REPUBLIC OF IRELAND

Rating Analysis - 12/19/19

*EJR Sen Rating(Curr/Prj) A+/ NR
*EJR CP Rating: A1

Ireland's GDP growth is set to moderate amid a weakening external environment, while underlying economic activity is expected to remain robust, driven by household consumption and investment in construction. Irish growth this year and in 2020 and 2021 are expected to decline from 5.6% in 2019 to 3.5% in 2020 and 3.2% in 2021. But these projections are based on a soft Brexit and will have to be revised further down if a no-deal Brexit occurs.

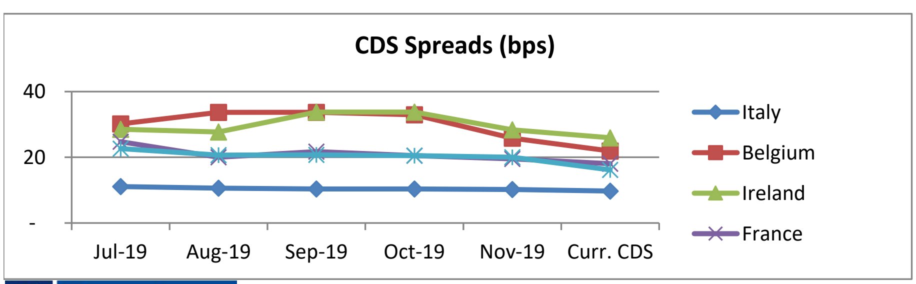
Investment in the Irish economy are expected to rise by 44.3% this year declining to 4.5% and 3.9% in the next two years – reflecting a surge in imports of intellectual property in Q2'19 as multinationals seek to move taxable profits to the lower tax regime in Dublin as member states begin to get more serious about taxing them - this is a short term pos. Ireland maintains a lower tax rate than any other country in the European Union with the overall tax-to-GDP ratio 23% in Ireland vs. 40.3% in the EU. The growth rated and other dynamics are heavily skewed by the well-known distortions in Ireland's GDP figures - dubbed 'Leprechaun Economics' - that have resulted from counting business activities of multinationals with operations here. We are affirming with a devlp. watch.

Annual Ratios (source for past results: IMF)

CREDIT POSITION	2016	2017	2018	P2019	P2020	P2021
Debt/ GDP (%)	84.7	76.5	75.1	72.2	68.6	64.5
Govt. Sur/Def to GDP (%)	-0.1	0.2	0.8	1.4	2.0	2.6
Adjusted Debt/GDP (%)	84.7	76.5	75.1	72.2	68.6	64.5
Interest Expense/ Taxes (%)	11.6	10.4	8.7	8.2	7.7	7.3
GDP Growth (%)	3.4	9.4	9.1	2.3	2.3	2.5
Foreign Reserves/Debt (%)	0.6	0.8	1.1	1.2	1.6	1.9
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	69.2	1.8	69.2	3.9	3.1	AA
French Republic	AA	122.1	-2.4	122.1	5.6	2.5	BBB+
Kingdom Of Belgium	AA	119.9	-0.4	119.9	7.2	2.6	A
Republic Of Italy	BBB-	147.3	-2.7	147.3	12.9	1.7	BB+
United Kingdom	AA	113.2	-0.4	113.2	9.0	3.3	A+

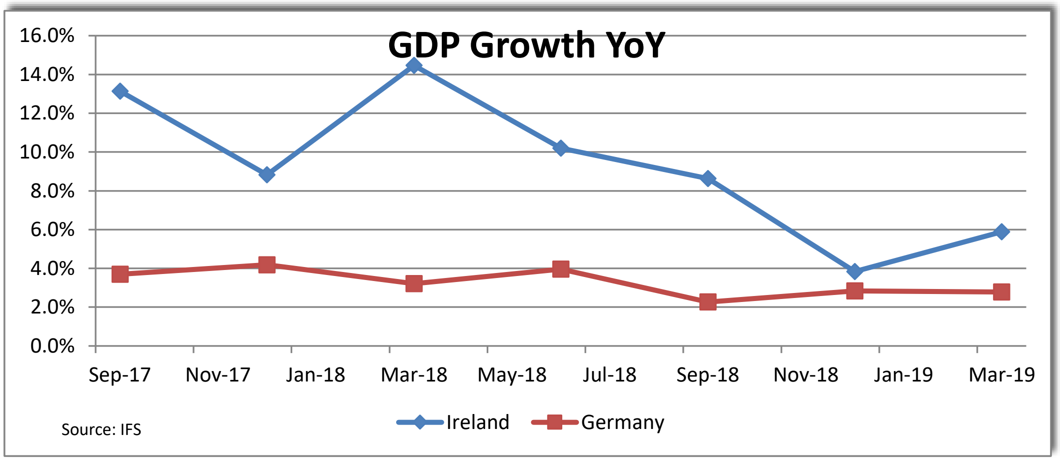


Country	EJR Rtg.	CDS
Italy	BBB-	10
Belgium	BBB	22
Ireland	A+	26
France	A+	18
United Kingdom	A+	16

Economic Growth

The economy lost traction in Q2'19, with GDP growth in seq. and seasonally-adjusted terms falling to 0.7% from the revised 2.7% expansion recorded in Q1'19. In annual terms, growth slid to 5.8% in Q2 from 7.4% in Q1 - the significant presence of large multinationals in the country using Ireland as their base leads to marked volatility from one quarter to the next. A decline in net exports drove the downturn. While export growth picked up from 1.5% in Q1 to 2.6%, imports expanded at a much faster pace.

On the domestic side, a massive surge in fixed investment was behind the marked turnaround in domestic demand and reflects the volatility of capital flows due to the highly open nature of the Irish economy.



Fiscal Policy

The government projects a deficit of 0.6% of GDP in the event of a no-deal Brexit, although there is wide margin of error around this due to heightened uncertainty surrounding Brexit. The Brexit related deficit would mark a significant shift from an estimated budget surplus of 0.2% of GDP this year.

In the event of a no-deal Brexit, EUR 650M in contingency funding has been earmarked to support the key sectors of agriculture, enterprise and tourism.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Ireland	0.77	75.12	25.95
Germany	1.77	69.18	9.61
France	-2.35	122.14	18.06
Belgium	-0.40	119.91	21.92
Italy	-2.67	147.31	9.73
United Kingdo	-0.39	113.24	16.18

Sources: Thomson Reuters and IFS

Unemployment

State's unemployment rate has fallen below 5% for the first time since the crash, reflecting the ongoing strength of the economy. The seasonally adjusted unemployment rate for October was 4.8%, down from 5.7% a year ago. The last time the jobless rate was below 5% was in July 2007. The current rate is also over 11 percentage points lower than the 16% rate recorded at the peak of the financial crisis in 2012. Participation rates remain lower than the peak of the boom and compared to international standards.

Unemployment (%)	2017	2018
Ireland	6.73	5.69
Germany	3.76	3.40
France	9.43	9.11
Belgium	7.10	5.90
Italy	11.23	10.62
United Kingd	4.40	4.09

Source: Intl. Finance Statistics

Banking Sector

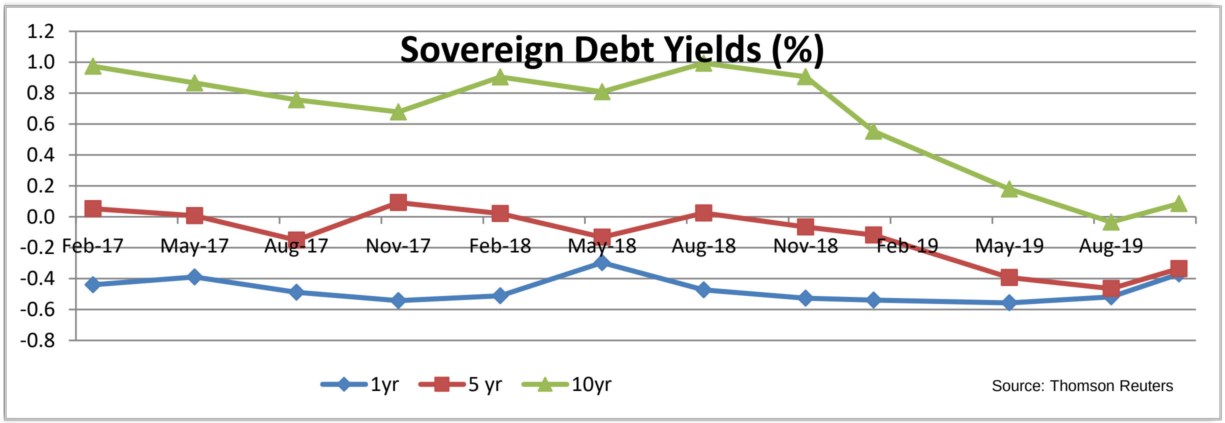
Irish lenders' profitability in 2019 will largely be driven by improved asset quality and strong mortgage growth. Wholesale funding access for all of the Irish banks and proactive approach by few in reducing NPLs are key pos. Households Debt in Ireland decreased to 41.70% of GDP in the Q1'19 from 43.20% of GDP in Q4'18. Households Debt-to-GDP in Ireland averaged 79.91% of GDP from 2002 until 2019, reaching an all-time high of 117.20% of GDP in the fourth quarter of 2009 and a low record of 41.70% of GDP in the first quarter of 2019.

Bank Assets (billions of local currency)

	Assets	Mkt Cap/ Assets %
ALLIED IRISH BK	123.7	3.72
BANK IRELAND	91.5	8.26
Total	215.2	
EJR's est. of cap shortfall at 10% of assets less market cap		9.4
Ireland's GDP		324.0

Funding Costs

Ireland raised €2B in Oct 2019 from the sale of green bonds at a yield well below a debut sale a year ago, highlighting the growing popularity of the bonds which provide cash for projects with environmental benefits. Ireland has now raised €14.25B of its €14B to €18B bond sales target for the year. Ireland 10Y Government Bond recently had a 0.033% yield and the current 5-Years Credit Default Swap quotation is 25.00(%) and implied probability of default is 0.42%.



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*

	2019 Rank	2018 Rank	Change in Rank
Overall Country Rank:	**24**	**17**	**-7**
Scores:			
Starting a Business	23	8	-15
Construction Permits	36	30	-6
Getting Electricity	47	35	-12
Registering Property	60	40	-20
Getting Credit	48	42	-6
Protecting Investors	13	10	-3
Paying Taxes	4	4	0
Trading Across Borders	52	47	-5
Enforcing Contracts	91	98	7
Resolving Insolvency	19	17	-2

* 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 80.5 for Economic Freedom with 100 being best.

Heritage Foundation 2019 Index of Economic Freedom
World Rank 80.5*

	2019 Rank**	2018 Rank	Change in Rank	World Avg.
Property Rights	85.8	87.7	-1.9	52.3
Government Integrity	68.4	79.0	-10.6	44.9
Judical Effectiveness	78.0	79.0	-1.0	41.5
Tax Burden	76.3	76.1	0.2	77.2
Gov't Spending	77.4	69.6	7.8	64.2
Fiscal Health	89.0	80.8	8.2	66.0
Business Freedom	83.1	81.8	1.3	63.5
Labor Freedom	75.3	76.4	-1.1	59.4
Monetary Freedom	87.0	87.4	-0.4	75.1
Trade Freedom	86.0	86.9	-0.9	74.3

*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 8.2% per annum in the last fiscal year which is more than the average for its peers. We expect tax revenues will grow approximately 8.2% per annum over the next couple of years and 7.4% 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%	4.0	8.2	**8.2**	**7.4**
Social Contributions Growth %	3.5	5.8	**6.0**	**6.0**
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	2.0	**2.0**	**2.0**
Total Revenue Growth%	3.4	7.2	**7.2**	**6.5**
Compensation of Employees Growth%	3.0	7.5	**7.5**	**7.5**
Use of Goods & Services Growth%	4.1	10.0	**10.0**	**10.0**
Social Benefits Growth%	2.4	2.5	**2.5**	**2.5**
Subsidies Growth%	3.4	(7.6)		
Other Expenses Growth%	0.0			
Interest Expense	1.8	2.1	**2.1**	**2.1**
Currency and Deposits (asset) Growth%	3.0	0.0		
Securities other than Shares LT (asset) Growth%	3.5	0.0		
Loans (asset) Growth%	(0.5)	(15.2)	**(15.2)**	**(15.2)**
Shares and Other Equity (asset) Growth%	0.0	(13.1)	**2.0**	**2.0**
Insurance Technical Reserves (asset) Growth%	(0.7)	0.0		
Financial Derivatives (asset) Growth%	0.0	(5.4)	**(5.4)**	**(5.4)**
Other Accounts Receivable LT Growth%	(1.2)	147.7	**8.2**	**8.2**
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%	2.2	164.8	**5.0**	**5.0**
Currency & Deposits (liability) Growth%	2.3	0.2	**0.2**	**0.2**
Securities Other than Shares (liability) Growth%	(0.1)	0.4	**0.3**	**0.3**
Loans (liability) Growth%	(0.6)	1.4	**1.4**	**1.4**
Insurance Technical Reserves (liability) Growth%	(22.8)	0.0		
Financial Derivatives (liability) Growth%	0.0	(27.2)	**(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)

	2015	2016	2017	2018	P2019	P2020
Taxes	50,845	52,968	55,745	60,342	65,290	70,644
Social Contributions	11,400	12,054	12,654	13,392	14,196	15,047
Grant Revenue						
Other Revenue						
Other Operating Income	8,670	8,523	8,134	8,295	8,295	8,295
Total Revenue	70,915	73,545	76,533	82,029	87,781	93,986
Compensation of Employees	18,952	19,443	20,680	22,228	23,892	25,680
Use of Goods & Services	9,243	9,524	9,872	10,863	11,953	13,153
Social Benefits	28,504	28,523	29,086	29,827	30,587	31,366
Subsidies	1,790	1,773	1,823	1,685	1,685	1,685
Other Expenses				5,566	5,566	5,566
Grant Expense						
Depreciation	3,476	3,688	3,904	4,144	4,144	4,144
Total Expenses excluding interest	67,843	67,544	70,148	74,313	77,827	81,595
Operating Surplus/Shortfall	3,072	6,001	6,385	7,716	9,953	12,391
Interest Expense	6,849	6,166	5,803	5,230	5,342	5,457
Net Operating Balance	-3,779	-164	581	2,487	4,611	6,934

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	2015	2016	2017	2018	P2019	P2020
Currency and Deposits (asset)	17,786	14,652	17,094	21,430	25,549	25,549
Securities other than Shares LT (asset)	3,289	1,891	1,718	1,522	1,522	1,522
Loans (asset)	7,279	7,114	6,711	5,694	4,831	4,099
Shares and Other Equity (asset)	44,899	45,557	42,606	37,011	37,751	38,506
Insurance Technical Reserves (asset)					0	0
Financial Derivatives (asset)	811		409	387	366	346
Other Accounts Receivable LT	8,618	9,539	10,629	26,326	28,485	30,820
Monetary Gold and SDR's						
Other Assets						
Additional Assets						
Total Financial Assets	82,682	78,753	79,167	92,370	98,504	100,843
LIABILITIES						
Other Accounts Payable	9,184	8,878	8,985	23,788	24,977	26,226
Currency & Deposits (liability)	20,713	21,315	21,597	21,636	21,636	21,636
Securities Other than Shares (liability)	146,321	143,057	146,555	147,088	147,462	147,838
Loans (liability)	56,160	56,753	50,188	50,897	46,286	39,352
Insurance Technical Reserves (liability)						
Financial Derivatives (liability)	1,138	1,039	558	406	365	329
Other Liabilities						
Liabilities	233,516	231,042	227,883	243,815	245,338	240,743
Net Financial Worth	-150,834	-152,289	-148,716	-151,445	-146,834	-139,900
Total Liabilities & Equity	82,682	78,753	79,167	92,370	98,504	100,843

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 #13 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%	8.2	12.2	4.2	AA-	AA-	AA-
Social Contributions Growth %	6.0	9.0	3.0	AA-	AA-	AA-
Other Revenue Growth %		3.0	(3.0)	AA-	AA-	AA-
Total Revenue Growth%	7.2	9.2	5.2	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**

December 19, 2019

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Subramanian NG
Senior Rating Analyst

Reviewer Signature: **Today's Date**

Steve Zhang

December 19, 2019

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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.