

Morning Wrap

Today's Newsflow

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Equity Research

23 Oct 2026

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Upcoming Events

Company Events

Economic Events

Ireland

United Kingdom

23-Oct	GfK Consumer Confidence
	Retail Sales
26-Oct	CBI Distributive Trade Survey
29-Oct	BoE Mortgage Approvals
	M4 Money Supply
30-Oct	Nationwide House Prices

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AIB Group Lower SREP requirement adds to capital flexibility

AIB has received a favourable 2026 SREP outcome, with its P2R reduced by 20bps to 2.20% from 2.40%, effective from January 2027. This reduces the CET1 element of P2R to 1.24% from 1.35% and lowers the Group's overall CET1 requirement to 11.17%, compared with 11.28% at end-2026. The total capital requirement similarly declines to 15.63% from 15.83%. Against this backdrop, AIB reported a fully loaded CET1 ratio of 16.1% at June 2026, excluding H1'26 profits.

Recommendation: Buy
Closing Price: €10.64

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We view the reduction in AIB's Pillar 2 Requirement as a positive outcome and further evidence of the strength of the Group's capital and risk profile. The resulting 11bps reduction in the CET1 requirement to 11.17% from 2027 provides additional capital headroom against an already strong 16.1% CET1 ratio. While the immediate financial impact is modest, we believe the lower regulatory requirement further reinforces AIB's capacity for attractive shareholder distributions and capital returns, which remains an important part of the investment case.

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Permanent TSB Axis funding route gains some substance, but execution hurdles remain

Axis Capital has provided a further update on its possible €3.20/share cash offer for PTSB, focused on securing due diligence access and firming up financing. Axis says PTSB has yet to provide information previously made available to BAWAG, with PTSB's advisers having raised concerns around Axis's financial resources. Axis intends to seek an adjournment of up to six weeks at the 27 October High Court hearing, with a progress update after four weeks, to allow it to complete due diligence and progress funding. There remains no certainty that an offer will ultimately be made, while the latest announcement does not constitute a formal cash confirmation or funding commitment.

Recommendation: Buy
Closing Price: €2.98

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The key incremental disclosure is that an intermediary has introduced Axis to a large global investment manager which is considering acting as lead anchor investor for the proposed acquisition. The opportunity has progressed through an initial investment subcommittee review, although there is no investment approval or committed financing at this stage, with the investor's assessment to date based solely on publicly available information. The proposed structure would see the investor anchor the financing, with additional capital syndicated to its limited partners and other co-investors. Importantly, the prospective investor has indicated that access to PTSB's due diligence information is required before it can complete its assessment and potentially provide formal support, with Axis estimating this would take four to six weeks.

PTSB has so far withheld the requested due diligence information, citing concerns around Axis's financial resources. Under Rule 20.3 of the Irish Takeover Rules, PTSB would ordinarily be required to provide Axis with information previously made available to BAWAG, although access can be deferred where the Board is not satisfied that a competing bidder has sufficient resources to execute an offer. The key question is therefore whether the prospective institutional funding outlined today provides sufficient credibility for Axis to secure access to the BAWAG due diligence materials and progress its €3.20/share proposal.

Goodbody View

We remain sceptical around Axis's intervention at such a late stage of the process, particularly given the BAWAG transaction is approaching its scheme-sanction hearing while Axis has yet to demonstrate committed funding. That said, the emergence of a potential institutional anchor investor adds some substance to Axis's proposal, while its €3.20/share indication is above the €3.1377/share threshold specified in the existing transaction documentation for a "Higher Competing Offer". Importantly, the Minister's existing irrevocable commitment to BAWAG can lapse in certain circumstances following a PTSB Board recommendation change in favour of such an offer, meaning a fully funded and executable Axis proposal could become relevant.

Nevertheless, we believe the hurdle for Axis remains high. BAWAG is an established regulated banking group with balance-sheet capacity, an existing Irish presence and a track record of acquiring financial institutions, providing materially greater execution and ownership certainty. The PTSB Board also specifically highlighted BAWAG's banking expertise and ability to support PTSB's development as a long-term competitor in the Irish market when recommending the transaction. In our view, the Government is therefore unlikely to prefer Axis solely for the additional 23c/share, and Axis would need to demonstrate committed financing, regulatory credibility and a compelling long-term ownership proposition before we would see a meaningful risk to completion of the BAWAG transaction.

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Economic view Raising forecasts as strong mortgage demand remains

The latest BPFi data this morning show that momentum in the Irish mortgage market strengthened further in Q3. The value of mortgage drawdowns increased by 16% yoy, accelerating from 11% in Q2, with volumes rising by 13% and the average loan size by 2%. First-Time Buyers remain the mainstay of the market, accounting for 58% of drawdowns, although the pace of growth is becoming somewhat more broad-based. Lending to movers grew by 10% yoy, its strongest performance since early 2025, while lending for new and second-hand homes both increased by 8%. The strongest growth continues to come from remortgaging, where drawdown values increased by 51%, reflecting the maturing of fixed-rate mortgages taken out in 2022/23 alongside an incentive for borrowers to fix ahead of potential further rate increases.

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Separate BPFi approvals data suggest that this momentum is continuing into the final months of the year. The value of mortgage approvals increased by 17% yoy in September and by 16% over the three months to September. Our seasonally adjusted measure from *Goodbody Analytics* shows that home purchase approvals increased by 9% yoy to 4,089 in September, a record high, with approvals now remaining above 4,000 for five consecutive months. FTBs continue to dominate this part of the market, accounting for three-quarters of approvals for home purchase. Approvals for remortgaging increased by 53% yoy. Overall, the approvals data point to a healthy pipeline of mortgage demand heading into year-end.

On the back of the stronger-than-expected Q3 outturn and continued momentum in approvals, we are raising our mortgage lending forecast for 2026 to €16.2bn, representing growth of 12% yoy and up from our previous estimate of €15.6bn. For 2027, we expect a further 9% increase in gross lending to €17.7bn, while net lending is forecast to grow by 6.2% this year and 6.5% next year. Rising interest rates clearly represent a downside risk to this outlook. However, the latest BPFi data illustrate the significant level of underlying mortgage demand that remains in Ireland, supported by a growing housing stock, continued FTB activity and increased refinancing demand.

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Evoke Soft Q3; acquisition by Bally's Intralot remains on track

Evoke has this morning released its Q326 results, with Group revenue of £406m, -7% YoY. LfL Revenue was -2% cc YoY, excluding the impact of approximately 270 fewer retail shops compared with the prior year period while customer friendly sporting results in football were c.1-2ppt headwind.

Having received the majority of regulatory approvals and with both sets of shareholders passing the required resolution, the acquisition by Bally's Intralot remains on track, with completion expected to be in the Q426 or Q127.

This looks like a soft print from Evoke although the YoY decline is driven by Retail closures and adverse sporting results. While not a direct comparison, Entain grew group revenue by 2% in Q3 and Rank grew by 5%. The key for Evoke is that the acquisition by Bally's Intralot completes, with the statement today noting that it remains on track.

Recommendation: Buy
Closing Price: £0.42

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