

FITCH AFFIRMS IRISH BANKS ON SOVEREIGN ACTION

Fitch Ratings-London-15 April 2011: Fitch Ratings has affirmed Allied Irish Banks plc's (AIB), Bank of Ireland's (BOI), EBS Building Society's (EBS) and Irish Life and Permanent's (ILP) support-driven ratings and removed them from Rating Watch Negative (RWN). The Outlook on AIB, BOI and EBS's Long-term IDRs is Negative. The agency has also maintained Anglo Irish Bank Corporation's (Anglo) and Irish Nationwide Building Society's (INBS) Long-term and Short-term IDRs on RWN, affirmed their Individual Ratings at 'E' and withdrawn them. The ratings of AIB's, Anglo's, BOI's, EBS's and INBS's government-guaranteed liabilities have been affirmed at 'BBB+'/'F2' and removed from RWN. A full list of rating actions is at the end of this release.

The rating actions follow the affirmation of the Irish sovereign's rating and assignment of a Negative Outlook (see "Fitch Affirms Ireland at 'BBB+', Outlook Negative" dated 14 April 2011 on www.fitchratings.com).

The affirmation of AIB, BOI, EBS and ILP's support-driven ratings reflects their systemic importance as well as government commitments to recapitalise these institutions following the results of the Prudential Capital Assessment Review (PCAR) and Prudential Liquidity Assessment Review (PLAR) announced at end-March 2011. Fitch continues to believe the risks of the sovereign and the domestic banks are strongly interlinked, not least given the banks' extensive reliance on government-guaranteed and central bank funding.

Fitch notes that the Directional Court Orders announced in relation to AIB's subordinated debt securities on 14 April 2011 introduced some significant adverse changes to the contractual terms of these securities. However, these orders have no implications for the ratings of AIB's subordinated securities, which already incorporate Fitch's expectation of a coercive burden-sharing. As an exception to its criteria, Fitch has not moved AIB's IDRs to 'RD' (Restricted Default) as the agency believes that there is still a high probability of sovereign support for AIB's senior creditors.

The Negative Outlook on AIB, BOI and EBS's Long-term IDRs reflects the macro-economic downside risks that drive the Negative Outlook on the sovereign rating. These risks primarily reflect concerns regarding the timing and pace of economic recovery, which if fails to materialise, could lead to a continued rise in debt and a deterioration of Ireland's sovereign credit profile.

The RWN on Anglo and INBS's ratings continues to reflect the uncertainty associated with their asset quality and wind-down status. Fitch believes that while Anglo and INBS continue to benefit from significant support from the authorities in terms of central bank funding, there is potentially a significant downside risk to Anglo's and INBS' ratings should these institutions require additional capital. However, Fitch notes that both institutions were recapitalised at end-2010 and may not require any further capital injections. Anglo and INBS were not subject to PCAR/PLAR reviews but will be subject to their assessment in May 2011. The withdrawal of their Individual Ratings reflects Fitch's view that these ratings are not meaningful for an institution in a wind-down situation.

The rating actions are as follows:

Anglo

Long-term IDR: 'BB-'; RWN maintained

Short-term IDR: 'B'; RWN maintained

Individual Rating: affirmed at 'E', withdrawn

Support Rating: '3'; RWN maintained

Support Rating Floor: 'BB-'; RWN maintained

Short-term debt: 'B'; RWN maintained

Senior unsecured: 'BB-'; RWN maintained

Sovereign-guaranteed Long-term notes: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed Short-term notes: affirmed at 'F2'; removed from RWN
Sovereign-guaranteed commercial paper: affirmed at 'F2'; removed from RWN
Sovereign-guaranteed Long-term deposits: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed Short-term deposits: affirmed at 'F2'; removed from RWN
Sovereign-guaranteed Long-term interbank liabilities: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed Short-term interbank liabilities: affirmed at 'F2'; removed from RWN

Anglo Irish Mortgage Bank

Long-term IDR: 'BB-'; RWN maintained
Short-term IDR: 'B'; RWN maintained
Support Rating: '3'; RWN maintained

INBS

Long-term IDR: 'BB-'; RWN maintained
Short-term IDR: 'B'; RWN maintained
Individual Rating: affirmed at 'E', withdrawn
Support Rating: '3'; RWN maintained
Support Rating Floor: 'BB-'; RWN maintained
Senior unsecured notes: 'BB-'; RWN maintained
Sovereign-guaranteed long-term deposits: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed short-term deposits: affirmed at 'F2'; removed from RWN
Sovereign-guaranteed long-term interbank liabilities: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed short-term interbank liabilities: affirmed at 'F2'; removed from RWN

AIB

Long-term IDR: affirmed at 'BBB'; removed from RWN; Negative Outlook
Short-term IDR: affirmed at 'F2'; removed from RWN
Individual Rating: 'E', unaffected by current rating action
Support Rating: affirmed at '2'; removed from RWN
Support Rating Floor: affirmed at 'BBB'; removed from RWN
Senior unsecured notes: affirmed at 'BBB'; removed from RWN
Short-term debt: affirmed at 'F2'; removed from RWN
Lower tier 2 subordinated debt: 'C'; unaffected by current rating action
Upper tier 2 subordinated notes: 'C'; unaffected by current rating action
Tier 1 notes: 'C'; unaffected by current rating action
Sovereign-guaranteed long-term notes: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed short-term notes: affirmed at 'F2'; removed from RWN
Sovereign-guaranteed commercial paper: affirmed at 'F2'; removed from RWN
Sovereign-guaranteed long-term deposits: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed short-term deposits: affirmed at 'F2'; removed from RWN
Sovereign-guaranteed long-term interbank liabilities: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed short-term interbank liabilities: affirmed at 'F2'; removed from RWN

AIB Bank (CI) Limited

Long-term IDR: affirmed at 'BBB'; removed from RWN; Negative Outlook
Short-term IDR: affirmed at 'F2'; removed from RWN
Individual Rating: 'E'; unaffected by current rating action
Support Rating: affirmed at '2', removed from RWN
Sovereign-guaranteed long-term notes: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed short-term notes: affirmed at 'F2'; removed from RWN

AIB Group (UK) PLC

Long-term IDR: 'BBB'; removed from RWN; Negative Outlook
Short-term IDR: affirmed at 'F2'; removed from RWN
Individual Rating: 'E'; unaffected by current rating action
Support Rating: affirmed at '2', removed from RWN
Sovereign-guaranteed long-term notes: affirmed at 'BBB+'; removed from RWN
Sovereign-guaranteed short-term notes: affirmed at 'F2'; removed from RWN

BOI

Long-term IDR: affirmed at 'BBB'; removed from RWN; Negative Outlook

Short-term IDR: affirmed at 'F2'; removed from RWN

Individual Rating: 'D/E', RWN; unaffected by current rating action

Support Rating: affirmed at '2', removed from RWN

Support Rating Floor: affirmed at 'BBB'; removed from RWN

Senior unsecured notes: affirmed at 'BBB'; removed from RWN

Short-term debt: affirmed at 'F2'; removed from RWN

Upper tier 2 subordinated notes: 'C'; unaffected by current rating action

Preference shares: 'C'; unaffected by current rating action

Subordinated debt: 'C'; unaffected by current rating action

Sovereign-guaranteed notes: affirmed at 'BBB+'; removed from RWN

Sovereign-guaranteed long-term deposits: affirmed at 'BBB+'; removed from RWN

Sovereign-guaranteed short-term deposits: affirmed at 'F2'; removed from RWN

Sovereign-guaranteed long-term interbank liabilities: affirmed at 'BBB+'; removed from RWN

Sovereign-guaranteed short-term interbank liabilities: affirmed at 'F2'; removed from RWN

BOI Mortgage Bank

Long-term IDR: affirmed at 'BBB'; removed from RWN; Negative Outlook

Short-term IDR: affirmed at 'F2'; removed from RWN

Support Rating: affirmed at '2', removed from RWN

BOI UK Plc

Long-term IDR: affirmed at 'BBB'; removed from RWN; Negative Outlook

Short-term IDR: affirmed at 'F2'; removed from RWN

Individual Rating: 'D/E', RWN; unaffected by current rating action

Support Rating: affirmed at '2', removed from RWN

Sovereign-guaranteed long-term deposits: affirmed at 'BBB+'; removed from RWN

Sovereign-guaranteed short-term deposits: affirmed at 'F2'; removed from RWN

Sovereign-guaranteed long-term interbank liabilities: affirmed at 'BBB+'; removed from RWN

Sovereign-guaranteed short-term interbank liabilities: affirmed at 'F2'; removed from RWN

EBS

Long-term IDR: affirmed at 'BBB-'; removed from RWN; Negative Outlook

Short-term IDR: affirmed at 'F3'; removed from RWN

Individual Rating: 'E'; unaffected by current rating action

Support Rating: affirmed at '2', removed from RWN

Support Rating Floor: affirmed at 'BBB-'; removed from RWN

Senior unsecured notes: affirmed at 'BBB-'; removed from RWN

Short-term debt: affirmed at 'F3'; removed from RWN

Preference shares: 'C'; unaffected by current rating action

Sovereign-guaranteed long-term notes: affirmed at 'BBB+'; removed from RWN

Sovereign-guaranteed short-term notes: affirmed at 'F2'; removed from RWN

Sovereign-guaranteed commercial paper: affirmed at 'F2'; removed from RWN

Sovereign-guaranteed long-term deposits: affirmed at 'BBB+'; removed from RWN

Sovereign-guaranteed short-term deposits: affirmed at 'F2'; removed from RWN

Sovereign-guaranteed long-term interbank liabilities: affirmed at 'BBB+'; removed from RWN

Sovereign-guaranteed short-term interbank liabilities: affirmed at 'F2'; removed from RWN

EBS Mortgage Finance

Long-term IDR: affirmed at 'BBB-'; removed from RWN; Negative Outlook

Short-term IDR: affirmed at 'F3'; removed from RWN

Support Rating: affirmed at '2', removed from RWN

ILP

Individual Rating: 'E'; unaffected by current rating action

Support Rating: affirmed at '2', removed from RWN

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Additional information is available at www.fitchratings.com.

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.

For additional credit commentary and analysis on the financial institutions sector, see Fitch's recent Global Financial Institutions Snapshot (available through the link below). The report compiles Fitch's views, analysis and tools for the sector in an easily navigable format.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

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

Short-Term Ratings Criteria for Corporate Finance

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=568726

Coercive Debt Exchange Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=427866

Global Financial Institutions Snapshot

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=609947

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