



Rating Action: Moody's Ratings upgrades AIB's deposit ratings to Aa3, stable outlook

11 Sep 2025

London, September 11, 2025 -- Moody's Ratings (Moody's) has today upgraded all long-term ratings and assessments of Allied Irish Banks, p.l.c. (AIB) and its holding companies AIB Group plc (AIBG) and EBS d.a.c. by one notch. We also affirmed all short-term ratings and assessments.

We changed the outlook to stable from positive on the long-term deposit of AIB and senior unsecured debt ratings of AIBG.

A full list of affected ratings is at the end of the press release.

RATINGS RATIONALE

UPGRADE OF BASELINE CREDIT ASSESSMENT

The upgrade of AIB's Baseline Credit Assessment (BCA) to a3 from baa1 reflects the bank's reduced and contained asset risk, its strong capitalisation and significantly improved core profitability. AIB's predominantly deposit based funding profile and high levels of liquid asset holdings are also key drivers behind the upgrade of its BCA.

As of June 2025, the bank's problem loans to gross loans ratio, as defined by us was 2.9% and well below historical levels, with high levels of provisioning which will help protect its solvency against asset risk pressures in the higher rate environment. The bank's capitalisation is strong, at 19.7% of tangible common equity to risk weighted assets (TCE/RWA) as of June 2025, although we expect it to decline over the medium term in line with the bank's target ratio of above 14%.

AIB's leading deposit franchise and strong market shares across its lending activities, including mortgage lending, corporate and small to medium sized lending and personal loans, and high levels of liquid assets have supported the improvement in core profitability. The bank has benefitted significantly from a higher rate environment with its assets repricing far faster than its liabilities. In the first half of 2025, AIB's net income to tangible assets on an annualized basis was 1.04% and the bank expects to achieve net interest income of €3.6 billion in 2025. AIB's profitability is also further supported by a relevant large share of fee income, which was 16% of total revenues in 1H25.

AIB limited reliance on market funding, of 8.25% of tangible banking assets is mitigated by the bank's significant holdings of liquid assets, which stood at over 40% of its tangible banking assets, both as of June 2025.

AIB's BCA is also supported by Ireland's growing and resilient economy, which has exhibited an 8% average nominal GDP growth between 2022 and 2024, historically low unemployment rate and strong population growth. These favourable conditions underpin the established franchise of AIB, which had a 32% mortgage market share as of June 2025 and a 40% personal main current account market share as of December 2024.

The upgrade of EBS d.a.c.'s (EBS), AIB's specialized mortgage lending division, BCA and long-term deposit ratings follows that of its parent AIB, and reflects our view of high integration of EBS with AIB.

UPGRADE OF AIB's DEPOSIT AND DEBT RATINGS AND AIBG's RATINGS

The upgrade of AIB's long-term deposit ratings, as well as AIBG's senior unsecured debt ratings, reflects the upgrade of AIB's BCA and unchanged loss-given-failure assumptions under our advanced Loss Given Failure

(LGF) analysis. AIB's deposits and AIBG's senior unsecured debt continue to face extremely low loss-given-failure because of the loss absorption provided by both their own volume and the amount of debt subordinated to them. AIB's and AIBG's subordinated instruments are likely to face high loss-given-failure according to our LGF analysis, given the relatively small volume of debt and limited protection from more subordinated instruments and residual equity.

GOVERNMENT SUPPORT CONSIDERATIONS

We believe there is a moderate probability of the government support coming from Ireland for systemically important banks such as AIB. However, this does not result in additional rating uplift because the banks' long-term deposit ratings are at the same level as the Government of Ireland (Aa3 positive).

RATIONALE FOR OUTLOOK

The stable outlook on AIB's long-term deposit ratings reflects our view that the bank's financial performance will remain strong and commensurate with its current rating level over the next 12-18 months.

The outlook on the AIBG's senior unsecured debt ratings is also stable and reflects the outlook on the operating bank entity's ratings.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An additional upgrade to AIB's BCA and ratings is dependent on the bank significantly increasing the diversity of its exposures both by geography and asset class.

The long-term ratings of AIB and AIBG could be downgraded as a result of a downgrade of AIB's BCA. The bank's BCA could be downgraded if its credit fundamentals decline evidenced by rising asset risk and falling profitability. Significant loan growth that consumes more capital than AIB currently generates or a significant rise in market based funding would also be detrimental to the ratings.

LIST OF AFFECTED RATINGS

Issuer: AIB Group plc

..Upgrades:

- Senior Unsecured (Foreign Currency), Upgraded to A2 STA from A3 POS
- Senior Unsecured (Local Currency), Upgraded to A2 STA from A3 POS
- Senior Unsecured Medium-Term Note Program (Foreign Currency), Upgraded to (P)A2 from (P)A3
- Senior Unsecured Medium-Term Note Program (Local Currency), Upgraded to (P)A2 from (P)A3
- Subordinate (Local Currency), Upgraded to Baa1 from Baa2
- Subordinate Medium-Term Note Program (Foreign Currency), Upgraded to (P)Baa1 from (P)Baa2
- Subordinate Medium-Term Note Program (Local Currency), Upgraded to (P)Baa1 from (P)Baa2
- Preferred Stock Non-cumulative (Local Currency), Upgraded to Baa3 (hyb) from Ba1 (hyb)

..Outlook Actions:

-Outlook, Changed To Stable From Positive

Issuer: Allied Irish Banks, p.l.c.

..Upgrades:

- LT Counterparty Risk Rating (Foreign Currency), Upgraded to Aa3 from A1
- LT Counterparty Risk Rating (Local Currency), Upgraded to Aa3 from A1

.... LT Bank Deposits (Foreign Currency), Upgraded to Aa3 STA from A1 POS

.... LT Bank Deposits (Local Currency), Upgraded to Aa3 STA from A1 POS

.... LT Counterparty Risk Assessment, Upgraded to Aa3(cr) from A1(cr)

.... Baseline Credit Assessment, Upgraded to a3 from baa1

.... Adjusted Baseline Credit Assessment, Upgraded to a3 from baa1

.... Senior Unsecured Medium-Term Note Program (Local Currency), Upgraded to (P)Aa3 from (P)A1

.... Subordinate (Foreign Currency), Upgraded to Baa1 from Baa2

.... Subordinate (Local Currency), Upgraded to Baa1 from Baa2

.... Subordinate Medium-Term Note Program (Local Currency), Upgraded to (P)Baa1 from (P)Baa2

..Affirmations:

.... ST Counterparty Risk Assessment, Affirmed P-1(cr)

.... ST Counterparty Risk Rating (Foreign Currency), Affirmed P-1

.... ST Counterparty Risk Rating (Local Currency), Affirmed P-1

.... ST Bank Deposits (Foreign Currency), Affirmed P-1

.... ST Bank Deposits (Local Currency), Affirmed P-1

..Outlook Actions:

....Outlook, Changed To Stable From Positive

Issuer: EBS d.a.c.

..Upgrades:

.... LT Counterparty Risk Rating (Foreign Currency), Upgraded to Aa3 from A1

.... LT Counterparty Risk Rating (Local Currency), Upgraded to Aa3 from A1

.... LT Bank Deposits (Foreign Currency), Upgraded to Aa3 STA from A1 POS

.... LT Bank Deposits (Local Currency), Upgraded to Aa3 STA from A1 POS

.... LT Counterparty Risk Assessment, Upgraded to Aa3(cr) from A1(cr)

.... Baseline Credit Assessment, Upgraded to a3 from baa1

.... Adjusted Baseline Credit Assessment, Upgraded to a3 from baa1

..Affirmations:

.... ST Counterparty Risk Rating (Foreign Currency), Affirmed P-1

.... ST Counterparty Risk Rating (Local Currency), Affirmed P-1

.... ST Bank Deposits (Foreign Currency), Affirmed P-1

.... ST Bank Deposits (Local Currency), Affirmed P-1

.... ST Counterparty Risk Assessment, Affirmed P-1(cr)

..Outlook Actions:

....Outlook, Changed To Stable From Positive

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in November 2024 and available at <https://ratings.moodys.com/rmc-documents/432741>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

AIB's "Assigned BCA" score of a3 is set two notches below the "Financial Profile" initial score of a1 to reflect sector concentration, expected decline in capitalisation and earnings quality.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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