Anglo Irish Bank Corporation Limited

Unaudited financial information for the year ended 31 December 2010

Following another exceptionally difficult twelve month period for both the Bank and the Irish economy, the Bank today presents unaudited key financial information for the year to 31 December 2010. Notwithstanding significant further losses in the year, the Group remains in compliance with minimum regulatory capital requirements set by the Central Bank, as a result of the additional capital support provided by the Shareholder, the Minister for Finance during the year.

The financials for the year ended 31 December 2010 are expected to include:

- Loss for the year of €17.6bn, which includes impairment charges of €7.8bn and a loss of €11.5bn on disposal of eligible assets to NAMA[1];
- Impairment charges include €2.5bn relating to NAMA loans;
- Operating profit before impairment and loss on disposals to NAMA of €1.8bn, due mostly to the liability management exercise, relating to subordinated bonds, conducted towards the end of 2010;
- Effective 31 December 2010 the Bank received an increase to the promissory note of €6.42bn, bringing total capital support over the past two years to €29.3bn;
- Core Tier 1 and Total regulatory capital at year end 2010 of €4.0bn and €4.6bn respectively, with risk weighted assets of €36.7bn;
- At 31 December 2010 the Bank expected to transfer a further €1.1bn[2] of nominal loan assets to NAMA;
- Following the completion of loan asset transfers to NAMA, nominal customer loans will be approximately €35.8bn[3] with cumulative specific provisions at 31 December 2010 of €8.8bn.

Recapitalisation

As a consequence of the losses incurred during the year, the Minister for Finance and the Bank agreed to further recapitalisation through an increase of €6.42bn to the promissory note to a total of €25.3bn effective 31 December 2010 to ensure compliance with minimum regulatory capital requirements. The note has a market rate of return and pays 10% of the initial principal amount each year.

The Total capital ratio at 31 December 2010 was 12.6% and the Core Tier 1 ratio was 11.0%. These ratios do not include the benefit of derogations granted by the Central Bank which expired on 31 August 2010. The Bank's capital resources have benefited from €17.0bn of capital contributions from the Shareholder during 2010. The loss for the year includes €11.5bn of losses incurred on disposal of assets to NAMA which includes a negative fair value adjustment of €2.2bn on NAMA bonds received. The final loss on transfer will only be determined following the completion of NAMA's due diligence in respect of all assets transferred. A further €1.1bn of gross customer loans are expected to transfer to NAMA in the first half of 2011.

Income statement

Net interest income was €0.7bn for the year ended 31 December 2010. The cost of funding increased materially during the year.

Total expenses for the year amount to €354m compared to €309m pro rata for 2009. The increase is driven by exceptional expenses of €62m incurred in relation to the Bank's restructuring, NAMA process and legacy matters (2009: €20m pro rata), and provisions of €27m for restructuring and legacy matters (2009: €14m pro rata). Staff costs amount to €130m in the year compared to €154m pro rata in 2009. Other administration expenses amount to €108m (2009: €94m pro rata) with increased asset quality related professional fees offsetting reductions in other cost lines.

Headcount at December 2010 was 1,296 representing a decrease of 16% over the year.

Statement of financial position/balance sheet

Total assets at 31 December 2010 were €72.2bn, down from €85.2bn at 31 December 2009. This incorporates €26.0bn of lending assets (2009: €56.3bn) including €1.0bn (2009: €25.5bn) of eligible NAMA loan assets classified as held for sale; €2.2bn (2009: €7.9bn) of available-for-sale financial assets; €3.5bn (2009: €7.4bn) of loans to banks; €25.7bn (2009: €8.3bn) of Government issued promissory note (including accrued interest); and €10.6bn (2009: nil) of NAMA Government guaranteed notes. At 31 December 2010 impaired loans totalled €17.5bn (2009: €34.6bn) with cumulative provisions of €10.1bn (2009: €15.0bn). The breakdown of loans including those expected to transfer to NAMA are as follows:

	Loan balances[3] €bn	Provisions €bn	Book value €bn
Post NAMA	35.8	(8.8)	27.0
NAMA	1.1	(0.1)	1.0
Collective Provision		(1.2)	(1.2)
Total	36.9	(10.1)	26.8

Total liabilities at 31 December 2010 were €68.6bn, down from €81.0bn at 31 December 2009. Customer deposits declined from €27.2bn at 31 December 2009 to €11.1bn at 31 December 2010. Borrowings from banks increased to €46.6bn at 31 December 2010 and include €45.0bn from central banks compared with €23.7bn at 31 December 2009. Debt securities in issue at 31 December 2010 were €6.9bn compared with €15.1bn at 31 December 2009.

Conditions in wholesale funding markets remain extremely difficult and the Bank continues to rely on Government and monetary authority support mechanisms. At 31 December 2010 euro denominated borrowings from central banks totalled €45.0bn, and include €28.1bn borrowed under special liquidity facilities. Total borrowings from central banks are up from €26.3bn at 30 June 2010.

Restructuring plan

A fourth updated restructuring plan was submitted on 31 January 2011. The Bank anticipates a sale of its deposit books and NAMA senior bonds in the short term and is engaging in a detailed planning process concerning a merger with Irish Nationwide Building Society in the first half of 2011 and an orderly work out of its loan book over time. The Bank remains fully Government owned and continues to benefit from ongoing support.

Principal risks and uncertainties

The principal risks and uncertainties that could have a material effect on the Group include the impact of general economic conditions, the approval and implementation of the latest restructuring plan, the NAMA process, liquidity risk, credit risk, operational risk, capital and regulatory compliance risk, Government policy risk, market risk, valuation risk, tax risk and litigation risk. In addition continued concerns within the banking industry regarding counterparty and country risk could adversely impact on the Bank. The statements contained in this release should be read in conjunction with the principal risks and uncertainties set out on page 19 of the Bank's Interim Report for the six months ended 30 June 2010. Copies of this document are readily available upon request or can be downloaded from www.angloirishbank.com/investors.

Basis of preparation

This update is not an interim management statement nor is it a preliminary announcement of annual results. It is published for information purposes only and is not intended to be a complete statement of financial position. The information provided is not an extract from, nor a summary of, the full audited annual report and accounts for the Group, which will be published by 31 March 2011. The information is unaudited. A number of important factors could cause the information presented in the full audited results to differ from that contained in this release, in particular the implementation of the joint EU-IMF programme for Ireland which provides for a fundamental restructuring of the Irish banking sector. The Board of Directors has assumed the continuation of liquidity and capital support from the Shareholder and the continued ability to access monetary support mechanisms.

A copy of the full annual report and accounts for the year ended 31 December 2010 will be available on the Group's website: www.angloirishbank.com by 31 March 2011.

[1] Losses on transfers to NAMA will only be finally determined following the completion of NAMA's due diligence in respect of all assets transferred.

[2] NAMA has discretion as to which assets will be acquired and has not confirmed the final amount to the Bank.

[3] Nominal loan balances include €0.8bn of lending associated with the Group's assurance company.

Forward looking statements

This release includes statements that are, or may be deemed to be, forward looking statements. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. The statements are based on current expected market and economic conditions, the existing regulatory environment and interpretations of IFRS applicable to past, current and future periods. Nothing in this statement should be construed as a profit forecast.

-Ends-

8th February 2011

For further information please contact:

Billy Murphy / Martha Kavanagh
Drury Communications
Tel: 01 2605000