

January 21, 2009

## Anglo Irish Bank's Preference Share Ratings Lowered To 'D' Following Nationalization Bill

**Primary Credit Analyst:**Claire Curtin, London (44) 20-7176-7032; [claire\\_curtin@standardandpoors.com](mailto:claire_curtin@standardandpoors.com)**Secondary Credit Analysts:**Nigel Greenwood, London (44) 20-7176-7211; [nigel\\_greenwood@standardandpoors.com](mailto:nigel_greenwood@standardandpoors.com)Scott Bugie, Paris (33) 1-4420-6680; [scott\\_bugie@standardandpoors.com](mailto:scott_bugie@standardandpoors.com)

LONDON (Standard & Poor's) Jan. 21, 2008--Standard & Poor's Ratings Services said today that it lowered its ratings on £300 million 6.25% Tier 1 preference shares issued by Anglo Irish Bank Corp. Ltd. (previously a public limited company; A-/Watch Neg/A-1) to 'D' from 'B'. At the same time, the 'B' issue ratings on these preference shares were removed from CreditWatch, where they had been placed with negative implications on Sept. 30, 2008.

The 'B' issue ratings on Anglo's other undated perpetual instruments are unchanged.

The lowering of the ratings on the £300 million 6.25% Tier 1 preference shares to 'D' reflects their nationalization by the government of Ireland, along with all the common equity in Anglo. The preference shares, unlike Anglo's other undated subordinated debt, carry voting rights in some circumstances and are included in the nationalization legislation approved by the Irish parliament. Nationalization of the preference shares means that the investors in the instruments suffer a loss of principal and all future coupons. They will receive compensation, but we expect this to be limited.

The 'B' issue ratings on Anglo's other undated perpetual instruments reflect our view of the increased probability of payment deferral on these instruments following Anglo's nationalization. We note that the government in its statement announcing the nationalization of Anglo stated that Anglo would "continue to service its obligations and will repay its debts at maturity",

and that this included obligations to bondholders. Nevertheless, we consider that there is heightened payment deferral risk following the government's seizure of control of Anglo's stock. We consider it possible that the European Commission, in the course of approval of a potential state-aid package for Anglo at a future date, may prohibit Anglo from servicing its hybrid debt obligations.

The CreditWatch placement on the ratings on Anglo reflect our view of the significant uncertainties about Anglo's future, notably the government's plans in relation to Anglo's strategy, and Anglo's funding plans and capital requirements. We will resolve the CreditWatch status following discussions with the Irish authorities and Anglo's management in the coming weeks. Given the Irish government's strong statements of support, we do not expect to lower the counterparty credit rating on Anglo by more than one notch in the event of a downgrade.

**Additional Contact:**

Financial Institutions Ratings Europe;  
FIG\_Europe@standardandpoors.com

Ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at [www.ratingsdirect.com](http://www.ratingsdirect.com). It can also be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); select your preferred country or region, then Ratings in the left navigation bar, followed by Find a Rating. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4017.

Copyright © 2009 Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscriber's or others use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: [research\\_request@standardandpoors.com](mailto:research_request@standardandpoors.com).