FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Bank of Ireland Group plc at 'A-'; Upgrades Short-Term IDR to 'F1'

Wed 10 Jun, 2026 - 11:44 ET

Fitch Ratings - Frankfurt am Main - 10 Jun 2026: Fitch Ratings has affirmed Bank of Ireland Group plc's (BOIG) Long-Term Issuer Default Rating (IDR) at 'A-' and Viability Rating at 'a-'. It has also affirmed The Governor and Company of the Bank of Ireland's (BOI; the group's sole operating bank) Long-Term IDR at 'A+'. The Outlooks on the Long-Term IDRs are Stable.

Fitch has upgraded BOIG's Short-Term IDR to 'F1' from 'F2', reflecting Fitch's improved assessment of BOIG's funding and liquidity profile, which is a rating strength, following our recent upward reassessment of Irish banks' operating environment score to 'a' from 'a-'. The higher score considers Irish economic growth, which is consistently above that of European peers, and an economy that has proved resilient to external shocks and geopolitical uncertainty, which we expect to continue. In our view, these conditions should create sustainable business opportunities and support revenue growth potential for Irish banks.

A full list of rating actions is below.

KEY RATING DRIVERS

Leading Domestic Bank: BOIG's ratings are driven by its leading retail and corporate banking franchise, mainly focused on the small and concentrated Irish market, and by a reasonably diversified business model, sound profitability, solid capitalisation, and stable funding and liquidity profiles. The ratings also consider the group's asset quality, which has substantially improved in recent years. The Long-Term IDR of the group's main operating entity, BOI, is two notches above the group's VR to reflect the group's very large resolution debt buffer.

Sound Underwriting: BOIG's risk profile benefits from underwriting standards that are broadly in line with international peers', and the granular nature of its loan book, about 70% of which are household loans, mainly lower-risk residential mortgage loans. The bank is exiting its US leveraged acquisition finance business and reducing other higher-risk exposures, such as commercial real estate and residential property development (less than 10% of total loans), which should remain a small proportion of the overall loan book.

Sound Asset Quality: BOIG has reduced its stock of impaired loans (Stage 3) in recent years through workouts and portfolio sales. Its impaired loans ratio was stable at 2.1% at end-2025, and in line with its western European bank peers'. Fitch expects the ratio to be maintained comfortably below 3% in the near term, due to controlled inflows of new impaired loans and active management of the impaired loan stock.

Sound Profitability: BOIG's profitability is supported by its leading market position in Ireland and a moderately diversified business model. Operating profit declined from exceptionally high levels in 2023 and 2024 as interest rates fell, falling to 3% of risk-weighted assets (RWAs) in 2025 (2024: 3.8%). We expect it to be maintained close to this level in 2026, supported by a supportive interest-rate environment and contained operating costs and loan impairment charges.

Solid Capitalisation: The group's common equity Tier 1 (CET1) ratio of 15.2% at end-March 2026 was comfortably above its regulatory requirement of 11.4%, and higher than its medium-term target of about 14.5%. We expect capitalisation to be sustained by sound internal capital generation, despite potentially higher capital distribution. Capital encumbrance by unreserved impaired loans (end-2025: 7% of CET1 capital) is low and has declined sharply (end-2021: 28%) as impaired loans have decreased.

Stable Funding: BOIG has access to a stable and granular deposit base, particularly in its home market. Non-interest-bearing current account balances make up a large proportion of total customer deposits. The group has proven and diversified access to wholesale markets, which it taps regularly, principally for compliance with the minimum requirement for own funds and eligible liabilities, given abundant customer deposits. Its liquidity buffer is sound.

Holdco and Opco VRs Equalised: We analyse BOIG and BOI on a consolidated basis and equalise their VRs. This reflects the very close correlation of failure risk between both entities, because BOI is BOIG's sole operating bank and represents almost 100% of group assets. The equalisation also reflects the absence of double leverage at the holding company (end-2025: about 99%), and high capital fungibility between the two entities.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The IDRs of BOIG and BOI are primarily sensitive to negative changes in the group VR and the size of the resolution debt buffer.

BOIG has sound rating headroom. The VR could be downgraded if the bank's operating profit falls below 2% of RWAs for an extended period and the CET1 ratio decreases below 14% on a sustained basis while the impaired loans ratio increases durably above 5%.

BOI would also be downgraded if the group's resolution debt buffer falls below 15% of RWAs.

BOIG's ratings would also be downgraded if the holdco's double leverage durably increases to above 120%, which we do not expect.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of BOIG's IDRs would require an upgrade of its VR, all else being equal.

A VR upgrade would require a significant improvement in the group's business profile, in particular through material growth of its fee-generating businesses, while keeping a moderate risk appetite and an impaired loans ratio durably at about 2%.

BOI's IDRs would be upgraded if the group's VR is upgraded and the group maintains a resolution debt buffer sustainably above 15% of RWAs.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

BOI's Derivative Counterparty Rating (DCR) and long-term senior unsecured debt rating are two notches above the bank's VR to reflect creditor protection from BOIG's very large resolution debt buffer. At end-2025, the resolution debt buffer was about 17% of RWAs and we expect it to remain sustainably above 15%.

For the same reason, BOIG's long-term senior unsecured debt rating is in line with the group's VR.

BOIG's Short-Term IDR is the higher of the two options corresponding to the group's 'A-' Long-Term IDR, based on our 'a' assessment of the group's funding and liquidity. For the same reason, BOI's Short-Term IDR and short-term senior debt ratings of 'F1' are the lower of the two options corresponding to the bank's Long-Term IDR and long-term senior debt ratings of 'A+'.

The rating of BOIG's Tier 2 subordinated debt is notched down twice from the group's VR to reflect loss severity.

BOIG's and BOI's Government Support Ratings (GSR) of 'no support' reflect Fitch's view that senior creditors cannot rely on extraordinary support from the Irish authorities if the bank becomes non-viable. In our opinion, the EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism provide a framework that is likely to require senior creditors to participate in losses for resolving the bank.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

BOI's DCR and long-term senior unsecured debt rating would be downgraded if the group's VR is downgraded or if BOIG's resolution debt buffer falls below 15% of RWAs.

BOI's long-term deposit rating would be downgraded if the group's VR is downgraded.

BOI's DCR, deposit ratings and long-term senior unsecured debt rating would be upgraded if the group's VR is upgraded and if BOIG maintains a resolution debt buffer sustainably above 15% of RWAs.

BOI's Short-Term IDR would be upgraded if its Long-Term IDR is upgraded.

BOIG's Short-Term IDR would be downgraded to 'F2' if the group's funding and liquidity score deteriorates to below 'a', as this would no longer satisfy the minimum threshold required under the criteria to sustain the higher short-term rating option.

BOI's Tier 2 subordinated debt rating is primarily sensitive to a change in the group's VR.

An upgrade of the GSR would be contingent on a positive change in the Irish authorities' propensity to support its banks. While not impossible, this is highly unlikely, in Fitch's view.

VR ADJUSTMENTS

The operating environment score of 'a' is below the 'aa' category implied score due to the following adjustment reason(s): size and structure of economy (negative).

The business profile score of 'a-' is above the 'bbb' category implied score due to the following adjustment reason(s): market position (positive).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visithttps://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION	PRIOR
Bank of Ireland Group plc	LT IDR	A- Rating Outlook Stable	Affirmed	A- Rating Outlook Stable
	ST IDR	F1	Upgrade	F2
	Viability	a-	Affirmed	a-
	Government Support	ns	Affirmed	ns
senior unsecured	LT	A-	Affirmed	A-
subordinated	LT	BBB	Affirmed	BBB
The Governor and Company of the Bank of Ireland	LT IDR	A+ Rating Outlook Stable	Affirmed	A+ Rating Outlook Stable
	ST IDR	F1	Affirmed	F1
	Viability	a-	Affirmed	a-
	DCR	A+(dcr)	Affirmed	A+(dcr)

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Gary Hanniffy, CFA
Director
Primary Rating Analyst
+49 69 768076 266
gary.hanniffy@fitchratings.com
Fitch Ratings – a branch of Fitch Ratings Ireland Limited
Neue Mainzer Strasse 46 - 50 Frankfurt am Main D-60311

Charlotte Pernel
Associate Director
Secondary Rating Analyst
+33 1 44 29 91 23
charlotte.pernel@fitchratings.com

Konstantin Yakimovich
Senior Director
Committee Chairperson
+44 20 3530 1789
konstantin.yakimovich@fitchratings.com

MEDIA CONTACTS

Tahmina Pinnington-Mannan
London
+44 20 3530 1128
tahmina.pinnington-mannan@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

Bank Rating Criteria (pub. 08 May 2026) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Bank of Ireland Group plc	EU Issued, UK Endorsed
The Governor and Company of the Bank of Ireland	EU Issued, UK Endorsed

DISCLAIMER & DISCLOSURES

READ LESS

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

Fitch's solicitation status policy can be found at www.fitchratings.com/ethics.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's Regulatory Affairs page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.