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Bank of Ireland Boosts Capital With 1.62 Billion-Euro Bond Swap
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By Louisa Fahy and Fergal O'Brien

Feb. 11 (Bloomberg) -- Bank of Ireland Plc, the country's biggest lender by market value, boosted its capital by about 405 million euros (\$552 million) after swapping securities with a face value of 1.62 billion euros for new, longer-dated notes.

Bank of Ireland last week asked investors to swap the subordinated securities in euros, dollars and pounds at a discount for 1.2 billion euros of new debt maturing in 2020.

The exchange represents a "meaningful step in strengthening Bank of Ireland's balance sheet and capital position," the Dublin-based lender said today in a statement.

Financial institutions including Allied Irish Banks Plc have bought back subordinated bonds at discounts to boost capital eroded by bad debts. Bank of Ireland's debt exchange would have increased its so-called core Tier 1 capital ratio, a measure of financial strength, to 7 percent on Sept. 30, compared with a reported 6.6 percent, the bank said today.

"The take-up ratio of 56 percent is a successful result," said Jim Ryan of Dublin-based Glas Securities, which specializes in fixed-income markets. "We would expect further debt management activity in the light of the take-up rate."

Bank of Ireland fell less than 1 cent to 1.29 euros in Dublin trading. Deutsche Bank AG and UBS AG managed the exchange.

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--Editors: Dara Doyle, Andrew Reiersen

To contact the reporter responsible for this story:

Louisa Fahy at +353-1-523-9523 or

lnesbitt@bloomberg.net

To contact the editor responsible for this story:

Colin Keatinge at +44-20-7673-2494 or

ckeatinge@bloomberg.net.