



Date of Release: November 4, 2008

## **DBRS Upgrades Bank of Ireland's Government-Guaranteed Debt to AAA**

### **Industry: Fin.Svc.--Banks & Trusts**

DBRS has today upgraded certain debt instruments of The Governor and Company of the Bank of Ireland (Bank of Ireland). The rating upgrade applies to liabilities that are covered by the Irish-government guarantee. Covered obligations include liabilities existing from 30 September 2008 or at any time thereafter up to and including 29 September 2010. The covered liabilities are limited to all retail and corporate deposits (to the extent that they are not covered by existing deposit protection schemes), interbank deposits, senior unsecured debt, asset-covered securities and dated subordinated debt (lower Tier 2).

Accordingly, the ratings of long-term debt instruments issued by the Bank of Ireland and its subsidiaries, Bank of Ireland Mortgage Bank, ICS Building Society and Bank of Ireland (I.O.M.) Limited, that fall within the scope of the government guarantee have been upgraded to AAA, reflecting the government's ability to honour this guarantee as determined by DBRS's internal assessment of the sovereign. All short-term debt ratings have been confirmed at R-1 (high), DBRS's highest short-term rating. All future issuances of the Bank of Ireland that fall within the scope of the guarantee will carry the same AAA/R-1(high) ratings.

Long-term debt, that does not fall within the scope of the guarantee scheme, whether new or existing, such as debt with maturities after 29 September 2010, will remain at the current rating level; however, DBRS notes that covered liabilities (as defined by the Irish government and listed above) benefit from the guaranteed status until 29 September 2010. Finally, the Bank of Ireland's non-guaranteed long-term ratings have been removed from Under Review with Developing Implications, where they were placed on 3 October 2008. The trend on all ratings is now Stable.

Today's rating action follows DBRS's review of the actions taken by the Irish government to support the country's financial sector and improve the flow of credit in the Irish economy. DBRS views the government actions as generally positive for banks and the financial markets. In DBRS's opinion, the government's actions will likely boost customer confidence and will ensure that Irish banks have easier access to funding, which is imperative in the current stressed liquidity environment. While Irish banks are still facing the challenges associated with the slower Irish economy and weakening housing markets, this government action has provided near-term support for the banks as they cope with the highly disrupted market conditions.

From the standpoint of the explicit government guarantee, DBRS notes that the ratings for the



government-guaranteed debt instruments are higher than the ratings for Bank of Ireland's non-guaranteed debts, even though many of the attributes of the debt instruments, such as ranking, are similar. Furthermore, DBRS notes that certain subordinated obligations may be rated higher than non-insured senior debt. Moreover, given the additional support for deposits, the ratings on the guaranteed deposits differ from a bank's issuer rating, long-term debt rating and ratings of the deposits that are not covered by the government guarantee.

**Note:**

The Long-Term Deposits maturing after 29 Sep 2010 and Long-Term Debt maturing after 29 Sep 2010 are guaranteed through 29 September 2010.

Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Governor and Company of the Bank of Ireland, The	Long-Term Deposits maturing on or before 29 Sep 2010	New Rating	AAA	Stb	Nov 4, 2008
Governor and Company of the Bank of Ireland, The	Long-Term Debt maturing on or before 29 Sep 2010	New Rating	AAA	Stb	Nov 4, 2008
Governor and Company of the Bank of Ireland, The	Short-Term Deposits maturing on or before 29 Sep 2010	Confirmed	R-1 (high)	Stb	Nov 4, 2008
Governor and Company of the Bank of Ireland, The	Short-Term Debt maturing on or before 29 Sep 2010	Confirmed	R-1 (high)	Stb	Nov 4, 2008
Governor and Company of the Bank of Ireland, The	Long-Term Deposits maturing after 29 Sep 2010	Confirmed	AA	Stb	Nov 4, 2008
Governor and Company of the Bank of Ireland, The	Long-Term Debt maturing after 29 Sep 2010	Confirmed	AA	Stb	Nov 4, 2008

For more information on this credit or on this industry, visit [www.dbrs.com](http://www.dbrs.com) or contact us at [info@dbrs.com](mailto:info@dbrs.com).

Steven Picarillo  
Senior Vice President - Financial Institutions Group  
+1 212 806 3238  
[spicarillo@dbrs.com](mailto:spicarillo@dbrs.com)

Roger Lister  
Chief Credit Officer - Financial Institutions Group  
+1 212 806 3231  
[rlister@dbrs.com](mailto:rlister@dbrs.com)



Alan G. Reid  
Managing Director - Financial Institutions Group  
+1 212 806 3232  
areid@dbrs.com

Copyright © 2008, DBRS Limited and DBRS, Inc. (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources believed by DBRS to be accurate and reliable. DBRS does not perform any audit and does not independently verify the accuracy of the information provided to it. DBRS ratings, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall DBRS or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages with respect to any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. DBRS receives compensation from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS.