

FITCH DOWNGRADES AIB'S, BOI'S IDRS, AND 5 IRISH BANKS' GUARANTEED DEBT ON SOVEREIGN DOWNGRADE

Fitch Ratings-London-10 December 2010: Fitch Ratings has downgraded Allied Irish Banks plc's (AIB) and Bank of Ireland's (BoI) Long- and Short-term Issuer Default Ratings (IDR) to 'BBB' from 'A-' and 'F2' from 'F1', following yesterday's downgrade of the Irish sovereign. The Outlook on the Long-term IDRs is Stable.

Fitch has also downgraded the guaranteed debt of AIB, BoI, Anglo Irish Bank Corporation Ltd (Anglo), EBS Building Society (EBS) and Irish Nationwide Building Society (INBS) to 'BBB+'/'F2' from 'A+'/'F1'. A full list of ratings is included at the end of this statement.

Fitch has also downgraded AIB's, BoI's, ILP's and EBS' Individual ratings, while AIB's lower tier 2 subordinated debt securities have been downgraded to 'CCC' from 'B'.

Before these actions, the IDRs of the Irish banks were all at their Support Rating Floors, reflecting support received from the sovereign following severe business strains. With the downgrade of the Irish sovereign (see "Fitch Downgrades Ireland to 'BBB+'; Outlook Stable" on www.fitchratings.com) given its reduced financial flexibility, Fitch believes that the level of support that the sovereign can provide to its largest banks has diminished, resulting in a downward revision of AIB's and BoI's Support Rating Floors, which in turn has resulted in a downgrade of their IDRs. At the same time, Fitch has reduced the number of notches separating the IDRs and the Support Ratings Floors of Irish domestic banks from the sovereign's IDRs because of the large proportion of the banking sector liabilities that the sovereign guarantees and the commitment that it has expressed to providing further capital to Irish domestic banks. As a result, the agency has decided against downgrading the Long-term IDRs at Anglo, EBS and INBS. Anglo and INBS remain on Rating Watch Negative (RWN), while the agency has revised the Watch on EBS to Negative from Evolving.

The revision of the RWE to Rating Watch Negative (RWN) on EBS reflects Fitch's view that it is now unlikely that EBS will be acquired by a higher rated entity. The Stable Outlook on AIB's and BoI's Long-term IDRs reflects the Stable Outlook on the sovereign. The removal of AIB Group (UK) plc's ratings from Rating Watch Evolving (RWE) and the Stable Outlook reflects AIB's decision to abandon the sale process for its UK subsidiary.

The downgrade of AIB, BoI, EBS and ILP's Individual ratings reflects the new capital requirements announced by the Central Bank of Ireland for these institutions, as well as intensified funding pressures. The Individual ratings of the subsidiaries of these companies (AIB Bank (CI) Limited, AIB Group (UK) PLC and Bank of Ireland UK Plc) reflect the Individual ratings of their respective parents and have therefore been downgraded to the same level as their parents. The higher Individual ratings at BoI and ILP reflect the smaller proportion of government-sourced capital in these institutions (none in the case of ILP).

The downgrade of AIB's lower tier 2 subordinated debt instruments reflects Fitch's view that there is now an increased likelihood that burden sharing will be applied to these securities. Fitch notes the Irish Minister for Finance's statement on 1 December, which stated that where an institution receives substantial and significant state assistance to maintain its solvency ratios, an approach similar to that for Anglo's subordinated debt will have to be considered.

In accordance with its methodology, Fitch considers the exchange offer announced by BOI on 8 December 2010 for its lower tier two securities to be non-coercive. Hence, the ratings of these securities were affirmed.

Taking into account that Fitch no longer differentiates between the ratings of EBS's senior

unsecured debt and unguaranteed member deposits the ratings of EBS unguaranteed member deposits are no longer considered by Fitch to be relevant to the agency's coverage and have been affirmed and withdrawn.

A complete list of ratings is below:

Allied Irish Banks (AIB)

Long-term IDR: downgraded to 'BBB' from 'A-'; Outlook Stable

Short-term IDR: downgraded to 'F2' from 'F1'

Individual Rating: downgraded to 'E' from 'D/E'

Support Rating: downgraded to '2' from '1'

Support Rating Floor: revised to 'BBB' from 'A-'

Senior unsecured notes: downgraded to 'BBB' from 'A-'

Sovereign guaranteed notes: downgraded to 'BBB+' from 'A+'

Short-term debt: downgraded to 'F2' from 'F1'

Lower tier 2 subordinated debt: downgraded to 'CCC' from 'B'

Upper tier 2 subordinated notes: affirmed at 'CC'

Tier 1 notes: affirmed at 'CC'

Sovereign-guaranteed Long-term notes: downgraded to 'BBB+' from 'A+'

Sovereign-guaranteed Short-term notes: downgraded to 'F2' from 'F1'

Sovereign-guaranteed commercial paper: downgraded to 'F2' from 'F1'

Sovereign-guaranteed Long-term deposits: downgraded to 'BBB+' from 'A+'

Sovereign-guaranteed Short-term deposits: downgraded to 'F2' from 'F1'

Sovereign-guaranteed Long-term interbank liabilities: downgraded to 'BBB+' from 'A+'

Sovereign-guaranteed Short-term interbank liabilities: downgraded to 'F2' from 'F1'

AIB Bank (CI) Limited

Long-term IDR: downgraded to 'BBB' from 'A-'; Outlook Stable

Short-term IDR: downgraded to 'F2' from 'F1'

Individual Rating: downgraded to 'E' from 'D/E'

Support Rating: downgraded to '2' from '1'

Sovereign-guaranteed Long-term notes: downgraded to 'BBB+' from 'A+'

Sovereign-guaranteed Short-term notes: downgraded to 'F2' from 'F1'

AIB Group (UK) PLC

Long-term IDR: downgraded to 'BBB' from 'A-'; off RWE, Outlook Stable

Short-term IDR: downgraded to 'F2' from 'F1'; off RWE

Individual Rating: downgraded to 'E' from 'D/E'

Support Rating: downgraded to '2' from '1'; off RWN

Sovereign-guaranteed Long-term notes: downgraded to 'BBB+' from 'A+'

Sovereign-guaranteed Short-term notes: downgraded to 'F2' from 'F1'

Anglo Irish Bank Corporation

Long-term IDR: 'BBB-' remains on RWN

Short-term IDR: 'F3' remains on RWN

Individual Rating: affirmed at 'E'

Support Rating: '2' remains on RWN

Support Rating Floor: 'BBB-', remains on RWN

Short-term debt: 'F3', remains on RWN

Senior unsecured Long-term: 'BBB-', remains on RWN

Subordinated debt: affirmed at 'C'

Upper tier 2 subordinated notes: affirmed at 'C'

Tier 1 notes: affirmed at 'C'

Sovereign-guaranteed Long-term notes: downgraded to 'BBB+' from 'A+'

Sovereign-guaranteed Short-term notes: downgraded to 'F2' from 'F1'

Sovereign-guaranteed commercial paper: downgraded to 'F2' from 'F1'

Sovereign-guaranteed Long-term deposits: downgraded to 'BBB+' from 'A+'

Sovereign-guaranteed Short-term deposits: downgraded to 'F2' from 'F1'

Sovereign-guaranteed Long-term interbank liabilities: downgraded to 'BBB+' from 'A+'

Sovereign-guaranteed Short-term interbank liabilities: downgraded to 'F2' from 'F1'
Market linked securities: 'BBB-emr'; remains on RWN

Anglo Irish Mortgage Bank

Long-term IDR: 'BBB-'; remains on RWN
Short-term IDR: 'F3', remains on RWN
Support Rating: '2', remains on RWN

Bank of Ireland

Long-term IDR: downgraded to 'BBB' from 'A-'; Outlook Stable
Short-term IDR: downgraded to 'F2' from 'F1'
Individual Rating: downgraded to 'D/E' from 'C/D'
Support Rating: downgraded to '2' from '1'
Support Rating Floor: revised to 'BBB' from 'A-'
Senior unsecured notes: downgraded to 'BBB' from 'A-'
Short-term debt: downgraded to 'F2' from 'F1'
Upper tier 2 subordinated notes: 'B', remains on RWN
Preference shares: affirmed at 'CCC'
Subordinated debt: affirmed at 'BB'
Sovereign-guaranteed notes: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Long-term deposits: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term deposits: downgraded to 'F2' from 'F1'
Sovereign-guaranteed Long-term interbank liabilities: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term interbank liabilities: downgraded to 'F2' from 'F1'

Bank of Ireland Mortgage Bank

Long-term IDR: downgraded to 'BBB' from 'A-', Outlook Stable
Short-term IDR: downgraded to 'F2' from 'F1'
Support Rating: downgraded to '2' from '1'

Bank of Ireland UK Plc

Long-term IDR: downgraded to 'BBB' from 'A-', Outlook Stable
Short-term IDR: downgraded to 'F2' from 'F1';
Individual Rating: downgraded to 'D/E' from 'C/D'
Support Rating: downgraded to '2' from '1'

Sovereign-guaranteed Long-term deposits: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term deposits: downgraded to 'F2' from 'F1'
Sovereign-guaranteed Long-term interbank liabilities: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term interbank liabilities: downgraded to 'F2' from 'F1'

EBS Building Society

Long-term IDR: 'BBB-'; revised RWE to RWN
Short-term IDR: 'F3'; revised RWE to RWN
Individual Rating: downgraded to 'E' from 'D/E'
Support Rating: '2', remains on RWN
Support Rating Floor: 'BBB-'; revised RWE to RWN
Senior unsecured notes: 'BBB-'; revised RWE to RWN
Short-term debt: 'F3'; revised RWE to RWN
Member deposit notes: affirmed at 'BBB-', and withdrawn
Preferences shares: affirmed at 'CCC'
Sovereign-guaranteed Long-term notes: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term notes: downgraded to 'F2' from 'F1'
Sovereign guaranteed commercial paper: downgraded to 'F2' from 'F1'
Sovereign-guaranteed Long-term deposits: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term deposits: downgraded to 'F2' from 'F1'
Sovereign-guaranteed Long-term interbank liabilities: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term interbank liabilities: downgraded to 'F2' from 'F1'

EBS Mortgage Finance
Long-term IDR: 'BBB-'; revised RWE to RWN
Short-term IDR: 'F3'; revised RWE to RWN
Support Rating: '2'; remains on RWN

Irish Life & Permanent
Individual Rating: downgraded to 'D/E' from 'D'
Support Rating: affirmed at '2'

Irish Nationwide Building Society
Long-term IDR: 'BBB-', remains on RWN
Short-term IDR: 'F3', remains on RWN
Individual Rating: affirmed at 'E'
Support Rating: '2', remains on RWN
Support Rating Floor: 'BBB-', remains on RWN
Senior unsecured notes: 'BBB-', remains on RWN
Subordinated debt: affirmed at 'C'
Sovereign-guaranteed notes: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Long-term deposits: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term deposits: downgraded to 'F2' from 'F1'
Sovereign-guaranteed Long-term interbank liabilities: downgraded to 'BBB+' from 'A+'
Sovereign-guaranteed Short-term interbank liabilities: downgraded to 'F2' from 'F1'

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Applicable criteria, "Global Financial Institutions Rating Criteria", dated 16 August 2010, "Short-Term Ratings Criteria for Corporate Finance" ", dated 2 November 2010, "Coercive Debt Exchange Criteria", dated 3 March 2009, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=547685

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