

ANGLO IRISH BANK

KBW European Financials Conference

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www.angloirishbank.com

- **A simple business model**

- **Lending**

- Senior secured term lending, emphasis on cash flow
 - Relationship based
 - Central approval of every loan

- **Funding**

- Mostly customer funded
 - Wide franchise – 16 geographic markets

- **Highly capital accretive**

Evolution of Anglo – 3 Decades



Three core markets – centrally controlled

FY 2008 IMS 13 August 2008 - Key Messages

- Growth in earnings per share of c.15%
- Strong asset quality – FY lending impairment charge between 0.13% and 0.18%
- Broadly stable net interest margins
- Active management of cost base
- FY loan growth of c.15% - H2 c.5%
- Strong balance sheet with a significant high quality liquidity portfolio
- Significant equity capital generation –Core equity ratio c.6.0%

Strong performance for the full year



Current Market Issues

- Asset Quality
- Funding
- Capital

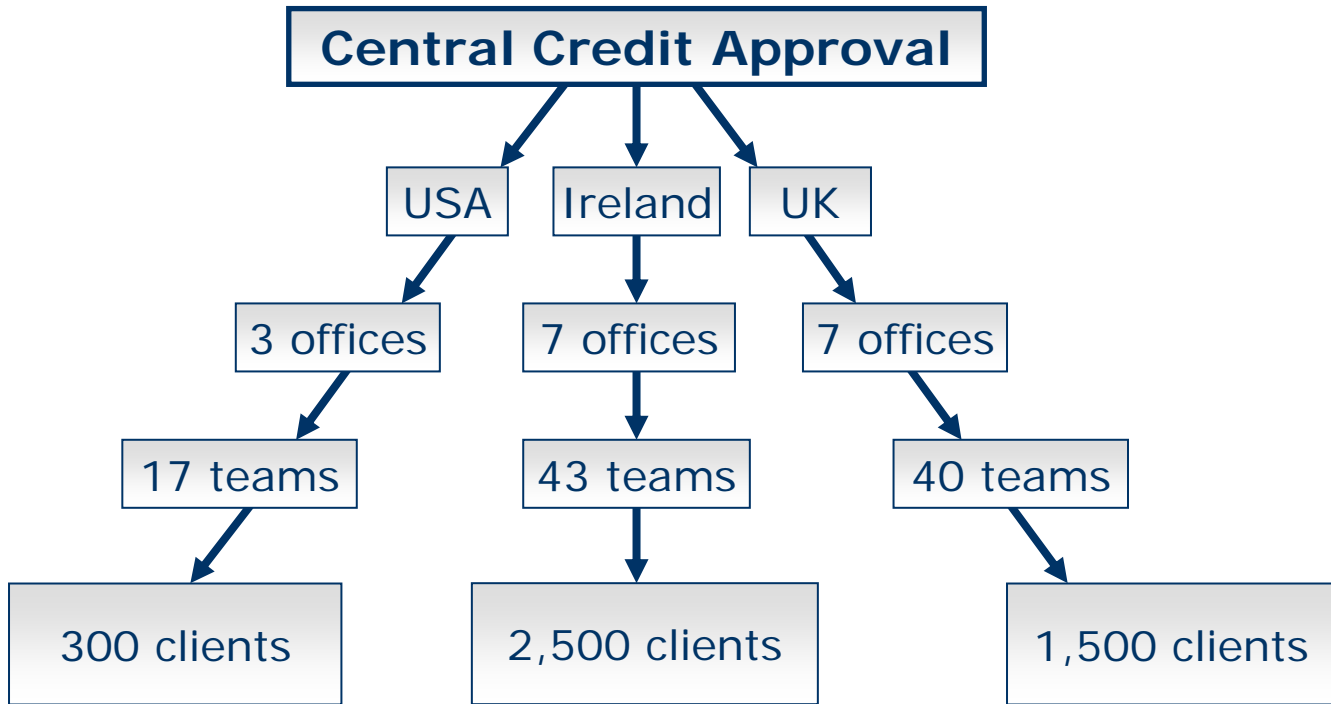
Lending Underwriting Model

- Traditional Balance Sheet lender – no transactional or 'bought' loans
- Strict focus on cash flows
- Professional experienced well capitalised client base
- All lending secured, cross collateralised with personal recourse

We lend against cashflows not asset values



Lending Organisation Structure



Consistent 'Private Banking' approach across all geographies

Group Loan Book Metrics

Average LTV 73%

Debt service cover 1.34x

Interest rate hedging 57%

- LTVs indexed to current market
- Continuing strong cashflows
- Hedging provides certainty

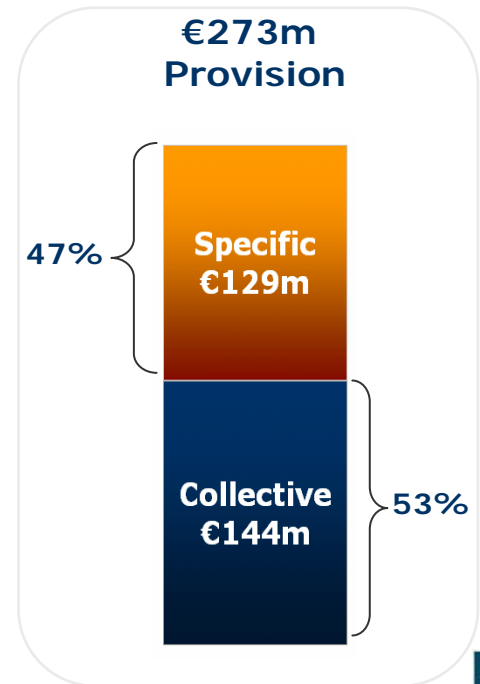
Loan book remains strong



Lending Asset Quality

31 March 2008

Total loans - €bn	69.0
Impaired loans - €m	358
Impaired loans as a % of total loans	0.52
Total provisions - €m	273
Coverage	76%



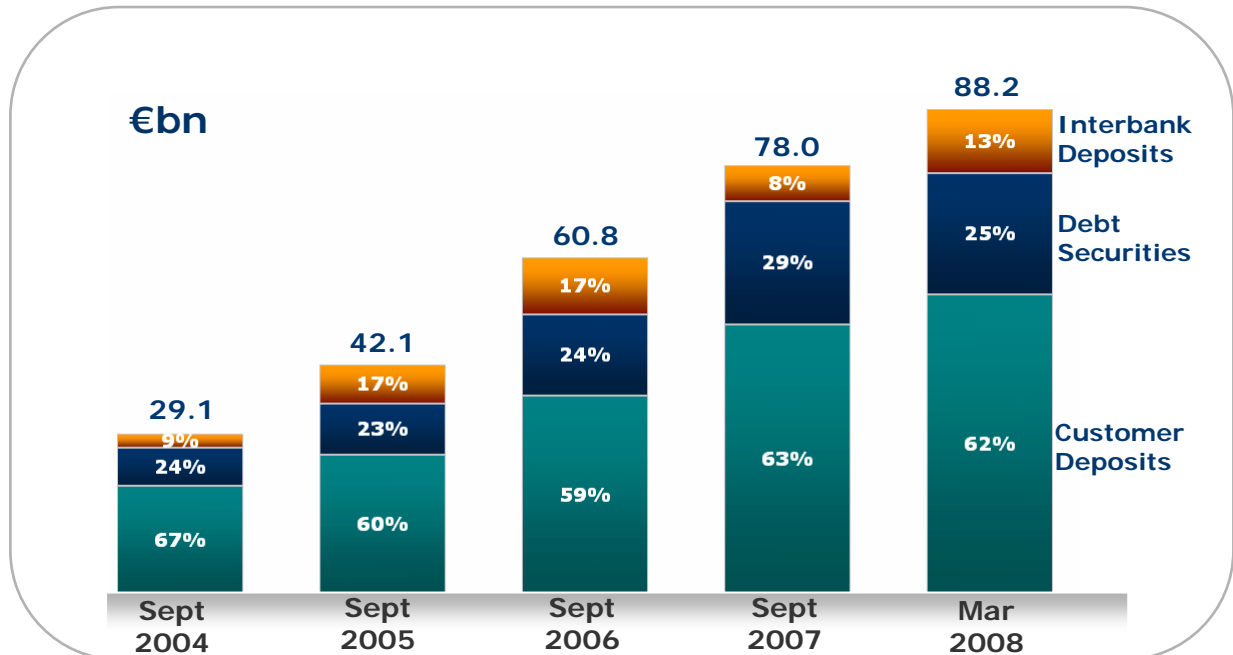
Strong coverage notwithstanding strength of security held

Asset Quality Outlook

- Maintaining strong asset quality is at the core of our underwriting model
- Impairment charges will increase in 2009 reflecting the weaker economic environment
- 2009 consensus impairment charge 0.7% - a 4-5 fold increase on the forecasts 2008 charge
- Even at this level the Bank continues to be highly profitable and Capital Accretive

Funding

- Customer funding predominant part of overall funding profile



Consistent funding mix

Simple Balance Sheet – 31 March 2008

Assets	€bn	Liabilities	€bn
Customer Lending	69	Customer Deposits	55
		Term Debt	16
		Capital / Sub Debt	9
Customer Lending	69	Permanent Funding	80
Treasury Assets	28	CP / Money Market	18
Other	4	Other	3
Total	101	Total	101

Customer deposits plus term market funding = 116% of customer loans

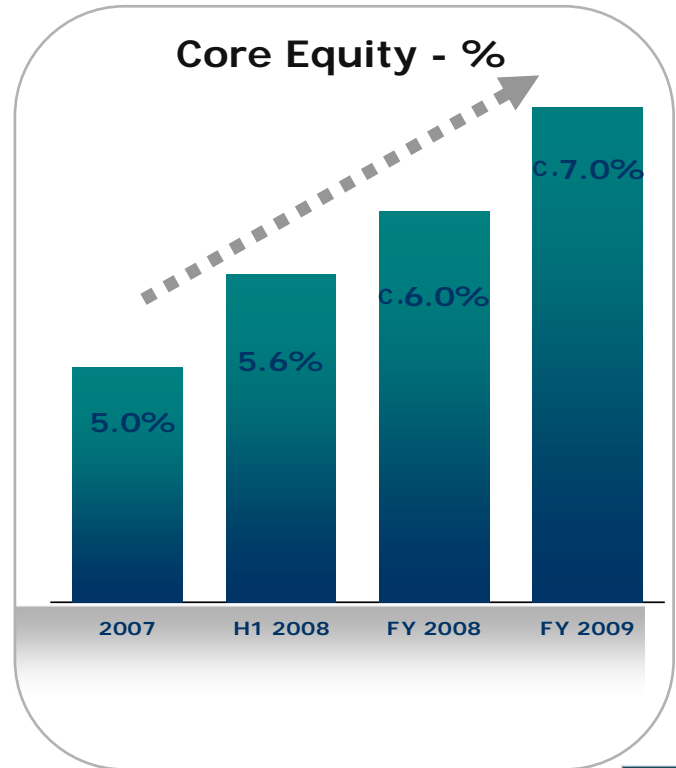


Funding

- Longer term funding markets continue to be dislocated
- Back to basics
- Focus on protecting the balance sheet
- New lending will be funded by 'permanent' funding

Capital

- Strong internal capital generation
- FY 2008 retentions c.€1bn
- Sep 2008 core equity c.6%



No requirement for external equity capital

Short Term Outlook

- Strong FY 2008 performance
 - EPS +15%
 - Moderate loan growth
- Economic environment to remain very challenging in 2009
- Management focus on
 - Asset quality
 - Balance sheet strength

Resilient and strong business model



Compelling Medium and Long Term Opportunity

- Significant market shift to “Balance Sheet lenders”
- Changed competitive landscape – exit of non-bank lenders
- 25 years of performance through cycles – strong asset quality culture
- Franchise strength with huge organic potential in existing markets
- Long established management team

Consistent delivery for shareholders



ANGLO
IRISH
BANK



There is a
Difference