:			
Starting a Business	23	23	0
Construction Permits	36	36	0
Getting Electricity	47	47	0
Registering Property	60	60	0
Getting Credit	48	48	0
Protecting Investors	13	13	0
Paying Taxes	4	4	0
Trading Across Borders	52	52	0
Enforcing Contracts	91	91	0
Resolving Insolvency	19	19	0

* Based on a scale of 1 to 189 with 1 being the highest ranking.

Economic Freedom

As can be seen below, Ireland is strong in its overall rank of 82.0 for Economic Freedom with 100 being best.

Heritage Foundation 2023 Index of Economic Freedom
World Rank 82.0*

	2023 Rank**	2022 Rank	Change in Rank	World Avg.
Property Rights	92.9	92.6	0.3	53.3
Government Integrity	82.8	80.7	2.1	44.4
Judical Effectiveness	93.9	93.0	0.9	48.3
Tax Burden	78.4	76.5	1.9	78.1
Gov't Spending	80.5	79.9	0.6	64.3
Fiscal Health	86.8	89.0	-2.2	54.5
Business Freedom	87.2	87.2	0.0	59.8
Labor Freedom	61.2	60.9	0.3	55.5
Monetary Freedom	81.5	85.2	-3.7	72.1
Trade Freedom	78.6	79.2	-0.6	69.6

*Based on a scale of 1-100 with 100 being the highest ranking.
**The ten economic freedoms are based on a scale of 0 (least free) to 100 (most free).
Source: The Heritage Foundation

Credit Quality Driver: Taxes Growth:
REPUBLIC OF IRELAND has grown its taxes of 17.6% per annum in the last fiscal year which is more than the average for its peers. We expect tax revenues will grow approximately 17.6% per annum over the next couple of years and 15.8% per annum for the next couple of years thereafter.

Credit Quality Driver: Total Revenue Growth:
REPUBLIC OF IRELAND's total revenue growth has been more than its peers and we assumed no growth in total revenue over the next two years.

Income Statement	Peer Median	Issuer Avg.	Assumptions Yr 1&2	Yr 3,4,5
Taxes Growth%	7.9	17.6	**17.6**	**15.8**
Social Contributions Growth %	6.2	16.7	**17.0**	**16.8**
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	7.2	**7.2**	**7.2**
Total Revenue Growth%	7.3	16.8	**16.8**	**15.1**
Compensation of Employees Growth%	4.3	8.4	**8.4**	**8.4**
Use of Goods & Services Growth%	4.5	9.7	**9.7**	**9.7**
Social Benefits Growth%	3.5	(0.4)	**(0.4)**	**(0.4)**
Subsidies Growth%	(6.3)	(54.0)		
Other Expenses Growth%	0.0			
Interest Expense	1.8	1.4	**1.4**	
Currency and Deposits (asset) Growth%	(11.5)	0.0		
Securities other than Shares LT (asset) Growth%	(6.0)	0.0		
Loans (asset) Growth%	5.4	1.7	**1.7**	**1.7**
Shares and Other Equity (asset) Growth%	57.9	162.2	**162.2**	**145.9**
Insurance Technical Reserves (asset) Growth%	(1.4)	0.0		
Financial Derivatives (asset) Growth%	(28.7)	(89.2)	**(10.0)**	**(10.0)**
Other Accounts Receivable LT Growth%	3.5	6.2	**6.2**	**6.2**
Monetary Gold and SDR's Growth %	0.0	0.0	**5.0**	**5.0**
Other Assets Growth%	0.0	0.0		
Other Accounts Payable Growth%	6.8	(0.2)	**3.0**	**3.0**
Currency & Deposits (liability) Growth%	(2.6)	3.2	**3.2**	**3.2**
Securities Other than Shares (liability) Growth%	(15.1)	(25.6)	**(17.9)**	**(17.9)**
Loans (liability) Growth%	2.6	(0.5)	**0.5**	**0.5**
Insurance Technical Reserves (liability) Growth%	2.8	(2.7)	**(2.7)**	**(2.7)**
Financial Derivatives (liability) Growth%	(18.0)	(75.0)	**(10.0)**	**(10.0)**
Additional ST debt (1st year)(millions EUR)	0.0	0.0		

ANNUAL INCOME STATEMENTS

Below are REPUBLIC OF IRELAND's annual income statements with the projected years based on the assumptions listed on page 5.

ANNUAL REVENUE AND EXPENSE STATEMENT

(MILLIONS EUR)	2019	2020	2021	2022	P2023	P2024
Taxes	64,581	61,523	75,620	88,913	104,562	122,965
Social Contributions	16,026	15,429	16,992	19,836	23,208	27,154
Grant Revenue						
Other Revenue						
Other Operating Income	7,664	6,326	6,303	6,757	6,757	6,757
Total Revenue	88,271	83,278	98,915	115,506	134,527	156,875
Compensation of Employees	23,777	24,910	26,632	28,859	31,272	33,887
Use of Goods & Services	12,658	14,925	16,271	17,843	19,567	21,457
Social Benefits	30,835	37,220	37,285	37,134	36,984	36,834
Subsidies	1,895	6,312	7,186	3,303	3,303	3,304
Other Expenses				7,018	7,018	7,018
Grant Expense						
Depreciation	4,756	5,056	5,676	5,676	5,676	5,676
Total Expenses excluding interest	78,723	94,485	99,336	99,833	103,820	108,176
Operating Surplus/Shortfall	9,548	-11,207	-421	15,673	30,707	48,699
Interest Expense	4,622	3,828	3,293	3,275	3,321	3,367
Net Operating Balance	4,928	-15,033	-3,712	12,398	27,386	45,332

ANNUAL BALANCE SHEETS

Below are REPUBLIC OF IRELAND's balance sheets with the projected years based on the assumptions listed on page 5.

Base Case	ANNUAL BALANCE SHEETS (MILLIONS EUR)					
ASSETS	2019	2020	2021	2022	P2023	P2024
Currency and Deposits (asset)	24,293	26,671	39,534	35,550	42,446	58,206
Securities other than Shares LT (asset)	1,433	1,331	496	1,043	1,043	1,043
Loans (asset)	-2,097	-540	-545	-554	-563	-572
Shares and Other Equity (asset)	-2,346	-1,273	-954	-2,501	-6,557	-17,189
Insurance Technical Reserves (asset)	1	2	1		0	0
Financial Derivatives (asset)	6	252	102	11	10	9
Other Accounts Receivable LT	25,069	25,946	28,801	30,583	32,475	34,485
Monetary Gold and SDR's						
Other Assets					39,782	39,782
Additional Assets	45,207	39,673	40,431	39,782		
Total Financial Assets	91,566	92,062	107,866	103,914	108,637	115,763
LIABILITIES						
Other Accounts Payable	24,129	26,060	28,116	28,063	28,905	29,772
Currency & Deposits (liability)	22,220	23,733	25,077	25,874	25,874	25,874
Securities Other than Shares (liability)	149,366	170,354	176,117	130,969	107,467	88,182
Loans (liability)	49,055	47,447	49,718	49,462	22,076	-23,256
Insurance Technical Reserves (liability)	49	87	113	110	107	104
Financial Derivatives (liability)	178	17	20	5	5	4
Other Liabilities	-1	1	1			
Liabilities	244,996	267,699	279,162	234,483	211,820	173,614
Net Financial Worth	-153,430	-175,637	-171,296	-130,569	-103,183	-57,851
Total Liabilities & Equity	91,566	92,062	107,866	103,914	108,637	115,763

Comments on the Difference between the Model and Assigned Rating
In this case, there has been little change in the recent results and therefore we have used our best judgement in making adjustments which are reflected in the results for the projected ratings. We have assigned a rating of "A+" whereas the ratio-implied rating for the most recent period is "AA-"; we expect results to decline slightly.

Changes in Indicative Ratios
We have not made any adjustment in the indicative ratios at this time.

SEC Rule 17g-7(a) Disclosure

Below are the disclosures as required by Paragraph (a) of Rule 17g-7.

1. The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:
For the issuer REPUBLIC OF IRELAND with the ticker of 1266Z ID we have assigned the senior unsecured rating of A+. There are three notches in our rating categories (e.g., A-, A, and A+) other than those deep into speculative grade; for CC, C, and D there are no notches.

2. The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:
We are using the methodology version #16 available via egan-jones.com under the tab at the bottom of the page "Methodologies".

3. The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:
The credit rating assigned reflects our judgement regarding the future credit quality of the issuer. Regarding the specific assumptions used, please refer to page 3 of this Rating Analysis Report.

4. The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:
Our rating pertains solely to our view of current and prospective credit quality. Our rating does not address pricing, liquidity, or other risks associated with holding investments in the issuer.

5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:
Our rating is dependant on numerous factors including the reliability, accuracy, and quality of the data relied used in determining the credit rating. The data is sourced from publicly-available 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, and other similar sources. In some cases, the information is limited because of issues such as short operating histories, the lack of reported data, a delay in reporting data, restatements, inaccurate accounting, and other issues. Such shortcomings are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

6. Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:
EJR does not utilize third-party due diligence services.

7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:
Servicer or remittance reports normally pertain to structured finance issuers; this report does not pertain to a structured finance issuer (EJR is not an NRSRO for structured finance or sovereigns/ municipal issuers). Regarding surveillance, the minimum time period for corporation issuers is normally one year.

8. A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:
EJR uses 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, governmental filings and other similar sources for ratings on publicly-traded issuers. In the case of private issuers, EJR relies on information provided mainly by issuers.

9. A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7: The information is generally high quality and readily avail.

10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:
This rating is unsolicited.

11. An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:
Our rating aims to assess the probability of the payment of obligations in full and on-time. Factors which affect such probability, and in turn our rating, include changes in the operating performance of the issuer, changes in capital structure, and merger and acquisition events.

12. Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:
Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, exhibit 1. The expected probability of default and the expected loss in the event of default is listed on the first page of this report.

13. Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:
Below is a summary of the impact of the 5 assumptions which independently would have the greatest impact on our "ratio-implied rating":

	Assumptions			**Resulting Ratio-Implied Rating**		
	Base	Optimistic	Pessimistic	Base	Optimistic	Pessimistic
Taxes Growth%	17.6	21.6	13.6	AA	AA	AA-
Social Contributions Growth %	17.0	20.0	14.0	AA	AA	AA
Other Revenue Growth %		3.0	(3.0)	AA	AA	AA
Total Revenue Growth%	16.8	18.8	14.8	AA	AA	AA
Monetary Gold and SDR's Growth %	5.0	7.0	3.0	AA	AA	AA

14. If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:
This credit rating is not assigned to an asset-backed security.

ATTESTATION FORM

In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

1) No part of the credit rating was influenced by any other business activities,
2) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
3) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

Analyst Signature: **Today's Date**

August 18, 2023

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Subramanian NG
Senior Rating Analyst

Reviewer Signature: **Today's Date**

Steve Zhang

August 18, 2023

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Steve Zhang
Senior Rating Analyst

Sovereign Rating Methodology (Non-NRSRO)

Scope and Limitations: Sovereign Issuer Credit Quality Ratings (CQR) are a forward-looking assessment of a sovereign's capacity and willingness to honor its existing and future obligations in full and on time. Sovereigns are assigned two CQRs: a Local-Currency CQR, which reflects the likelihood of default on debt issued and payable in the currency of the sovereign, and a Foreign-Currency CQR, which is an assessment of the credit risk associated with debt issued and payable in foreign currencies.

Key Rating Drivers: EJR's approach to sovereign risk analysis is a synthesis of quantitative and qualitative judgments. The quantitative factors EJR uses are:

- Debt in relation to GDP.
- Surplus or deficit in relation to GDP.
- Debt plus potential under-funding of major banks in relation to GDP.
- Interest expense in relation to taxes.
- GDP growth.
- Foreign reserves in relation to debt.

Debt levels for many sovereign issuers have increased at an accelerating rate over the past decade, affecting implied ratings. EJR also considers unemployment levels and funding costs. EJR recognizes that no model can fully capture all the relevant influences on sovereign creditworthiness, meaning that the its sovereign ratings can and do differ from those implied by the rating model. Some of the qualitative factors that impact its ultimate assessment of credit quality include the flexibility, stability and overall strength of the economy, efficiency of tax collection, acceptance of contract law, ease of doing business, trade balances, prospects for future growth and health and monetary policy, and economic freedom. These subjective and dynamic qualitative issues are not captured by the model but affect sovereign ratings

For additional information, please see Exhibit 2: Methodologies in EJR's Form NRSRO.