

Ratings Affirmed At 'AAA' On AIB Mortgage Bank's Mortgage Covered Bonds Following Review; Outlook Stable

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OVERVIEW

- As part of our ongoing surveillance, we have reviewed our ratings on AIB Mortgage Bank's Irish mortgage covered bond program and related issuances.
- The program's available credit enhancement and features remain commensurate with the currently assigned ratings.
- We have therefore affirmed our 'AAA' ratings on the covered bond program and related issuances.
- The stable outlook reflects the outlook on the issuer's parent and on Ireland.

MADRID (S&P Global Ratings) July 28, 2017--S&P Global Ratings today affirmed its 'AAA' ratings on the mortgage covered bond program issued by AIB Mortgage Bank. The outlook on the ratings is stable.

We have conducted a credit and cash flow analysis based on our criteria for analyzing residential mortgage collateral in Irish covered bonds and our criteria for rating covered bonds (see "Related Criteria").

Based on our credit and cash flow results, we consider the overcollateralization available to support AIB Mortgage Bank's mortgage covered bond program to be commensurate with our 'AAA' ratings on the program

and its related issuances.

There are no rating constraints related to counterparty, legal, or administrative and operational risks.

The outlook on our ratings on the covered bonds is stable, which reflects the stable outlook on our issuer credit ratings on the parent, Allied Irish Banks PLC (AIB), and on our foreign currency long-term sovereign rating on Ireland. This means that, all else being equal, a negative rating action on our long-term ICR on AIB or our long-term rating on Ireland, would lead to a similar rating action on the covered bonds.

POTENTIAL EFFECTS OF PROPOSED CRITERIA CHANGES

Our ratings are based on our applicable criteria, including our "Covered Bonds Criteria," published on Dec. 9, 2014.

However, the resolution regime analysis section of these criteria is under review (see "Request For Comment: Methodology For Incorporating The Effect Of Resolution Regimes Into Covered Bond Ratings," and "Request for Comment: Methodology For Assigning Financial Institution Resolution Counterparty Ratings ," both published on Jan. 31, 2017).

As a result of this review, we may amend certain paragraphs of our covered bonds criteria. This change may affect the ratings on the outstanding covered bonds issued under this covered bond program. Until this time, we will continue to rate and surveil these covered bonds using our existing criteria (see "Related Criteria").

RELATED CRITERIA

- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Dec. 23, 2016
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- Criteria - Structured Finance - Covered Bonds: Counterparty Risk Analysis In Covered Bonds, Dec. 21, 2015
- Criteria - Structured Finance - Covered Bonds: Covered Bond Ratings Framework: Methodology And Assumptions, June 30, 2015
- Criteria - Structured Finance - Covered Bonds: Covered Bonds Criteria, Dec. 9, 2014
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Structured Finance - General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010

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- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

RELATED RESEARCH

- Ratings On Allied Irish Banks PLC Affirmed At 'BBB-/A-3'; Outlook Stable, July 13, 2017
- Global Covered Bond Characteristics And Rating Summary Q2 2017, July 11, 2017
- Europe Displays Financial Calm, But What About The Brexit And QE Clouds Ahead?, June 30, 2017
- Republic of Ireland 'A+/A-1' Ratings Affirmed; Outlook Stable, June 2, 2017
- Request For Comment: Methodology For Incorporating The Effect Of Resolution Regimes Into Covered Bond Ratings, Jan. 31, 2017
- Request for Comment: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, Jan. 31, 2017
- Assessments For Target Asset Spreads According To Our Covered Bonds Criteria, Aug. 15, 2016
- Assessments For Jurisdictional Support According To Our Covered Bond Criteria, July 20, 2016.

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