Fitch Ratings

FITCH MAINTAINS ANGLO IRISH ON RATING WATCH NEGATIVE

Fitch Ratings-London-03 October 2011: Fitch Ratings has maintained Anglo Irish Bank Corporation's (Anglo) Long- and Short-term Issuer Default Ratings (IDRs) on Rating Watch Negative (RWN). A full list of rating actions is at the end of this release.

Anglo's Long- and Short-term IDRs are underpinned by a moderate level of support from the Irish sovereign ('BBB+'/Negative), but also reflect Anglo's reduced systemic importance, especially following the transfer of customer deposits to Allied Irish Banks, p.l.c. (AIB; 'BBB'/Negative/'F2') on 24 February 2011.

The RWN on Anglo's Long-term IDR reflects political risks surrounding the issue of burden-sharing for senior unsecured creditors as well as sovereign-related risks as reflected in the Negative Outlook on the sovereign rating.

While not downplaying political risks that still surround the issue of burden sharing by Anglo's senior creditors, Fitch continues to believe that the Irish authorities are likely to avoid a default or coercive burden sharing for Anglo's senior unsecured, unguaranteed creditors.

The agency notes that the state has a strong presence on Anglo's balance sheet, both on the liability side (capital, CBI funding and guarantees) and on the asset side (primarily through about EUR30bn of promissory notes contributed as capital to Anglo and Irish Nationwide Building Society (INBS)), while the amount of senior unsecured unguaranteed debt that could be subject to burden-sharing is small relative to total funding.

Direct exposure to the Irish sovereign accounts for about half of Anglo's assets. The promissory note is now by far the largest asset on its balance sheet. Hence, any potential restructuring of this asset would have significant implications for Anglo's financial position. The promissory note is used as collateral for Central Bank of Ireland (CBI) funding which stood at EUR38.4bn (or 78% of total funding) at end-H111. ECB funding accounted for another EUR2.4bn or 5% of total funding.

At end-Q311 Anglo had about EUR3.5bn of senior unsecured debt securities not benefitting from government guarantees (including about EUR600m of debt issued by INBS). The next large maturities are USD1bn on 2 November 2011 and EUR1.25bn on 25 January 2012 and about EUR1.1bn in June 2012 after which there will be about EUR0.3bn of securities outstanding.

The rating actions are as follows:

Anglo:

Long-term IDR: 'BB-'; RWN maintained
Short-term IDR: 'B'; RWN maintained
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+'
Sovereign-guaranteed Short-term notes: affirmed at 'F2'
Sovereign-guaranteed commercial paper: affirmed at 'F2''
Sovereign-guaranteed Long-term deposits: affirmed at 'BBB+'
Sovereign-guaranteed Short-term deposits: affirmed at 'F2'
Sovereign-guaranteed Long-term interbank liabilities: affirmed at 'BBB+'
Sovereign-guaranteed Short-term interbank liabilities: affirmed at 'F2'

Anglo Irish Mortgage Bank

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

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Additional information is available at www.fitchratings.com

Applicable criteria, 'Global Financial Institutions Rating Criteria' dated 16 August 2011 are available on www.fitchratings.com.

Applicable Criteria and Related Research:
Global Financial Institutions Rating Criteria
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649171