

Ireland
Credit Analysis

Anglo Irish Bank Corporation PLC

Ratings

Anglo Irish Bank Corporation PLC

Foreign Currency

Long-Term IDR*	A+
Short-Term IDR*	F1
Outlook	Stable

Individual	B
Support	3
Support Rating Floor	BB+

Sovereign Risk

Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

Anglo Irish Bank Corporation PLC

	31 Mar 07	30 Sep 06
Total Assets (USDm)	118,090	92,784
Total Assets (EURm)	88,669	73,290
Equity (EURm)	3,629	2,687
Operating Profit (EURm)	552	850
Published Net Income (EURm)	464	658
Comprehensive Income (EURm)	438	604
Operating ROAA (%)	1.36	1.38
Operating ROAE (%)	34.96	38.32
Internal Capital Generation (%)	26.32	23.89
Eligible Capital/Weighted Risks (%)	7.40	6.43
Tier 1 Ratio (%)	8.50	8.40

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■ Rating Rationale

- Anglo Irish Bank Corporation PLC's ("Anglo") Long and Short-term IDRs and Individual ratings reflect consistently strong profitability, good asset quality, an extremely low cost/income ratio, diversified funding and stable margins. Ratings also reflect capitalisation that has a fairly high proportion of preference shares and hybrids.
- The bank continues to grow rapidly by specialising in secured term lending to professionals and medium-sized corporates in Ireland, the UK and the US to purchase investment properties in the retail, office and leisure sectors. Anglo usually takes real estate as collateral for its loans and also personal guarantees.
- Recent financial performance has been strong with the bank continuing to benefit from favourable economic environments in its three main markets. Net income for the first half of 2007 ("H107") was very good at EUR464m, however Anglo has cautioned that growth rates in H107 may not be repeated in H207 as the current fast pace of economic growth in Ireland slows slightly
- The cost/income ratio was an extremely low 25% in H107, benefiting from a limited range of products and a small distribution network.
- Asset quality remains good with impaired loans of 0.5% of loans at end-H107 with total impaired loan allowance coverage of 97% (individual allowances cover 46%). There is some concentration by borrower, but this continues to decrease as the portfolio grows strongly in a number of sectors and geographies.
- Funding is well diversified by type and geography between retail/commercial deposits and capital market issuance (medium term notes, commercial paper programmes and covered bonds).
- Market risks remain limited and well managed, although treasury income continues to grow quickly.
- Anglo's regulatory capital ratios look sound with Tier 1 and total capital ratios of 8.5% and 11.4% at end-1H07 (2006: 8.4% & 12.1%). However, a fairly high proportion of hybrid Tier 1 capital reduces its quality and gives a Fitch eligible capital ratio of 7.4% at end-H107 (2006: 6.4%).

Support

- Anglo has a significant number of institutional shareholders, none of which has a stake above 5%. Although the Central Bank of Ireland has no legal obligation to come to the rescue of banks in Ireland, in Fitch's opinion there is a moderate probability of support from the authorities.

■ Rating Outlook and Key Rating Drivers

- Anglo's ratings have a Stable Outlook, and, given its consistent performance and continued benign economic environments in Ireland and the UK, this is likely to remain the case over the medium term.
- The bank is unlikely to see any increases in ratings in the medium term, while downside risk to ratings would arise from a significant decline in core capital ratios and/or a significant deterioration in the bank's key operating markets leading to asset quality problems.

■ Profile

- Anglo is the fourth largest Irish-controlled private sector bank in the Republic of Ireland. It provides specialised services to high net worth individuals, professionals and medium-sized corporates in Ireland, the UK and the US, a significant amount of which is secured on real estate.
- Anglo has six Irish and seven UK branches, three US representative offices (Boston, Chicago and New York) and a presence in Austria, Germany, Isle of Man, Portugal and Switzerland.

■ Profile

- **Focus on secured lending to fund the purchase of investment properties**
- **Growing wealth management business**
- **Operations focused on Irish, UK and US markets**

Anglo was incorporated in 1964 and became a public limited company in 1971. The bank streamlined its operations in 1993, moving out of peripheral business such as stock and insurance brokerage to concentrate on its core banking and treasury operations. Anglo does not aim to be a full service provider of financial services – its core business is the provision of specialised services to high net worth individuals, professionals and medium sized corporates in Ireland, the UK and the US. However, as the bank has sought to diversify its revenue streams and to reduce its dependence upon interest and interest related income, it has sought opportunist acquisitions. These have primarily helped the bank to expand its wealth management activities. Anglo is quoted in Dublin and London and has a broad shareholder base of over 18,000 shareholders. Institutional investors hold almost 90% of its shares.

Banking Division: Anglo primarily focuses on secured term lending to professionals and medium-sized corporates in Ireland, the UK and the US to purchase investment properties in the retail, office and leisure sectors. The bank believes it has an approximate 20% market share in mid-sized commercial lending in Ireland, ranking third after Allied Irish Banks and Bank of Ireland. Anglo's share of the UK investment property market is estimated by the bank to be approximately 5%, with a focus on London and the South East. The bank's branch network is limited to six locations in Ireland and seven in the UK, as well as representative offices in Boston, Chicago and New York.

Treasury: Primarily responsible for the bank's funding and liquidity management, but also active in corporate treasury sales. The bank's modest trading activities, which are primarily customer-oriented, are confined to its dealing room in Dublin. Corporate treasury services are carried out in Ireland, the UK, Austria, and in its representative offices in the US.

Wealth Management: The division includes private banking, fund management and retirement planning services and has grown both organically and through a number of acquisitions in the last 5-10 years. Wealth management services are provided through Anglo's operations in Ireland, the UK, Austria, Portugal (opened in 2006) and Switzerland. Total assets under management at end-H107 were EUR4.6bn. The bank's trust operations in the Isle of

Man were sold in December 2006 for a profit on disposal of EUR22m.

Strategy: Anglo's strategic focus for the period 2007-11 remains the same as the one it has been pursuing in recent years. The bank will continue to focus on organic growth in its three main markets with a focus on growing market share in the UK (spreading out into the regions) and US (around the existing three offices). The market share of about 20% in Ireland will be harder to grow. The bank doesn't see acquisitions as being a major part of future growth, although selective opportunities may be considered, most likely within wealth management. Lending will continue to be mostly property investment related with a high percentage of repeat business. Anglo will continue to follow its clients into Europe, although this is not likely to exceed 5% of the total loan portfolio.

Accounting Standards: Anglo reported under IFRS for the first time for the six months to end-March 2006. Results for the year to end-September 2005 were restated to reflect IFRS with the exception of IAS32 and IAS39, which were introduced to Anglo's accounts from 1st October 2005. The majority of the analysis in this report is based on the six months to end-March 2007 and the year to end-September 2006, both of which are fully IFRS compliant.

■ Performance

- **Strong profitability supported by rapid loan growth**
- **Consistent net interest margin**
- **Good cost efficiency**

The bank continues to perform well, benefiting from a domestic economy that is still growing faster than the rest of the Euro-zone and good conditions in the UK and US. Loan growth of 18% since end-September 2006 across the bank's three main markets drove growth in yoy pre-tax profits of 47% to EUR552m in H107 (excluding the EUR22m gain on the sale). The bank has cautioned that such levels of growth may not be repeated in the second half of the year as economic growth slows down in the bank's main market of Ireland. Anglo should continue growing market share in the UK and US. Although banking remains the main driver of revenues and assets, wealth management and treasury's contributions continue to show solid improvements.

Revenues: Net interest income continues to grow strongly as rapid loan growth persists. In H107 the bank reported EUR723m of net interest revenues (2006: EUR1.07bn), representing 89% of total operating revenues (2006: 86%). The growth in

interest revenues has been at a remarkably consistent net interest margin (H107: 1.81%, 2006: 1.78%, H106: 1.8%), a level the bank should be able to maintain in H207 and beyond. Anglo believes that the spread on their lending business is approximately 2% and that it has been stable over time. The net interest margin benefits from Anglo's business model, which doesn't require a large branch network or a large residential mortgage book as the latter, in particular, has seen severe margin erosion over the last few years.

Non-interest income growth has stalled recently and is becoming a less significant part of the bank's income (H107: EUR85m, 2006 EUR171m, H106: EUR85m). In addition to the EUR85m in H107 the bank reported a EUR22m gain on the disposal of the Isle of Man trust operations. The majority of non-interest revenues are fees and commissions from wealth management and corporate treasury. The contribution is a much smaller proportion of total income than under Irish GAAP as IFRS requires greater spreading of lending fees over the lifetime of a loan and which are now within interest revenues. Dealing profits remain small (EUR10m in H107), reflecting the relatively low risk nature of Anglo's trading activities.

Expenses: Operating expenses increased yoy by 24.5% to EUR203m in H107 (2006: EUR328m). The majority of the cost base remains personnel-related (66% in H107), with a substantial variable element, and continues to grow as the bank hires more staff to manage the higher business volumes. Staff numbers grew to 1,672 at end-H107 from 1,423 at end-2005. The cost base also benefits from Anglo maintaining a limited range of services, a relatively small physical distribution network and applying tight cost controls. As a result of the focus on costs and strong income growth, the cost/income ratio remains low (H107: 25.1%, 2006: 26.5%).

The **loan impairment charge** in H107 was EUR56m (2006: EUR66m), with the higher run rate in 2007 reflecting growth in the loan portfolio rather than any particular asset quality problems. The

impairment charge in H107 included EUR31m of specific charges and EUR25m of incurred but not identified charges. The charge has increased slightly from a low point (7.2% of pre-impairment operating profit in 2006, 9.2% in H107) and may continue to tick upwards slightly over the next couple of years.

Prospects: The outlook for Anglo remains positive with continued growth expected in all of the bank's main markets, although the bank expects the H207 growth rate to slow slightly across all markets. The bank still has significant scope for market share growth within the UK and US and has capacity to grow its European exposures. Asset quality remains very good and well covered by loan impairment allowances and collateral. In addition, the bank enjoys excellent levels of cost efficiency and should be able to maintain this going forward. Fitch will continue to monitor the composition of the bank's capital and the level of capital ratios. Capital levels are not expected to deteriorate further over the next few years and may improve if growth rates slow slightly and the bank continues to retain a high proportion of its income.

■ Risk Management

- **Continuation of very good asset quality**
- **Exposures are collateralised by property and personal guarantees and backed by a portfolio of cash flows**
- **Market risks remain limited and well managed**

Anglo has a highly centralised operation. Its risk management strategy is based upon its tight focus on core business with no peripheral activities and limited proprietary trading. As a result, its risk is primarily credit related. The main Credit Committee (comprising members of the bank's senior management) is responsible for overall risk management within the bank. Specific risk types are overseen as follows; the group credit committee for credit risk, the group asset and liability committee (ALCO) for market risk and liquidity and the executive management board for operational risk.

Key Ratios

(%)	Anglo Irish Bank H107	Anglo Irish Bank 2006	Allied Irish Banks 2006	Bank of Ireland 2006**
Loan Growth	17.8*	45.5	25.7	23.5
Net Income Growth	41.0*	37.9	60.4	35.3
Operating ROAA	1.4	1.4	1.5	0.9
Operating ROAE	35.0	38.3	22.5	26.5
Net Interest Margin	1.8	1.8	2.2	1.7
Cost/Income	25.1	26.5	53.2	56.1

Source: Banks and Fitch reclassification. *Loan growth is since end-06 and net income growth is yoy. Ratios from 2005 and earlier are not included as they would not be comparable with the latest data as they are not fully IFRS compliant. **Bank of Ireland 2006 year-end was 31/3/07, Allied Irish Banks 2006 year-end was 31/12/06.

Anglo also has a board risk committee, comprising two executive and two non-executive directors, to oversee risk management, and to review key business risks and control systems. Anglo will follow the standardised approach for credit risk under Basel II from January 2008. Subsequently the bank is planning to migrate to the foundation IRB approach at the end of 2008 or beginning of 2009 and then to the Advanced IRB approach in late 2010.

Credit Risk: Anglo's lending policies and criteria are clearly defined and are consistently applied. For loans of up to EUR100,000 two authorised officer signatures are required. Above this level, the main credit committee (which meets twice a week) must approve the credit, while a non-executive member of the board must approve loans above EUR25m. All loans require borrowers to have an established track record and strong internal cash flows, in addition security is taken for each loan. The cash flows of the borrower are usually supported by a portfolio of property cash flows, which the bank subjects to a variety of stress tests. Also borrowers often give personal guarantees, giving them an incentive to work with the bank in a recovery situation. As a further control on the loan portfolio, the Director of Risk and Operations oversees a review of the entire loan portfolio twice a year. As the number of transactions increases, the bank may need to increase delegation levels or the main credit committee will need to meet more frequently, tying up senior management time.

Anglo does not lend working capital to manufacturing companies nor does it grant unsecured personal or primary agricultural facilities. In addition, it avoids the technology sector, start-ups, air & shipping finance and large-ticket corporates. Loan to value ratios are typically limited to 80%. Finally, no loan may exceed 1% of total risk assets, except in exceptional circumstances and exposure to Europe (lending to existing borrowers) may not exceed 10% of total risk assets. In general, Anglo's borrowers are well known to the bank (around 70% of all new loans are repeat business), and for real estate investment loans the bank requires property to be pre-let so that anticipated revenue covers loan instalments. Much of Anglo's business is secured loans within the EUR1m to EUR60m range.

Anglo reported loan growth of 46% to EUR49.1bn in 2006 and a further 18% to EUR57.9bn in the six months to end-H107 with significant increases seen in all of the three main markets (Ireland, UK, US). Lending in European markets is only to the bank's existing clients who have a long track record with the bank and who must provide Irish or UK property as collateral. In terms of geography, at end-H107 the

loan book (including securitised assets) was split, among Ireland clients 57% (2005: 58%), UK clients 34% (32%) and US clients 9% (10%). The geographical split of lending assets by location reveals a more balanced portfolio with Ireland and the UK at 42%, the US at 10% and Europe at 6% (end-2005: 40%, 48%, 8%, 4% respectively). The main country exposures within Europe are; Belgium, the Czech Republic, Germany, Spain and Portugal.

Analysis of Loans

(%)	Mar 07	Sep 06	Sep 05
Property Investment			
Retail	21	20	15
Office	24	24	26
Residential	17	16	14
Leisure	10	12	9
Industrial	5	5	7
Mixed	3	4	4
Other Prop Investment	7	7	9
	<u>87</u>	<u>88</u>	<u>84</u>
Investment	7	6	8
Other	6	6	8
Total	100	100	100

Source: Anglo Irish Bank

The breakdown of the loan portfolio (Table above) shows a strong property related bias. However, exposures are generally collateralised by property to customers the bank has known for a long time and who are prepared to provide personal guarantees to Anglo. Investment properties are generally pre-let to a number of tenants providing the borrower with a number of cash flows with which to service the loan. Each loan agreement also has the facility for the bank to receive rental income from tenants directly, avoiding the borrower. This happens automatically for non-recourse lending and can be used when the borrower is having problems where the bank has recourse. The bank also lends to professional firms (solicitors, accountants, doctors, dentists etc) with property also taken as collateral. At end-H107, the bank's 20 largest exposures represented 11.6% of total lending (2005: 12%). Nine exposures were in excess of 10% of its common equity (2005: nine) suggesting some single name concentration, but none were in excess of 15% or featured among the bank's problem or watch list loans. All of these largest exposures had multiple diversified underlying cash flows and collateral. Exposures to the property investment sector tend to be more concentrated within the UK and US than within Ireland.

Asset Quality and Loan Loss Reserves: Anglo's asset quality remains sound, as reflected by the low level of impaired loans to total loans (0.5% or EUR297m at end-H107, 2006: 0.52% or EUR263m). Loans are deemed impaired when there is objective

evidence of impairment, in line with IAS39. "Watch list" loans (which Anglo believes it needs to devote more time to for various reasons and which are usually still performing) amounted to 1.7% of loans at end-H107 (EUR993m). Specific allowances for impairment covered 46% of impaired loans at end-H107 (2006: 54%). In addition collective allowances for impairment covered 51% and 48% of impaired loans respectively. Total coverage was 97% at end-H107 and 103% at end-2006. The specific allowances for impairment should be adequate given the collateral backed nature of the overwhelming majority of the portfolio.

Other Earning Assets: The majority of other earning assets at end-H107 comprised inter-bank placements (EUR12.9bn) and debt securities (EUR9.9bn). The bank has a very small equity investment portfolio (EUR116m). Inter-bank placements are generally with an approved list of banks comprising the largest banks in each country in the EU, with 95% being rated at least 'A'. The vast majority of the debt securities (EUR7.2bn) are 51% investment grade bank debt and 49% asset backed securities ("ABS") and most are 'AAA' and 'AA' rated. Given the benchmark size of the issues and their eligibility for repo, the bank regards 90% as highly liquid. The other EUR2.75bn was mainly certificates of deposit issued by highly rated banks. There is a small exposure to the US sub-prime mortgage market through investments in CDOs (mostly 'AAA' and 'AA' rated). However the total of about EUR300m at end-1H07 was not significant and the bank intends to hold these and other structured investments to maturity. Anglo used to purchase ABS assets and then place them with a Dresdner Bank-supported conduit, however this arrangement has ceased and the assets were consolidated back onto Anglo's balance sheet at end-H107.

Market Risk: The treasury function exists largely to support more traditional operations, such as lending, rather than to produce profit in its own right. Structural interest rate risk in the banking book is Anglo's main market risk and is managed centrally in Dublin. The bank seeks to hedge its interest rate exposures using Swaps, FRAs and futures. Fitch understands that Anglo's interest rate sensitivity, defined as the mark-to-market adjustment that would be brought about by a parallel 1% shift in the yield curve over the life of all the bank's assets and liabilities, would not be significant.

The bank's trading risk appetite is limited and exposures are managed through a value-at-risk (VaR) model, supported by strict stop loss and position limits. The VaR model covers the entire

trading book using a historical simulation method with a 99% confidence level and one day holding period. In H107 the VaR limit of EUR2.5m was not breached with the bank reporting a maximum VaR of EUR666k in the period (average EUR320k). Foreign exchange income is customer driven and management is careful to match foreign currency assets with liabilities, using derivatives to hedge any remaining exposure. Anglo does not write options.

Operational Risk: Anglo established an operational risk management department in 2002 to define, identify and assess key risks and to monitor loss data. The bank's definition of operational risk includes reputation and business/strategic risks in addition to the standard Basel definitions. Under Basel II, the bank intends to follow the standardised approach.

■ Funding and Capital

- **Highly diversified funding base**
- **Proportion of hybrid Tier 1 capital remains high**

Anglo's funding base remains highly diversified by source, currency and geography. Customer deposits (EUR45.4bn) made up the largest proportion of the bank's funding base at end-H107 (62%) and are split 34% personal and 66% commercial, with growth in personal deposits outstripping commercial. The bank also deliberately pays attention to procuring a wider base of deposits for future needs, particularly on the commercial side. Geographically, 31% of deposits were in Ireland, 46% in the UK, 12% in Isle of Man and 11% in Austria. Deposit growth is fastest within the UK. The twenty largest deposits totalled EUR5.7bn at end-H107, which constituted a moderate 15.4% of total customer deposits.

Other funding sources (38% of the total at end-H107) were medium term notes (19%), inter-bank and repo (9%), commercial paper (8%) and certificates of deposit (2%). Anglo makes use of inter-bank funding to provide liquidity to its balance sheet, and has a significant volume of undrawn committed long-term facilities with major international banks. Interbank and CD funding remains well diversified geographically. The bank continues to make active use of its MTN programme with EUR13.7bn of outstanding issuance at end-H107 from 244 issues in 15 currencies. Structured issues under the programme make up 4.5% of the total and will continue to be a focus for the bank. Anglo makes use of a EUR4bn ECP programme, a EUR4bn French CP programme, a USD4bn ordinary US CP programme, a USD1.25bn extendible US CP programme and a EUR175m extendible EUR note transaction. A Canadian CP programme, a US MTN (144A) programme and issuance into the AUD

market are also planned for 2008. The bank has established a portfolio management group (PMG), which will consider further asset backed funding opportunities (securitisation, covered bonds) and syndications. PMG has established an asset backed CP programme (although nothing has been issued under it to date) and a GBP2bn covered bond programme.

Anglo's main funding and liquidity policies, in addition to those imposed by the regulator, are sound. The bank also imposes reasonable mismatch limits for EUR, USD, GBP and other currencies. Changes to the regulatory rules for liquidity management (from a stock approach to a matched time bucket approach) have not impacted the bank as its internal policies already followed the latter method.

Capital: Although Anglo's capitalisation looks solid on a regulatory risk-weighted basis, with the Tier 1

and total capital ratios at 8.5% and 11.4% at end-H107 (2006: 8.4% and 12.1%), it includes a high proportion of preference shares and hybrid capital. As a result Fitch's eligible capital/risk weighted assets ratio was lower at 7.4% at end-H107 and 6.4% at end-2006. Fitch regards Anglo's small proportion of core capital as a weakness, although the bank did raise EUR542m in February 2007 and EUR417m in January 2006 through share placements and continues to retain a high proportion of its net income. Over the next few years capital ratios are likely to remain broadly flat and comfortably above the bank's targets, while hybrids will decline as a proportion of eligible capital. The expected continuation of substantial revenue growth and structurally small costs means that operating profit should be good and would cushion any unexpected loss before capital is called upon. The pay-out ratio has traditionally been low and is expected to remain so for the next few years.

Balance Sheet Analysis

ANGLO IRISH BANK CORPORATION PLC

	31 Mar 2007				30 Sep 2006		30 Sep 2005	
	6 Months - Interim	6 Months - Interim	As % of	Average	Year End	As % of	Year End	As % of
	USDm	EURm	Assets	EURm	EURm	Assets	EURm	Assets
	Original	Original	Original	Original	Original	Original	Original	Original
A. LOANS								
1. Private	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Corporate	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
3. Government	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Other	77,448.5	58,153.0	65.58	53,782.5	49,412.0	67.42	33,990.0	68.55
5. Loan Impairment	383.6	288.0	0.32	279.0	270.0	0.37	216.0	0.44
6. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
7. Less: Loans from the Insurance Business	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL A	77,065.0	57,865.0	65.26	53,503.5	49,142.0	67.05	33,774.0	68.12
B. OTHER EARNING ASSETS								
1. Loans and Advances to Banks	17,153.7	12,880.0	14.53	12,652.0	12,424.0	16.95	6,439.0	12.99
2. Government Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
3. Trading Assets	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Derivatives	4,396.3	3,301.0	3.72	2,880.0	2,459.0	3.36	1,627.0	3.28
5. Other Securities and Investments	17,638.4	13,244.0	14.94	10,578.0	7,912.0	10.80	6,552.0	13.21
6. Equity Investments	154.5	116.0	0.13	92.0	68.0	0.09	23.0	0.05
7. Insurance	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL B	39,342.9	29,541.0	33.32	26,202.0	22,863.0	31.20	14,641.0	29.53
C. TOTAL EARNING ASSETS (A+B)	116,407.9	87,406.0	98.58	79,705.5	72,005.0	98.25	48,415.0	97.65
D. TANGIBLE FIXED ASSETS	49.3	37.0	0.04	37.0	37.0	0.05	36.0	0.07
E. NON-EARNING ASSETS								
1. Cash and Due from Banks	1,269.2	953.0	1.07	696.5	440.0	0.60	568.0	1.15
2. Other	363.6	273.0	0.31	540.5	808.0	1.10	563.0	1.14
F. TOTAL ASSETS	118,089.9	88,669.0	100.00	80,979.5	73,290.0	100.00	49,582.0	100.00
G. DEPOSITS & MONEY MARKET FUNDING								
1. Due to Customers - Current	60,412.1	45,361.0	51.16	41,109.5	36,858.0	50.29	25,194.0	50.81
2. Due to Customers - Savings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
3. Due to Customers - Term	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Deposits with Banks	11,312.4	8,494.0	9.58	9,384.5	10,275.0	14.02	7,173.0	14.47
5. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL G	71,724.4	53,855.0	60.74	50,494.0	47,133.0	64.31	32,367.0	65.28
H. OTHER LIABILITIES								
1. Derivatives	4,516.2	3,391.0	3.82	2,940.5	2,490.0	3.40	1,579.0	3.18
2. Trading Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Insurance	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL H	4,516.2	3,391.0	3.82	2,940.5	2,490.0	3.40	1,579.0	3.18
I. OTHER FUNDING								
1. Long-term Borrowing	31,150.9	23,390.0	26.38	19,225.0	15,060.0	20.55	9,774.0	19.71
2. Subordinated Debt	n.a.	n.a.	-	n.a.	1,965.0	2.68	2,223.0	4.48
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL I	31,150.9	23,390.0	26.38	20,207.5	17,025.0	23.23	11,997.0	24.20
J. NON-INTEREST BEARING	2,926.0	2,197.0	2.48	1,956.0	1,715.0	2.34	1,156.0	2.33
K. HYBRID CAPITAL								
1. Hybrid capital accounted for as equity	2,939.3	2,207.0	2.49	2,223.5	2,240.0	3.06	734.0	1.48
2. Hybrid Capital accounted for as debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
L. TOTAL LIABILITIES	113,256.8	85,040.0	95.91	77,821.5	70,603.0	96.33	47,833.0	96.47
M. EQUITY								
1. Common Equity	4,853.1	3,644.0	4.11	3,162.0	2,680.0	3.66	1,689.0	3.41
2. Minority Interest	9.3	7.0	0.01	5.0	3.0	0.00	2.0	0.00
3. Revaluation Reserves	-29.3	-22.0	-0.02	-9.0	4.0	0.01	58.0	0.12
TOTAL M	4,833.1	3,629.0	4.09	3,158.0	2,687.0	3.67	1,749.0	3.53
MEMO: CORE CAPITAL	4,750.6	3,567.0	4.02	3,075.0	2,583.0	3.52	1,597.0	3.22
MEMO: ELIGIBLE CAPITAL	6,786.5	5,095.7	5.75	4,392.9	3,690.0	5.03	2,281.4	4.60
N. TOTAL LIABILITIES & EQUITY	118,089.9	88,669.0	100.00	80,979.5	73,290.0	100.00	49,582.0	100.00
Exchange Rate		USD1 = EUR 0.7509			USD1 = EUR 0.7899		USD1 = EUR 0.8304	

Income Statement Analysis
ANGLO IRISH BANK CORPORATION PLC

	31 Mar 2007		30 Sep 2006		30 Sep 2005	
	Income	As % of	Income	As % of	Income	As % of
	Expenses	Total AV	Expenses	Total AV	Expenses	Total AV
	EURm	Earning Assts	EURm	Earning Assts	EURm	Earning Assts
	Original	Original	Original	Original	Original	Original
1. Interest Income	2,453.0	6.16	3,169.0	5.26	2,209.0	-
2. Interest Expense	1,730.0	4.34	2,100.0	3.49	1,435.0	-
3. NET INTEREST REVENUE	723.0	1.81	1,069.0	1.78	774.0	-
4. Net Fees & Commissions	70.0	0.18	133.0	0.22	115.0	-
5. Net Insurance Revenue	n.a.	-	n.a.	-	n.a.	-
6. Other Operating Income	18.0	0.05	42.0	0.07	35.0	-
7. Personnel Expenses	n.a.	-	210.0	0.35	172.0	-
8. Other Operating Expenses	203.0	0.51	118.0	0.20	93.0	-
9. PRE-IMPAIRMENT OPERATING PROFIT	608.0	1.53	916.0	1.52	659.0	-
10. Loan Impairment Charge	56.0	0.14	66.0	0.11	44.0	-
11. Other Credit Impairment and Provisions	n.a.	-	n.a.	-	n.a.	-
12. OPERATING PROFIT	552.0	1.39	850.0	1.41	615.0	-
13. Other Income and Expenses	22.0	0.06	0.0	0.00	n.a.	-
14. PUBLISHED PRE-TAX PROFIT	574.0	1.44	850.0	1.41	615.0	-
15. Taxes	110.0	0.28	192.0	0.32	138.0	-
16. Profit/(Loss) from Discontinued Operations	n.a.	-	n.a.	-	n.a.	-
17. Change in Value of AFS investments	-26.0	-0.07	-54.0	-0.09	58.0	-
18. Currency Translation Differences	n.a.	-	n.a.	-	n.a.	-
19. Other Gains/(Losses) not in Published Net Income	n.a.	-	n.a.	-	n.a.	-
20. FITCH COMPREHENSIVE INCOME	438.0	1.10	604.0	1.00	535.0	-
21. Total Gains/(Losses) not in Published Net Income	-26.0	-0.07	-54.0	-0.09	58.0	-
22. IFRS Dividends included in Fitch Interest Expense	n.a.	-	n.a.	-	n.a.	-
23. PUBLISHED NET INCOME	464.0	1.16	658.0	1.09	477.0	-

Ratio Analysis

ANGLO IRISH BANK CORPORATION PLC

		31 Mar 2007	30 Sep 2006	30 Sep 2005
		6 Months - Interim	Year End	Year End
		EURm	EURm	EURm
		Original	Original	Original
I. PERFORMANCE				
1. Net Interest Margin	%	1.81	1.78	n.a.
2. Loan Yield	%	n.a.	6.24	n.a.
3. Cost of Funds	%	4.74	3.77	n.a.
4. Costs/Average Assets	%	0.50	0.53	n.a.
5. Costs/Income	%	25.12	26.45	28.77
6. Pre-Impairment Operating ROAA	%	1.50	1.49	n.a.
7. Operating ROAA	%	1.36	1.38	n.a.
8. Pre-impairment Operating ROAE	%	38.51	41.30	n.a.
9. Operating ROAE	%	34.96	38.32	n.a.
II. CAPITAL ADEQUACY				
1. Internal Capital Generation	%	26.32	23.89	n.a.
2. Core Capital/Total Assets	%	4.03	3.53	3.23
3. Eligible Capital/Regulatory Weighted Risks	%	7.40	6.43	5.67
4. Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	7.37	6.44	5.82
5. Tier 1 Regulatory Capital Ratio	%	8.50	8.40	8.40
6. Total Regulatory Capital Ratio	%	11.40	12.10	11.80
7. Free Capital/Equity	%	23.01	18.61	19.67
III. LIQUIDITY (year end)				
1. Liquid Assets/Deposits & Money Mkt Funding	%	1.77	0.93	1.75
2. Loans/Deposits	%	127.57	133.33	134.06
IV. ASSET QUALITY				
1. Loan Impairment Charge/Gross Loans (av.)	%	0.21	0.16	n.a.
2. Total Credit Impairment/Pre-impairment Operating Profit	%	9.21	7.21	6.68
3. Loan Impairment/Gross Impaired Loans	%	96.97	102.66	99.54
4. Individual Loan Impairment/Gross Impaired Loans	%	46.00	54.40	49.30
5. Impaired Loans Gross / Loans Gross	%	0.51	0.53	0.64
6. Impaired Loans Net/Eligible Capital	%	0.18	-0.19	0.04
7. Net Charge-offs/Gross Loans (av.)	%	n.a.	n.a.	n.a.

Spread Sheet Annex

ANGLO IRISH BANK CORPORATION PLC (C.)

EURm	31 Mar 2007 Original	30 Sep 2006 Original	30 Sep 2005 Original
TOTAL REPORTED EQUITY	3,629.0	2,687.0	1,749.0
Hybrid capital accounted for as equity	n.a.	n.a.	n.a.
Minority interest - non-loss absorbing	n.a.	n.a.	n.a.
Other reserves - equity component of convertible bond	n.a.	n.a.	n.a.
Other reserves - employee stock options	n.a.	n.a.	n.a.
Other reserves - cash flow hedge reserve	n.a.	n.a.	n.a.
Other reserves - deemed to be non equity reserves	n.a.	n.a.	n.a.
M : EQUITY	3,629.0	2,687.0	1,749.0
Revaluation Reserves	-22.0	4.0	58.0
Goodwill	47.0	66.0	67.0
Deferred income tax assets - to be deducted from equity	37.0	34.0	27.0
Other intangible assets - to be deducted from equity	n.a.	n.a.	n.a.
Deferred acquisition costs (insurance)	n.a.	n.a.	n.a.
CORE CAPITAL	3,567.0	2,583.0	1,597.0
Eligible Weighted Hybrid Capital	1,528.7	1,107.0	684.4
FITCH ELIGIBLE CAPITAL	5,095.7	3,690.0	2,281.4
MEMO: Total Weighted Hybrid Capital	2,207.0	2,240.0	734.0
MEMO: Eligible Hybrid Capital Limit	1,528.7	1,107.0	684.4
MEMO: Potential for Further Eligible Hybrid Issuance	0.0	0.0	0.0

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