

Anglo Irish Bank Corporation Limited
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Anglo Irish Bank 

Dear Customer

As you will be well aware, there has been much speculation about the future of Anglo Irish Bank Corporation Ltd. (the Bank) over recent times and I feel compelled to write to you in an effort to provide clarity and reassurance.

Over the course of this year the Bank has been working with the Department of Finance and the Irish Central Bank to decide upon the future of the Bank. A plan for the Bank's restructuring was submitted to the European Commission (EC) in May and given changing circumstance in the broader economy and financial sector in Ireland, it was revised in August and October. The speed of deterioration in the economy and the banking sector since has culminated with the Government, International Monetary Fund (IMF) and the EC agreeing a substantial assistance package for the country.

A leading factor driving the current problems is the bursting of the property asset bubble which has flowed through to loan books of the banks and created enormous losses which in turn has forced the full or partial nationalisation of the sector.

A key part of the bank rescue package has been the ongoing guarantee of deposits by the Government. The Government has confirmed that the deposit guarantees will continue and as a result, you can be assured that your deposit funds will remain safe.

Some of the statements over recent weeks have been that deposits in the Bank will be transferred to another bank. I want to stress that no formal decisions have been made in this regard at this point and that should this happen, it would only be after proper consideration and approval by multiple parties including the Central Bank, the Government and the EC. Naturally, a process of full consultation with you, as a valued customer, would be integral to the process. Having said this, I'd like to give you my high level view should it happen.

Broadly speaking, a transfer would need to be considered in the context of the best service for depositors in the current environment and the best location for them in the context of assisting to stabilise the financial sector at this very critical time for the nation. While we are committed to continuing to provide you with the best possible ongoing service, it may, however, be more beneficial for Ireland if the most stable and valuable customers, with their deposits, are concentrated in a small number of Banks that will be key to supporting the nation's growth as the economy bottoms out and moves into recovery. It is very important that Ireland re-builds its banking sector as doing so is an absolute pre-requisite to supporting lending activities to individuals and businesses in the future. We would be very sorry to see any of our long standing and loyal customers move their business to another bank, but understand if it does happen, that there may be very good reasons for this. I would ask you also to consider this.



It has also been widely reported that the Bank is likely to close by the end of January. I can assure you that this is not the case. There is no plan or intention to pursue such an outcome. There is, however, an initiative underway to change the name of the Bank. We feel that it is now time to do this as the changes in the Bank since nationalisation have resulted in a fundamentally different organisation that needs to continue to distance itself from events of the past and practices of previous management. In response to this, we have an entirely new board of directors, led by our Chairman, Alan Dukes. We have also replaced all senior executive management of the Bank and instituted a comprehensive re-build of our risk management and control processes, and we are heavily focusing on recovering as much value for the taxpayer as possible from the distressed loans the Bank continues to hold.

Looking to the future, it is our view that the Bank can assist the repair of the banking system by acting as a mechanism to warehouse, restructure and recover value from the legacy loan books of the Bank as well as stressed books of other Irish banks. This will be a lengthy process that will take many years to work through.

Over the coming month we will be working closely with the Irish Central Bank, the Department of Finance and the EC to decide on the best path forward. I expect there will be continued speculation in the press and it will not always be accurate. I commit to keep you informed, through our staff, as developments occur and events unfold.

Finally, as a valued customer, I would like to sincerely thank you for your ongoing loyalty and commitment to the Bank.

A handwritten signature in black ink, appearing to read 'Mike Aynsley'.

Mike Aynsley

Group Chief Executive
Anglo Irish Bank