

MOODY'S

RATINGS

Rating Action: Moody's Ratings upgrades Bank of Ireland's deposit ratings to Aa3, stable outlook

12 Sep 2025

London, September 12, 2025 -- Moody's Ratings (Moody's) has today upgraded the long-term deposit and senior unsecured debt ratings of Bank of Ireland (BOI) to Aa3 from A1, as well as the standalone Baseline Credit Assessment (BCA) and Adjusted BCA to a3 from baa1. BOI's long-term issuer rating was also upgraded to Aa3 from A1 and its senior unsecured medium-term note (MTN) programme rating was upgraded to (P)Aa3 from (P)A1. The bank's long-term Counterparty Risk Ratings were upgraded to Aa3 from A1 and the long-term Counterparty Risk Assessment was also upgraded to Aa3(cr) from A1(cr). The bank's subordinate MTN programme rating was also upgraded to (P)Baa1 from (P)Baa2, the junior subordinate ratings were upgraded to Baa2(hyb) from Baa3(hyb) and the preferred stock non-cumulative rating was upgraded to Baa3(hyb) from Ba1(hyb). BOI's short-term Counterparty Risk Assessment was affirmed at P-1(cr), the short-term Counterparty Risk Ratings, short-term deposit, commercial paper and short-term deposit note/CD program ratings were affirmed at P-1 and the Other Short Term rating was affirmed at (P)P-1.

The senior unsecured debt rating and long-term issuer ratings of Bank of Ireland Group plc (BOIG), the holding company of Bank of Ireland, were upgraded to A2 from A3. BOIG's subordinate debt and subordinate MTN programme ratings were upgraded to Baa1 from Baa2 and to (P)Baa1 from (P)Baa2 respectively. BOIG's preferred stock non-cumulative ratings were also upgraded to Baa3(hyb) from Ba1(hyb) and its senior unsecured MTN programme rating was upgraded to (P)A2 from (P)A3.

We have changed the outlook to stable from positive on the long-term deposit, issuer and senior unsecured debt ratings of BOI and the long-term issuer and senior unsecured debt ratings of BOIG.

RATINGS RATIONALE

UPGRADE OF BASELINE CREDIT ASSESSMENT

The upgrade of BOI's BCA reflects its leading positioning as the only bancassurer in a concentrated Irish banking system, its strong and improved asset quality, strong capitalisation levels and significantly stronger core profitability and hence capital generation. BOI's large volume of stable deposits and high levels of liquidity are also key factors supporting its BCA upgrade.

BOI's asset risk has improved significantly in recent years as shown by problem loan ratio of 2.6% as of June 2025, versus an average of 4.9% between 2018-2022. The bank also maintains high levels of capital, which buffers against any potential asset risk pressure, and its solvency is further supported by its much stronger profitability compared to prior periods, particularly in the negative rate environment. In the first half of 2025, the bank's net income on an annualized basis was 0.72% of tangible assets, supported by solid loan growth in less risky asset in the higher than historical interest rate environment. BOI's retail funding franchise, with deposits representing over 85% of its total funding, supports the liquidity of its balance sheet, a key credit strength together with liquid assets which represent 29% of tangible banking assets.

UPGRADE OF BOI's DEPOSIT AND DEBT RATINGS AND BOIG's RATINGS

The upgrade of BOI's and BOIG's long-term ratings reflects the upgrade of BOI's BCA and unchanged loss-given-failure assumptions under our advanced Loss Given Failure (LGF) analysis. BOI's deposits, and senior unsecured debt and BOIG'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. BOI's and BOIG'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 BOI. 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 BOI's long-term deposit, issuer and senior unsecured debt ratings reflect 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 BOIG long-term issuer, and senior unsecured debt ratings is also stable and reflects the stable outlooks on each holding company's operating bank entity's ratings.

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

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

BOI's debt and deposit ratings and BOIG's debt ratings could be downgraded if BOI's BCA was downgraded. The bank's BCA could be downgraded if its core profitability declines significantly driven by rising asset risk pressures and reducing its capital generation. A fall in its capitalisation to below its stated target levels would also be negative for its ratings.

PRINCIPAL METHODOLOGY

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

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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Farooq Khan
Vice President - Senior Analyst

Simon Ainsworth
Associate Managing Director

Releasing Office:
Moody's Investors Service Ltd.
One Canada Square
Canary Wharf
London, E14 5FA
United Kingdom
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

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