

Joint EC Restructuring and Work Out Plan for Anglo Irish Bank and Irish Nationwide Building Society

31 January 2011

Introduction

- The following document outlines the **Joint EC Restructuring Plan for Anglo Irish Bank (“Anglo”) and Irish Nationwide Building Society (“INBS”)**, and has been **developed by a working group** including representatives from the Department of Finance, NTMA, the Central Bank of Ireland (the “Authorities”), Anglo and INBS
- The Joint Restructuring Plan is **primarily guided by the agreement reached between the Irish Authorities, the EU, IMF and ECB in November 2010** and seeks to provide further detail and specification on the restructuring and work out solution for Anglo and INBS outlined therein
- This plan assumes **a merger of the two entities in H1 2011** and the numbers that are presented are for the combined institution. The **2010 Year End numbers are a pro-forma** of actual year end numbers, excluding deposits franchises and NAMA bonds planned for transfer
- Implementation of the Joint Restructuring Plan is **subject to approval by the European Commission**

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Context

- **Anglo Irish Bank (Anglo)** has historically focussed predominantly on commercial property lending in Ireland, the UK and US. Anglo was fully nationalised on 21 January 2009 following unprecedented market events and mounting loan losses. The Bank has since required substantial State aid
- **Irish Nationwide Building Society (INBS)** was established primarily as a residential property lender, but increased its focus on commercial property lending from 2004-08. It has required substantial State aid since September 2008, as a result of issues identified in the June 2010 Restructuring Plan and is now fully state owned
- **Anglo and INBS have recently submitted standalone restructuring plans to the European Commission:**
 - **Anglo submitted a Revised Restructuring Plan on 22 October 2010** (developed with the Irish Authorities) proposing a split into a Recovery Bank and a Funding Bank. This Plan required a total State capital injection of €29.3B, in base and €34.0B in stress
 - **INBS submitted a Restructuring Plan on 22 June 2010** recommending a “preparation for sale” strategy, with a view either to completing a sale (contingent on performance and the market environment) or to pursuing other strategies such as wind-down or merger in the future. This Plan required total government injections of €10.1B under the “wind down until 2020” case (consisting of capital of €4.6B and funding of €5.5B) and €11.4B under the wind down stress case. INBS has received capital injections of €5.4B to date
- **On 28 November 2010, the EC, IMF, ECB and Irish National Authorities agreed on a €85B programme for Ireland** including a National Recovery Plan and a financing package to strengthen the economy, financial system and public finances
- **Consistent with the terms of this programme, the Joint Plan assumes that the Irish Authorities will transfer the deposit franchises and NAMA bonds of both entities.** Deposit franchises (~€14B of deposits) will include associated capabilities, (but exclude up to €1B of deposits currently in secured or related to borrower accounts¹)
- **This Joint Plan proposes to combine what remains within both Anglo and INBS to create a single licensed, fully regulated and Government-owned bank**, focussed on working-out legacy commercial property and other loans within 10 years to minimise capital losses and managing residential property loans for eventual sale

1. “Secured deposits are either secured to the Bank (i.e. charge over deposit), or secured to NAMA; Related deposits are unsecured but held by borrowers whether subject to a contractual set off right of the Bank or not

Executive Summary

- Anglo and INBS will be merged into a single entity:
 - The merged bank will be legally independent (within limitations of the law) with its own Board, governance functions and management team
 - A prudent transition period is required to manage towards full merger, recognising the risks of combining operations/systems
- The merged bank will be a licensed, fully regulated and 100% Government owned bank which will:
 - Wind down commercial property and other loan assets of Anglo/INBS within 10 years to minimise capital losses
 - Manage the residential property assets of INBS for eventual sale (assumed in the plan after 5 years)
 - Rely fully on Central Bank or similar funding (e.g. CBI/ELA) supplemented by existing wholesale liabilities (running off in the near term according to existing schedules). Will not hold retail or corporate deposits (except €1B of deposits secured or related to borrower)
- The objective of this proposed model is to avoid the risk of further losses from new lending and concentrate expertise in managing effective wind downs and minimising capital losses in a single entity. As far as possible – the merged entity will seek to minimise and place a cap on State aid requirements
- The proposed Joint Restructuring Plan is not expected to require any additional capital beyond that injected to date in the base case providing the assumptions set out in this Plan are realised (see reference to key risks and assumptions below). The on-going funding requirement will be reduced by asset realisations over the life of the plan:
 - Capital: €34.7B has been injected to date (€29.3B in Anglo and €5.4B in INBS) satisfying the capital requirements for the merged entity in the forecast base case scenario. Capital requirements would increase to €37.9B in a stress scenario (with an additional €3.2B capital to be injected over the plan period).
 - Funding: €49.1B of Central Bank or similar (e.g. CBI/ELA) funding will be required immediately following the transfer of deposits and NAMA bonds¹. There will be an ongoing funding requirement for the life of the bank (€36B-€47B up to 2015)
 - Guarantees: No guarantee fees paid except on secured, or related to borrower deposits (50 bps fee for the duration of the ELG scheme) and bonds outstanding (95-125bps fee in 2011)
- Several significant risks and assumptions have been identified for which management and the Authorities are identifying feasible mitigating actions. In the near-term, the most significant risks include (see page 13 for overall summary of risks):
 - Triggering default: any action related to this plan may trigger event of default which would lead to a cessation of business challenge
 - Deposit and NAMA bond transfers: may occur below book value, or require additional costs, while increasing operational risks
 - Funding: may not be able to access €49.1B of Central Bank funding in the required currencies at the pricing and duration required
 - Currency risk: Merged entity may have limited/restricted market access, compromising ability to manage structural currency mismatch

1. Assumes NAMA bonds are successfully sold or funding requirement rises by ~€15B

Slide 5

KC1

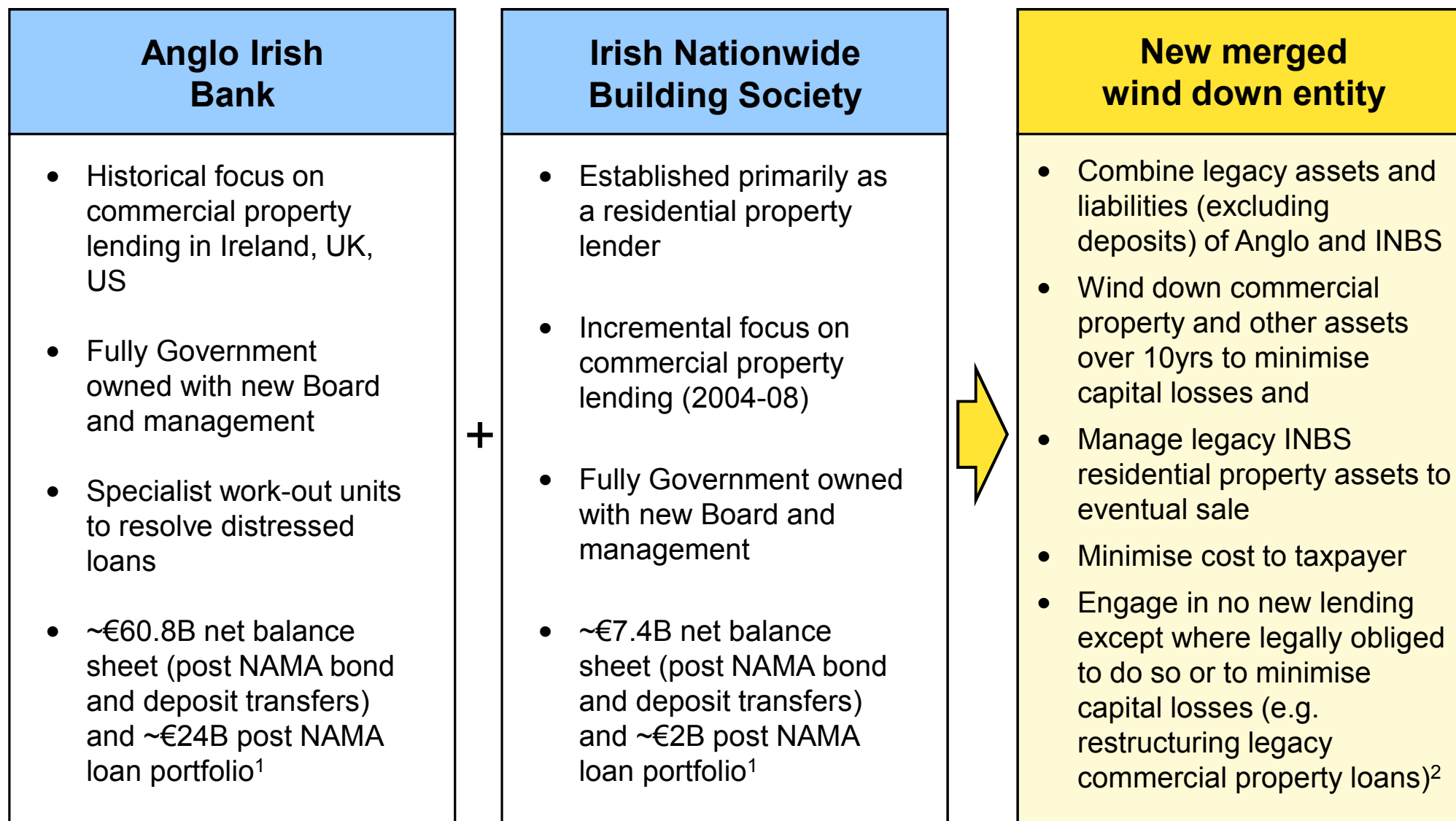
not confidential - €3.3 bn capital figure published in the Decision

Karen Cullen, 18/10/2011

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Anglo and INBS will combine into a single merged bank focussed on winding down their combined assets



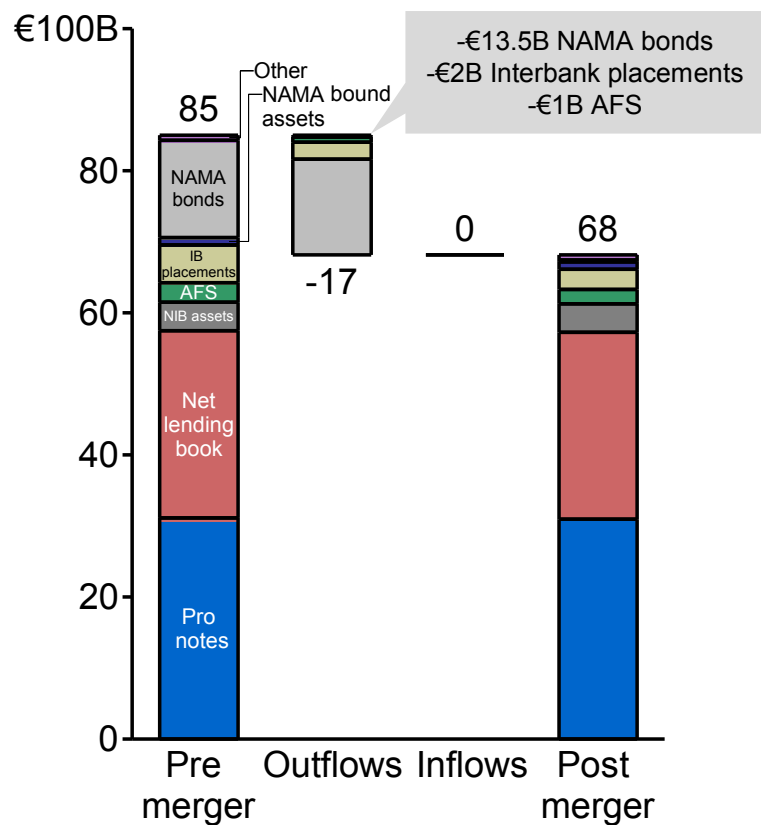
1. As of unaudited 2010 YE Financial pro-formas

2. Specific lending restrictions and caps will be defined in a separate commitments document to be agreed between the Irish National Authorities and the European Commission

The Joint Plan assumes that Anglo and INBS will sell their deposit franchises and NAMA bonds at book value, before merger

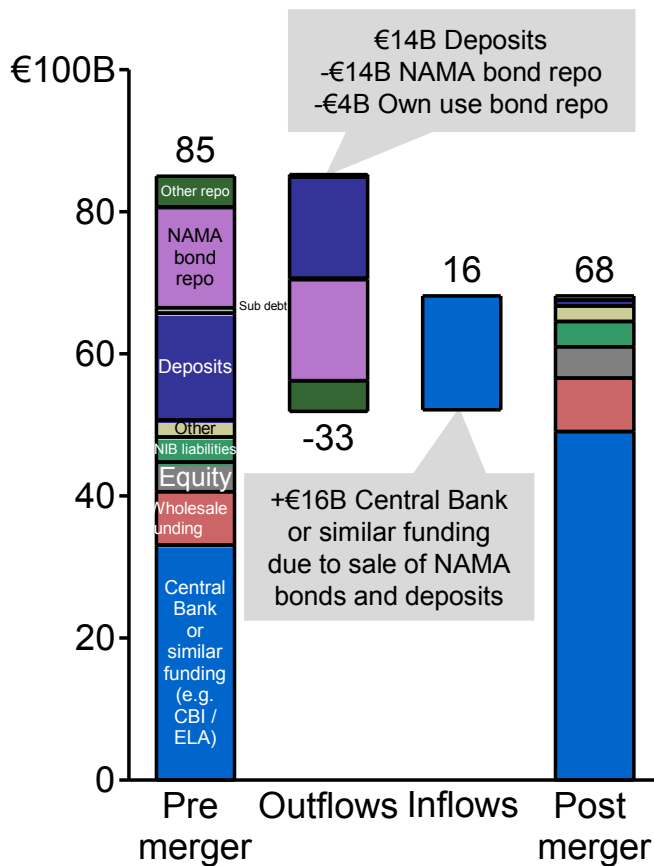
Assets

Combined Anglo and INBS
balance sheets - Assets



Liabilities

Combined Anglo and INBS
balance sheets - Liabilities



Comments

- EC/IMF/ECB agreement requires Anglo and INBS to sell deposit franchises and NAMA bonds
- Plan assumes deposit franchises and NAMA bonds are sold at book value before merger
- ~€16B additional funding (e.g. CBI/ELA) will be required following this sale. INBS's (€4B) own use bond is also due to mature on 2 March 2011
- Up to €1.0B of deposits (primarily legacy secured, or related to borrower accounts) will be excluded from sale and will continue to be managed within the merged entity (currently €0.8B from Anglo; €0.006B from INBS)

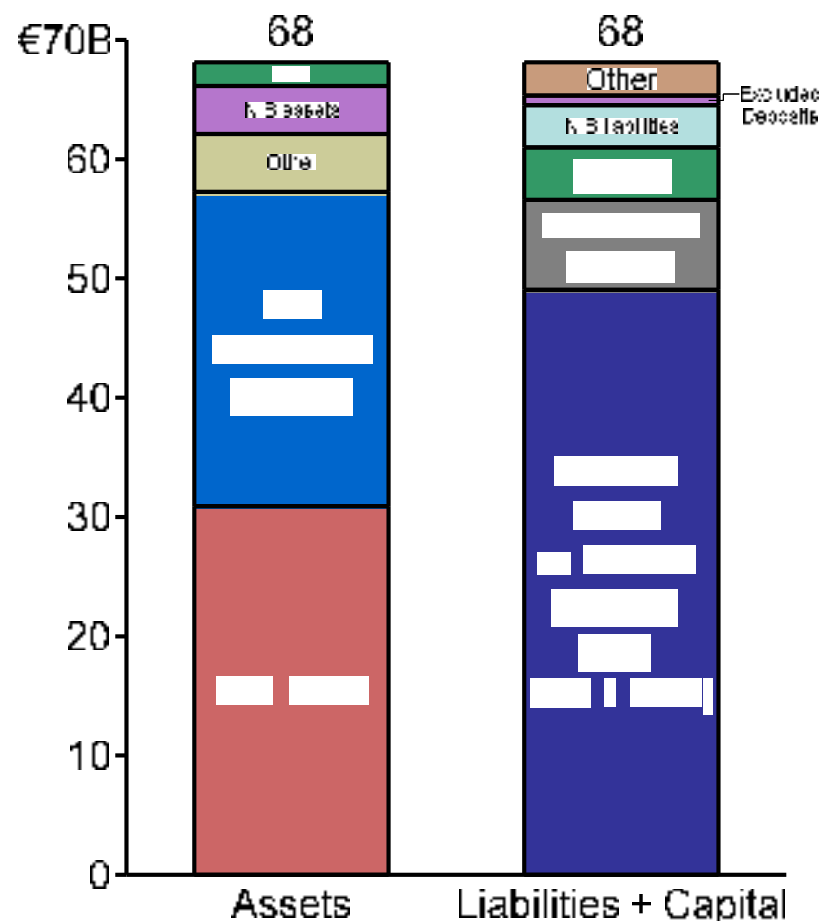
The Joint Plan is therefore to consolidate remaining assets and liabilities into a single bank with a ~€68B balance sheet

BASE CASE

Assets

- €26.3B of net customer assets post-NAMA transfers (gross €37B loan book less €10B of provisions)
 - €24B from Anglo and €2B from INBS
- €30.9B Government pro-notes with interest capitalised over the plan period
 - €26B from Anglo and €5B from INBS
- €2B AFS securities, sovereign and senior bank bonds (as part of AFS) for collateral
- Remaining balance in non-interest bearing and other assets (including €3B of Interbank placements in a liquidity portfolio)
 - In addition Merged Entity will continue to carry Inter-Bank deposits

Merged Entity Day 1 balance sheet



Liabilities + Capital

- €49.1B of Central Bank or similar (e.g. CBI/ELA) funding
- €7.5B of retained wholesale funding (maturing within 4 years)
 - €6.9B from Anglo and €0.6B from INBS
- Remaining liabilities include up to €1B of legacy secured, or related to borrower deposits, and other non-interest bearing liabilities
 - Includes foreign denominated derivative liabilities
- No additional equity required to maintain 8% total capital ratio over the Plan period in the base case
 - In stress case €3.2B of additional capital will be required

[Note: Anglo has \$200M sub-debt remaining – further burden-sharing actions will be taken]

The combined loan book will be wound-down within 10 years

BASE CASE

Balance Sheet (€B)												
Year end	2010E	2010 post-M	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assets												
Net lending book	26.4	26.3	23.5	21.8	19.7	17.6	14.6	11.8	9.1	6.4	3.2	
NAMA bound assets	1.0	1.0	-	-	-	-	-	-	-	-	-	
Pro' note (floating)	4.6	4.6	4.3	4.1	3.8	3.5	3.2	2.8	2.5	2.2	1.8	1.4
Pro' note (fixed)	26.5	26.3	24.4	23.3	22.1	20.8	19.4	18.0	16.5	14.9	13.2	11.5
NAMA bonds	13.7	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Classified as held for sale	0.7	0.7	-	-	-	-	-	-	-	-	-	-
AFS	2.7	2.0	1.3	0.7	-	-	-	-	-	-	-	-
Non interest-bearing assets	4.0	4.0	3.6	3.3	2.9	2.6	2.3	1.9	1.4	1.0	0.5	-
Interbank assets	5.3	2.9	2.6	2.5	2.3	2.2	2.0	1.8	1.6	1.3	1.1	0.8
Total	85.0	68.1	60.1	55.8	51.1	46.9	41.8	36.6	31.4	26.2	20.1	14.0
Liabilities and capital												
Deposits	15.0	0.8	0.7	0.7	0.6	0.5	0.5	0.4	0.3	0.2	0.1	
Wholesale funding	7.5	7.5	5.4	1.1	1.0	1.0	0.0	0.0	0.0	-	-	-
NAMA bonds repo ⁴	14.2	-	-	-	-	-	-	-	-	-	-	-
Other repo	0.7	-	-	-	-	-	-	-	-	-	-	-
AFS repo funding	1.5	1.5	1.0	0.5	-	-	-	-	-	-	-	-
Own use bond repo	3.7	-	-	-	-	-	-	-	-	-	-	-
CBI / ELA funding	33.0	49.1	46.0	47.1	43.3	39.6	36.7	31.8	26.9	21.8	15.9	9.9
Securitisation	0.9	0.7	0.7	0.6	0.6	0.5	-	-	-	-	-	-
Non interest-bearing liabilities	3.5	3.5	3.1	2.9	2.6	2.3	2.1	1.7	1.3	0.9	0.5	-
Sub debt and other capital instruments	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Equity	4.2	4.4	2.6	2.4	2.4	2.4	2.1	2.3	2.6	2.9	3.2	3.7
Total	85.0	68.1	60.1	55.8	51.1	46.9	41.8	36.6	31.4	26.2	20.1	14.0
Key Ratios (%)												
Core tier 1 capital ratio	11%	13%	9%	10%	11%	12%	13%	17%	24%	36%	70%	>100%
Total capital ratio	13%	15%	11%	11%	12%	13%	14%	18%	25%	37%	71%	>100%
Capital overhang			0.9	0.9	1.0	1.2	1.2	1.6	2.1	2.6	3.2	3.7
Income Statement (€M)												
	2010E	2010 post-M	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net interest income	-	-	757	567	441	364	274	218	211	222	253	297
Other income	-	-	144	20	16	14	13	10	6	3	1	1
Total income	-	-	902	587	457	378	286	228	217	224	254	297
Opex	-	-	(221)	(183)	(161)	(139)	(117)	(91)	(74)	(68)	(65)	(65)
Exceptional expenses	-	-	(61)	(34)	(21)	(18)	(16)	(12)	(10)	(10)	(10)	(10)
Pre-impairment income	258	-	620	370	275	220	153	126	133	147	179	222
Impairments	(5,686)	-	(1,523)	(454)	(168)	(154)	(334)	(121)	(99)	(76)	(53)	(27)
Loss on disposal	-	-	(144)	(59)	(120)	(97)	(74)	189	243	292	272	368
NAMA bonds write back	-	-	21	-	-	-	-	-	-	-	-	-
Share of results of associate	(105)	-	-	-	-	-	-	-	-	-	-	-
Loss on NAMA transfers	(16,881)	-	-	-	-	-	-	-	-	-	-	-
LME	1,598	-	-	-	-	-	-	-	-	-	-	-
Profit before tax	(20,816)	-	(1,612)	(143)	(13)	(31)	(254)	193	277	363	398	564
Tax	-	-	-	-	-	-	-	(24)	(35)	(45)	(50)	(70)
Profit after tax	(20,816)	-	(1,612)	(143)	(13)	(31)	(254)	169	242	318	348	493
Dividend	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	(20,816)	-	(1,612)	(143)	(13)	(31)	(254)	169	242	318	348	493
Key income statement ratios												
Net interest margin			+132	+109	+92	+83	+69	+62	+69	+85	+120	+187
Cost / income ratio			25%	31%	35%	37%	41%	40%	34%	30%	25%	22%
ROE			-46%	-6%	-1%	-1%	-11%	8%	10%	12%	11%	14%

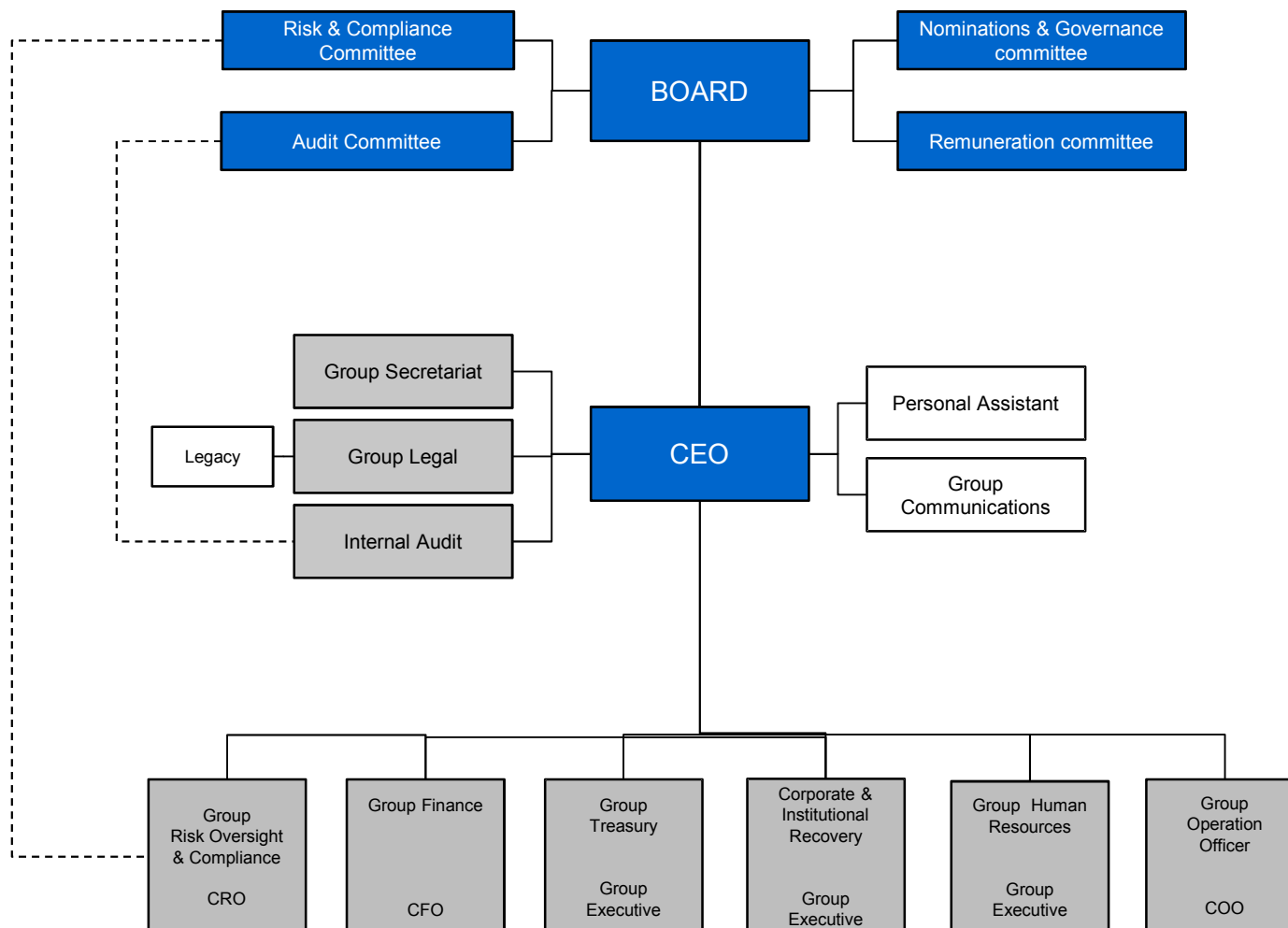
Face value of pro-note floating €4.6B, fixed €26.1B; balance sheet amounts include accrued interest
 1. Own use bond repo matures in March 2011
 2. Does not include €155M of additional pre merger savings due to deposit transfers and other pre-merger changes
 3. Repo volume of NAMA bonds based on gross value
 Note: Assuming constant currency basis

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Comments

- Wind-down of consolidated loan book over 10 yrs, ~45% of net book in first 5 years
 - 41% of net commercial property and other loan book to run-down during first 5 years at average recovery value of 66% of gross value
 - Legacy INBS residential property loans managed over 5 years, (with 29% run-down by 2015) remaining portfolio then sold
- NAMA senior bonds sold by merger, subordinated bonds remain
- Deposits sold pre merger €0.8B of secured, or related to borrower accounts remain
- Existing wholesale funding remains and majority matures within 4 years. No new issuance assumed (but could be resumed if market conditions allow)
- AFS funding and securitised loans remain (ECB eligible collateral – now 50% bilateral)
- Plan primarily relies on Central Bank or similar (e.g. CBI/ELA) funding with €49B needed post merger falling to €16B by 2019
- Equity to maintain total capital ratio above 8%, no further injections in base
- Opex synergies of ~€33M³ over 2 years mainly driven by headcount reductions in commercial property and other lending and support costs. Possible to wind down the book sooner, market conditions permitting
- Impairments for Anglo based on latest YE 2010 provisions and ongoing review of the loan book. INBS mortgage book sold at 20% haircut after 5 years, with 50bps of net book in impairments over that period

The merged entity will be managed by a small focussed ExCo



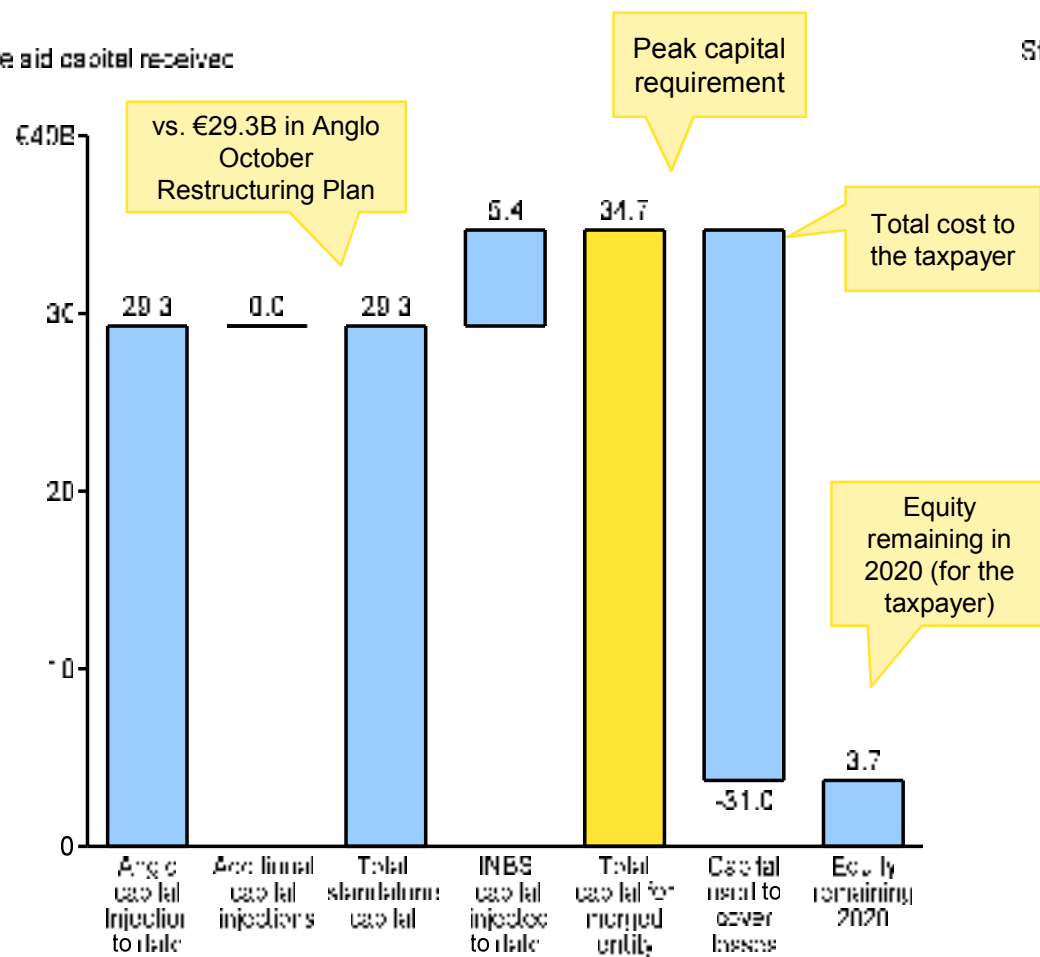
Key Features

- **Governance committees** to oversee activities
- **A small focussed ExCo** with deep financial services expertise to manage the bank day-to-day
- **Corporate functions** to manage, run and oversee the bank (reporting to relevant committees) and facilitate effective operation
- **Specialist units** staffed by experts to manage/wind down merged loans/assets
 - **Corporate and Institutional** unit to wind down commercial property and corporate loans
 - **Group Treasury** to manage risk exposures, funding, FX and securities

Total peak State capital ~€34.7B in base, and €37.9B in stress

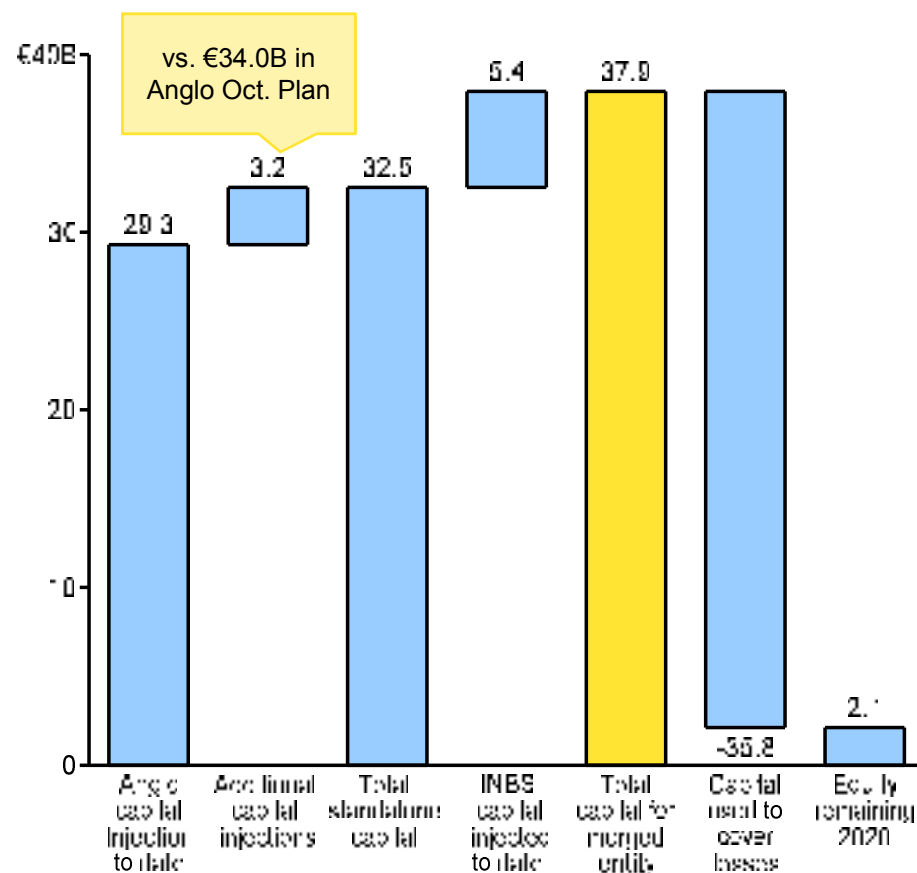
Base Case

State aid capital received



Stress Case²

State aid capital received / required



Note: See appendix for comparison vs. previous Anglo Plan and INBS 2010 restructuring plan;

2. See pages 48 and 49 for summary of key risks

3. Stress scenario assumes lower recovery values for commercial property and other assets and increased haircut on disposal of residential assets in 2015. Stress criteria may differ from EU-wide criteria and does not take into account the risks presented on pages 48-49

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Risks associated with Joint Restructuring Plan

- Any action related to this plan may **trigger an event of default** which would lead to a cessation of business (e.g. lines being withdrawn or payment delays)
- Merged entity may not be able to **access ~[€49.1B of Central Bank or similar (e.g. CBI/ELA)] funding and ancillary facilities to generate required currencies** (e.g. to finance non-Euro exposures) at **prices** specified¹ **(3ME+180bps for euro funding, 3ME+280bps for foreign currency funding)** and at suitable **terms**
- Risk that merged entity will have limited/restricted market access therefore **compromising its ability to manage its structural currency mismatch**
- Deposit and NAMA transfers may **occur below book value, or incur additional costs**. In addition, other **legal and operational risks** associated with these transfers may occur. Also the risk that future NAMA transfers will be at **higher haircuts than currently forecast**
- The merged entity may be unable to **recover the forecasted value of assets** (e.g. in light of the uncertain market outlook in the US, UK and Ireland², the 'wind down' status of the bank, the outcome of ongoing assessments of non-NAMA commercial provisions in INBS and Anglo³)
- [Capital levels (e.g. 8% minimum total capital ratio) may not be seen as sufficient by counterparties in a stress case - and potentially also by rating agencies and other banking partners (Note: low risk if base-case total capital ratios are realised)]** Also, extra capital may be required due to interest rate movements, basis risk, or risk that a sovereign downgrade occurs
- Merger will lead to **elevated operational risks. Timing of merger** may have to be delayed

1. For example, given a significant change in interest rates and/or basis risk

2. See appendix page 56 for more details on changes in key markets and potential impact on timing and quantum of recoveries

3. For example, conducted by Barclays Capital, Blackrock and Mazars as part of their work with the CBI, scheduled to complete on 30 April 2011

Note: See pages 48-49 for further elaboration on these risks and assumptions

Overall objectives

Minimise capital losses from loans and other assets while winding down the book

Minimise State aid requirements while ensuring adequate capitalisation

Commercial Strategy

Securely repay outstanding loans as soon as appropriate, while seeking to minimise capital losses and maximise taxpayer returns. Lend only to honour existing contractual obligations (commercial and residential property loans), and improve recovery values to minimise capital losses ¹

Funding Strategy

Utilise existing capabilities to retain existing wholesale funding and access Central Bank or similar (e.g. CBI/ELA) funding as required. Do not hold deposits except up to €1.0B of primarily legacy secured, or related to borrower accounts

Operating Strategy

Selectively merge assets and capabilities of Anglo and INBS to create a focussed, lean and flexible organisation. Maintain cost efficient structures aligned with the diminishing size of the balance sheet

¹ See pages 19-21 for further information and separate commitments letter

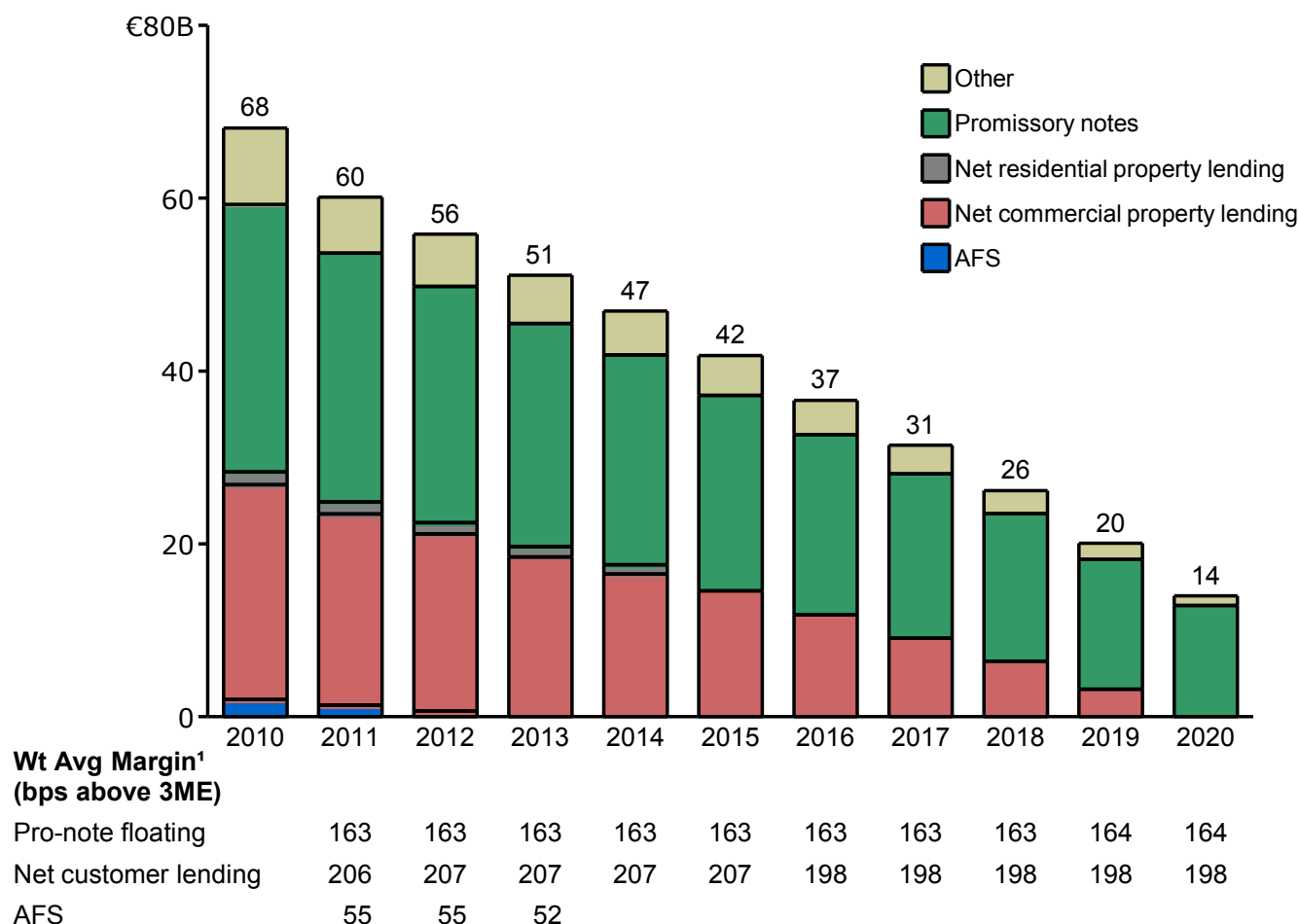
Note: Specific lending restrictions and caps will be defined in a separate commitments document to be agreed between the Irish National Authorities and the European Commission

The primary assets of the merged entity will be the consolidated Anglo and INBS loan books and Government promissory notes

KC3

BASE CASE

Merged entity asset profile



Comments

- **€26.3B** customer net loan book and **€30.9B** Government pro notes, are main assets of merged entity
- **€30.9B** pro note on day 1 post merger, reducing to **€13B** by 2020
 - Anglo runs off **€25.7B** pro note according to agreed profile
 - INBS runs off **€5.2B** pro note according to agreed profile
- Portion of pro note (**€26.3B** at Day 1) held at fixed rate², remainder swapped into floating rate at margin of **163 bps** (over 3ME)
 - Pro-note generates **~€8.3B** of interest income to 2020
- Weighted average customer lending margin decreases from **206** to **198 bps** (over 3ME) as loan book is reduced
 - Customer lending generates **~€2.9B** of interest income during the period

1. Weighted average margins calculated using average starting and ending balances of each year while balances are as of year-end
2. Majority of pro-note at a fixed rate, therefore if Euro interest rate increases margins decrease and could potentially result in negative carry

Slide 15

KC3

Given para 47 and 49 of published decision, the title of this slide may have to be released. The body of slide could be argued to be commercially sensitive/undermine 'commercial interests' if released.

Karen Cullen, 18/10/2011

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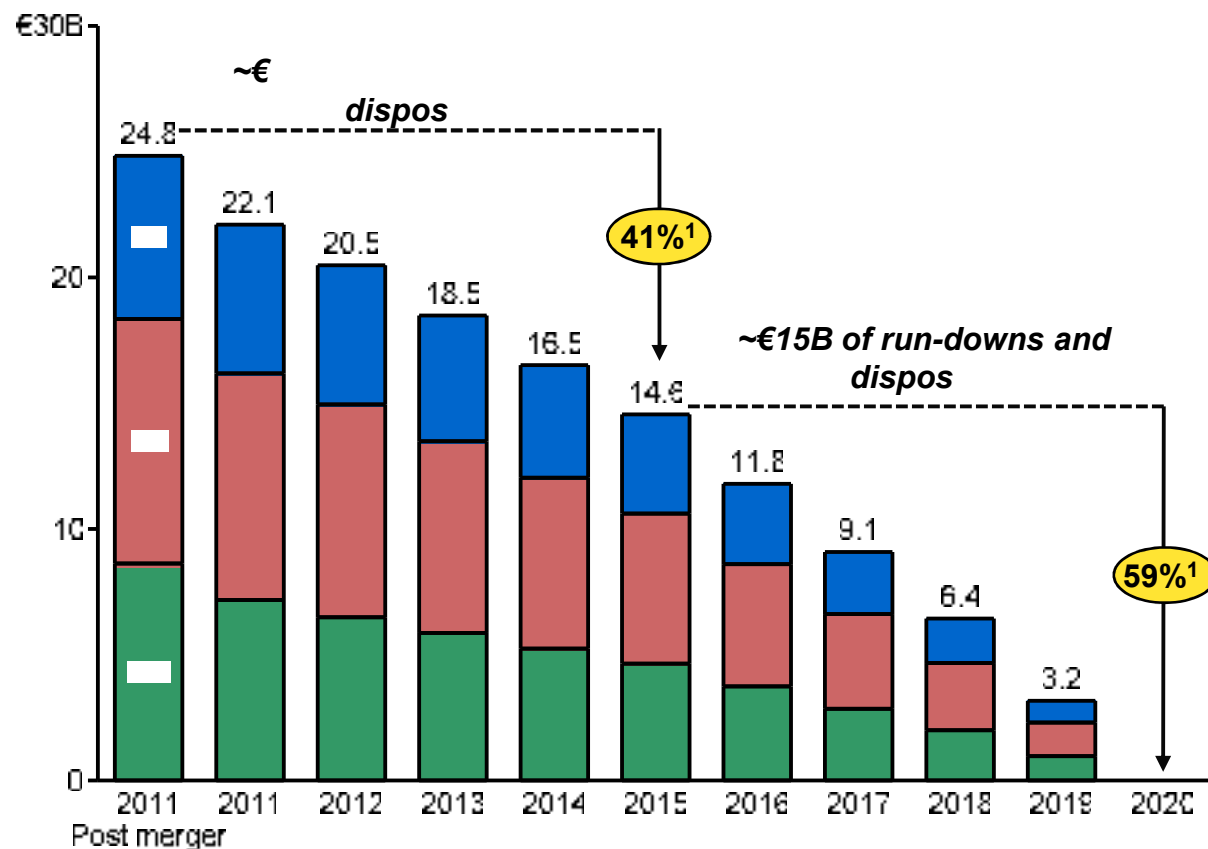
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Loan book of commercial property and other assets will be run-down over 10 years to minimise capital losses and state aid

BASE CASE

Comments

Merged entity
net commercial and other loans



At avg lending
margin (bps
over 3ME)

198 198 198 198 198 198 198 198 198 198

Percentages are based on net customer loan book

As specified in a separate commitments document to be agreed between the Irish National Authorities and the European Commission

Note: Differences between Anglo October 2010 Plan and current Plan driven by different starting book size, increased level of actual impairments between October 2010 – January 2011, sale/refinancing since October 2010, and inclusion of INBS commercial loan book

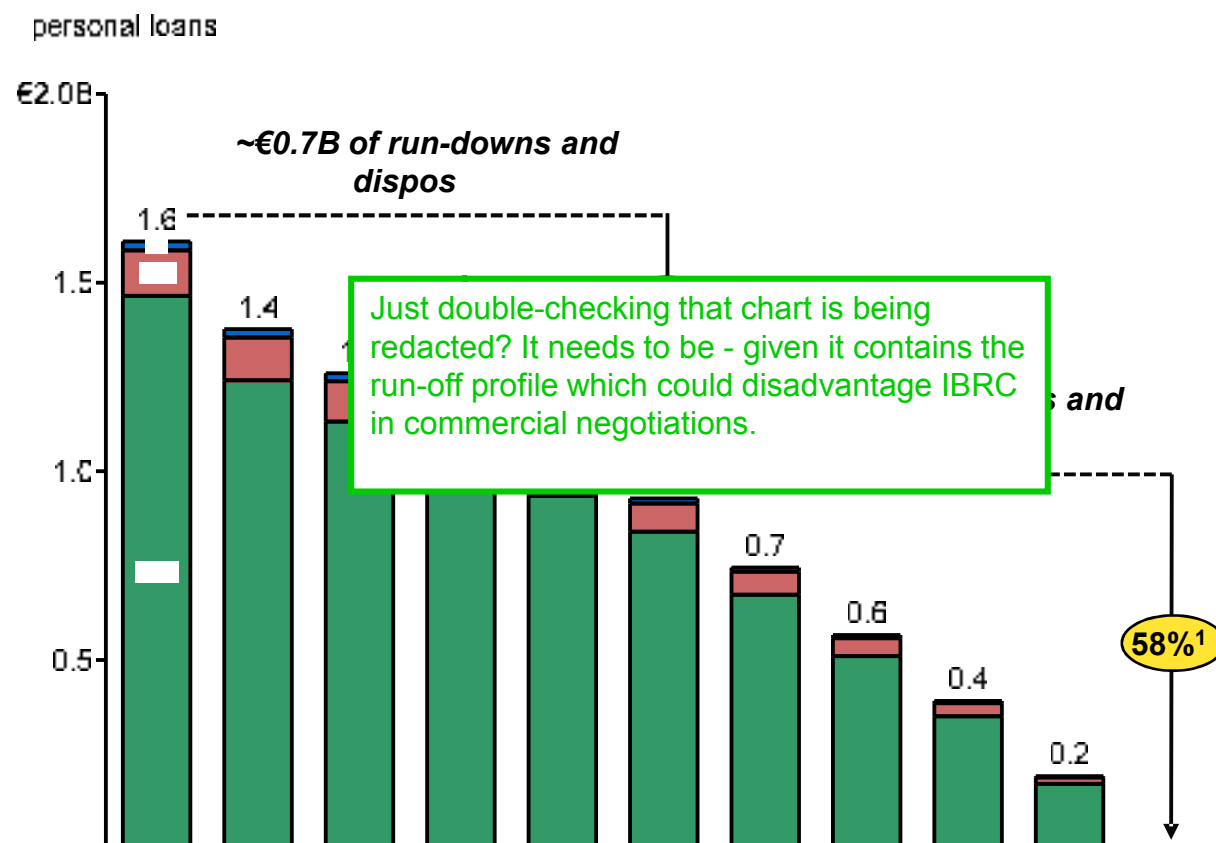
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- The commercial and other assets loan book will run-down over 10 years. ~41% of net book runs-down in the first 5 years
- Run-downs, disposals and loan re-structuring will be managed to minimise capital losses, in accordance with best practices and commitments to EC²
- In the early years the focus will be on extracting value from “higher quality” loans (while also running-off “lower quality” loans where appropriate)
 - Run-downs/disposals of commercial and other assets in early years focussed on extracting value from “higher quality” loans (e.g. in US/UK, where faster recovery is expected) to reduce funding burden
 - As markets recover in latter years, “lower quality” assets will be recovered or sold to minimise foreign currency funds burden and capital losses
 - Pace of Irish book run-down reflects higher impairment levels
- If market conditions allow, the merged entity will seek to accelerate wind down through early asset disposal

[€1.6B of legacy Anglo personal loans are included within the €24.8B commercial net book]

BASE CASE

Comments



- Legacy Anglo personal loans will be run-down and/or be disposed of, over a 10 year period to minimise capital losses. ~42% of net book will be run-down in the first five years
- There will be no new personal lending other than where the bank is contractually obliged to do so
- If market conditions allow, the merged entity will seek to accelerate the wind down/ sale of book

1. Percentages are based on net customer loan book

Note: Specific lending restrictions and caps will be defined in a separate commitments document to be agreed between the Irish National Authorities and the European Commission

Merged entity will strictly limit the extension of additional loss minimising credit to commitments to be agreed with the EC

	Incremental lending (existing customers only)		Restructuring (existing <u>and</u> new customers)	
	1. Meet existing legally binding commitments	2. Preserve and/or minimise capital losses	3. Refinance debt with an existing customer	4. Refinance debt with a new customer
Description	<ul style="list-style-type: none"> Honour contractually committed but not yet paid-out amounts on existing lending facilities Meet obligations arising from existing off-balance sheet guarantees 	<ul style="list-style-type: none"> Lending/guarantees to preserve value of underlying collateral (e.g. Dilapidations /incentives, maintenance, insurance, security, legal perfection, insolvency costs) Lending/guarantees to meet working capital, investment or liquidity needs to minimise capital losses 	<ul style="list-style-type: none"> Renewing an expired loan facility for an existing borrower Refinancing an expired loan for an existing borrower through new loan facility 	<ul style="list-style-type: none"> Refinancing debt of an existing client business/property with a new borrower to reduce overall monetary exposure and/or improve recovery prospects of the loan
Examples	<ul style="list-style-type: none"> Customer draws down incremental amount from existing lending facility Bank guarantees borrower's obligation to build pavements after the construction of an office building 	<ul style="list-style-type: none"> Lending to "maintain" defaulted borrower's hotel property to preserve value Lending to existing customer in the retail business to purchase inventory for critical Christmas sales season 	<ul style="list-style-type: none"> Renewing loan facility with a hotel group (as the hotel borrower could not finance elsewhere) Refinancing loan, to reduce exposure, by syndicating with another bank Refinancing through recalibration of borrower "capital stack" 	<ul style="list-style-type: none"> Refinancing debt of an existing customer in the healthcare business with a new, more credit-worthy customer Finance debt on existing property collateral under new ownership to reduce exposure and improve recovery
Note: There will be no additional residential property lending in relation to the INBS legacy mortgage portfolio (unless the bank is contractually obliged to do so)				

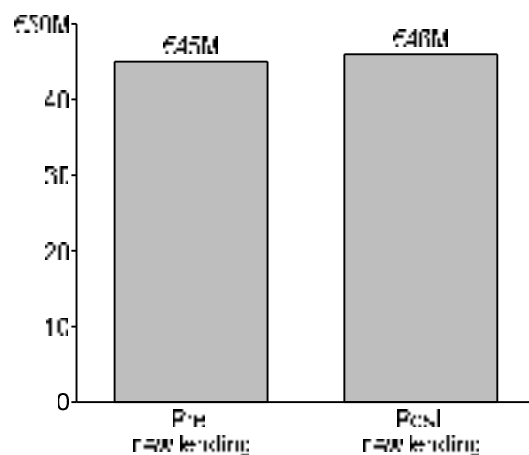
Example: Incremental lending to existing customer to preserve collateral value or minimise capital losses

ILLUSTRATIVE

Example: Incremental lending to existing customer to preserve value of underlying collateral

- [HotelCo] defaults on €45M loan and receiver requests €1M, of working capital funding, to maintain business as “going-concern” to preserve its value
- Bank lends €1M for essential expenditures to maintain “going-concern” status (e.g. salaries)
- Additional lending allows turnaround plan to be developed

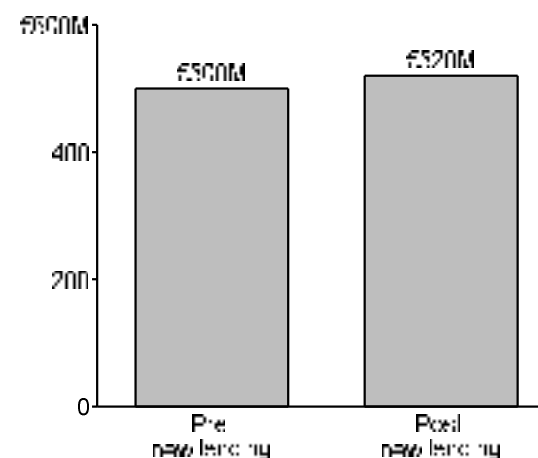
[HotelCo] customer's loans outstanding



Example: Incremental lending to existing customer for capital expenditure to minimise capital losses

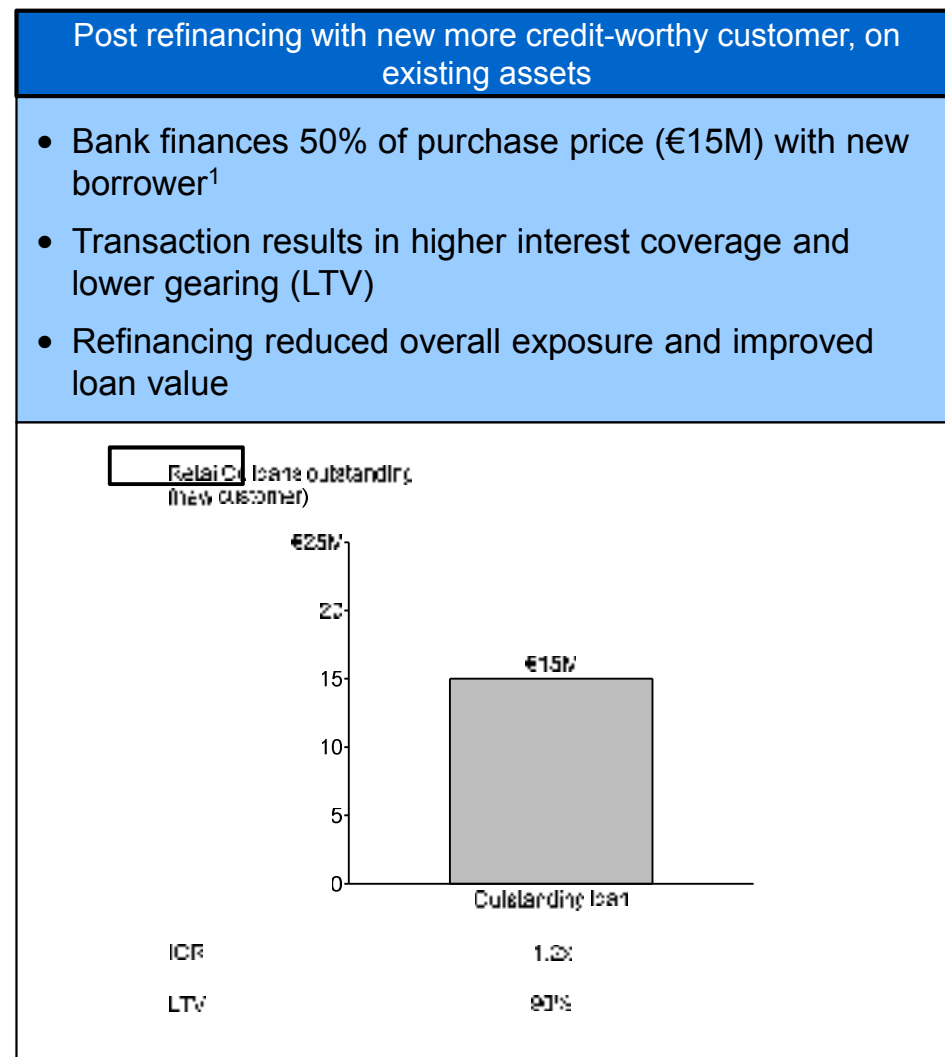
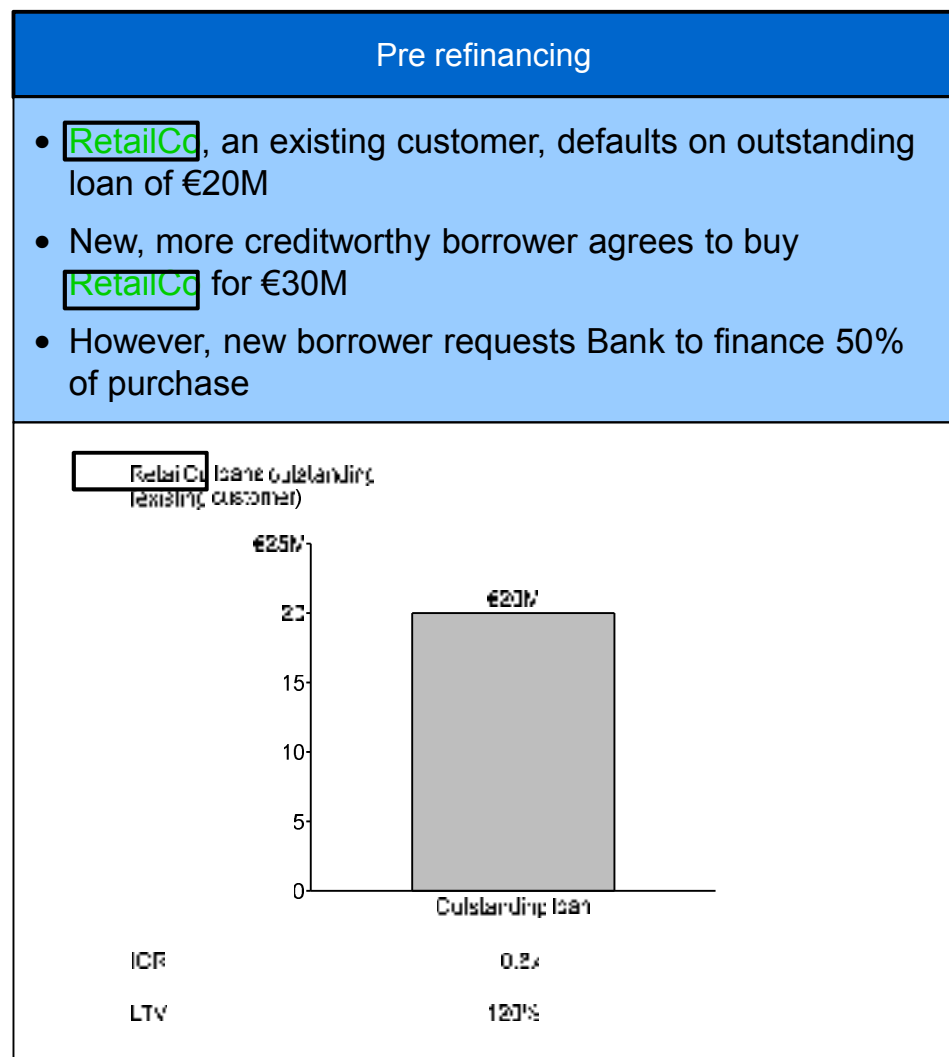
- [RetailCo] with €500M loan requests €20M to develop leisure facilities at an existing shopping centre
- Development will secure 3 new tenants (leases already agreed conditional on developing the site)
- Bank lends ~€20M resulting in higher ICR and improved recovery value of collateral (driven by more footfall)

[RetailCo] loans outstanding



Example: Refinancing debt of an existing commercial client, on existing assets, with a new, more creditworthy commercial client

ILLUSTRATIVE



1. Recovery Bank will still pursue the original borrower for any outstanding amounts owed

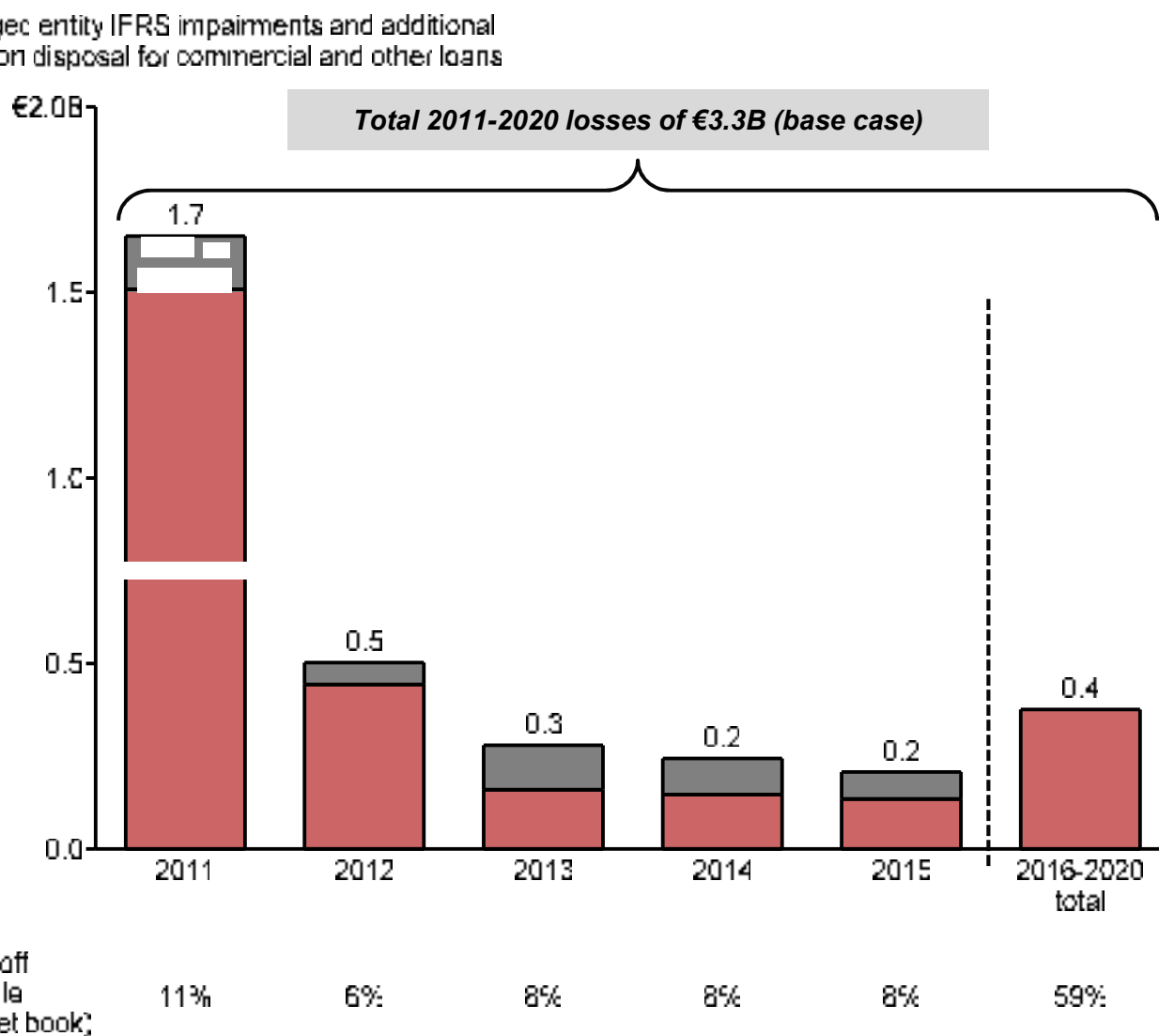
Note: Specific lending restrictions and caps will be defined in a separate commitments document to be agreed between the Irish National Authorities and the European Commission

Merged entity forecast to incur €3.3B of impairments and losses on commercial and other asset loan disposals over the Plan period

BASE CASE

Comments

- Approximately €10.1B (29% of gross book) of expected provisions by YE 2010
- Additional losses on disposals concentrated between 2011-12, driven by deteriorating commercial property markets in Ireland and limited appreciation in UK/US
 - Peak to trough drop of ~62% in Ireland, ~37% in UK and ~45% in US by year-end 2010
- Gradual decline in losses post 2012 as commercial property markets and overall economic conditions across Ireland, UK and US recover



Note: Excludes €1B gain on disposal from sale of assets, re-financings and restructurings from 2016-2020

Confidential work in progress. For discussion purposes only – not for distribution

Average commercial property and other asset loan recovery rate is forecast to be 66% in the base case

BASE CASE

	Commercial Property		Commercial Non-property and Personal		Total commercial ¹	Total residential
	"Higher quality"	"Lower quality"	"Higher quality"	"Lower quality"		
Gross loans	€12.0B (~35%)	€14.6B (~40%)	Non-prop: €2.8B (~8%) Personal: €0.7B (~2%)	Non-prop: €3.6B (~10%) Personal: €1.9B (~5%)	€35.6B (100%)	€1.9B
Recovery value (% of gross loans)	<u>80%</u>	<u>61%</u>	<u>80%</u>	<u>40%</u>	<u>66%³</u>	<u>68%</u>

Comments

- If market conditions allow, the merged entity will seek to accelerate wind down through early asset disposal. This may impact recovery values
- [80% recovery values assumed for "higher quality" property and non-property loans based on expected transaction costs and discounts in a wind down scenario
- 61% recovery values for "lower quality" property loans, based on expected recovery of collateral values (forecasted by CPI movements²)
- ~40% recovery values for "lower quality" non-property loans
- Key dependencies include the ability to restructure existing exposures and execute at speed

¹ Includes €0.8B of AIAC loans; 2010YE book includes US and Scottish HFS assets

² Commercial Property Index

³ With 66% recovery value and higher impairments in 2011/12 there will be gains on disposal from 2016 onwards due to front loading of impairments

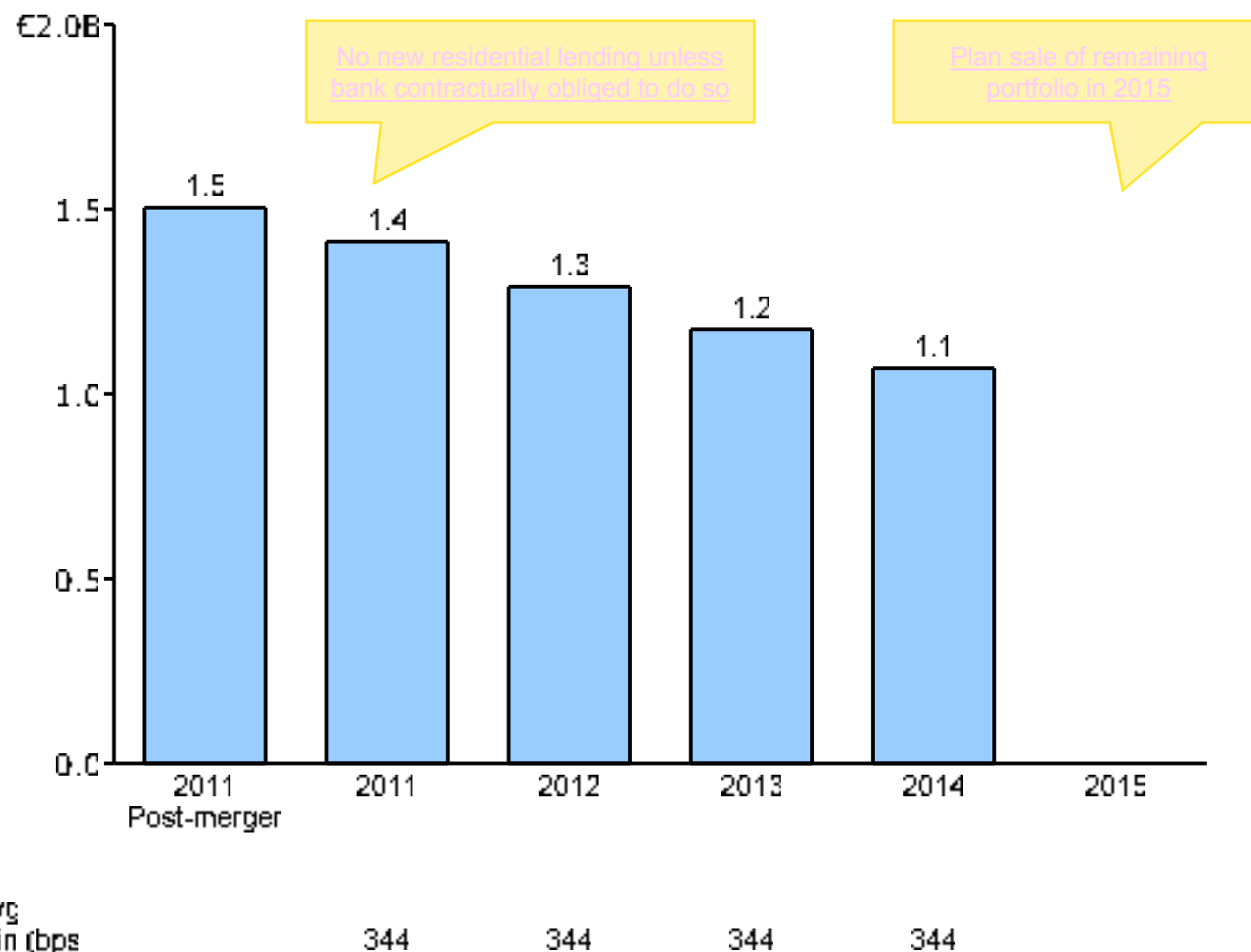
Note: "higher quality" loans have lower gearing (LTV), higher debt service coverage and mainly consist of fully performing loans

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[Net residential property loans will be managed (reduced by ~30%) over 5 years, then the portfolio will be sold]

Merged entity
net residential customer loans



[Comments]

- Legacy INBS residential mortgages assumed to be managed down over the first 5 years (by ~30%) based on their redemption profile
- The remaining portfolio will then be sold (assuming 20% discount on net loans in base case and 30% in stress case)
- There will be no new residential lending other than where the bank is contractually obliged to do so (e.g. given draw-down clauses in client contracts)
- While minimising losses the merged entity will seek to accelerate sale, if market conditions allow.

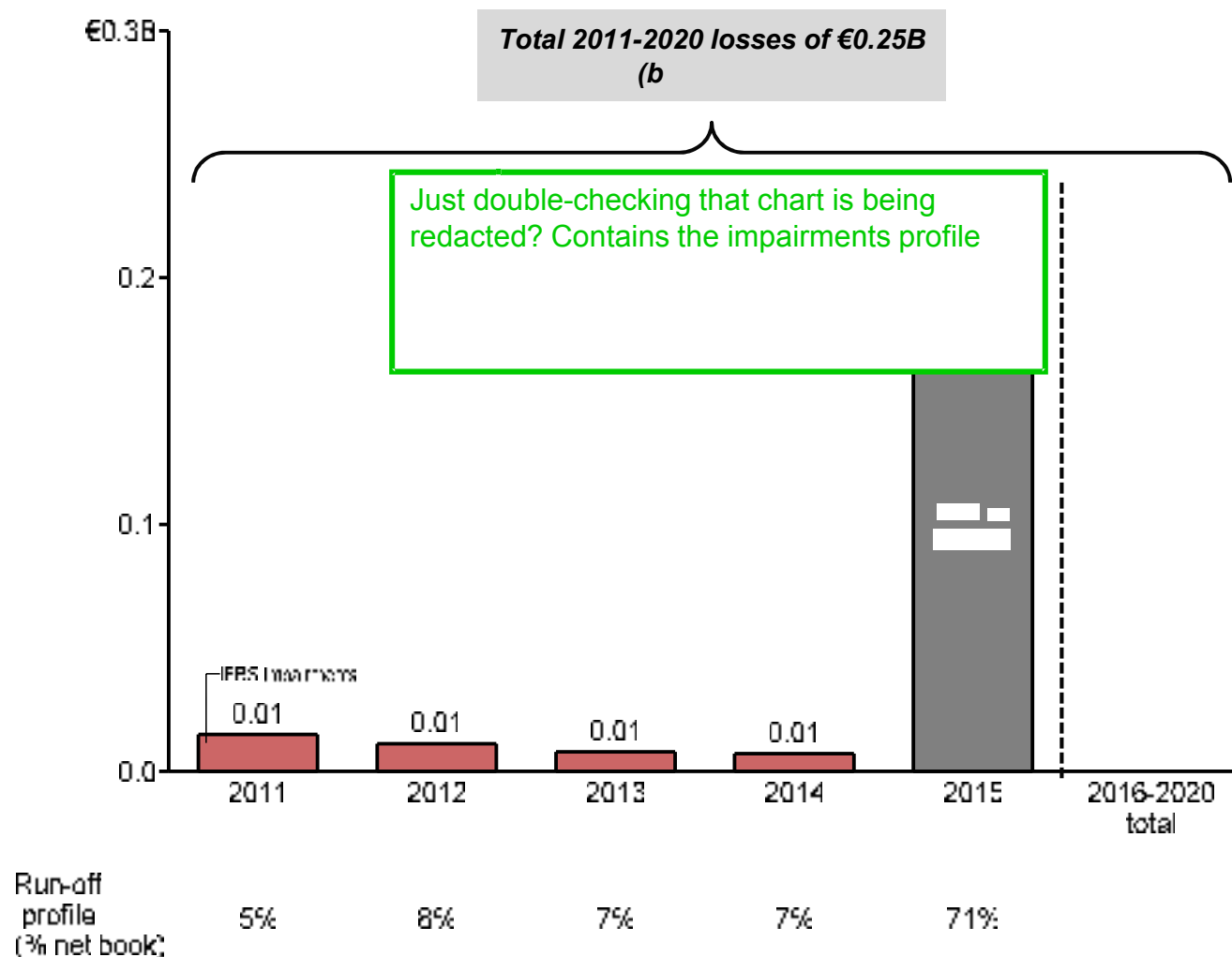
[Merged entity is forecast to incur €0.2B of impairments and losses on disposals on residential property loans over the plan period]

BASE CASE

Comments

- Approximately €0.4B (20% of net loan book) of provisions held at YE 2010
- Residential mortgage book impaired at 50 bps per annum on net carrying value balances from 2011-2014 (sale is assumed to take place in 2015)
- €0.2B losses on disposal in 2015 due to sale of remaining residential loan book
 - Represents a 20% haircut on net value and would rise to €0.3B in stress (based on 30% haircut)

Merged entity IFRS impairments and additional loss on disposal for residential loans



Average residential property loan recovery rate is forecast to be 68% of gross value, in the base case

BASE CASE

	Commercial Property		Commercial Non-property		Total commercial ¹	Total residential
	"Higher quality"	"Lower quality"	"Higher quality"	"Lower quality"		
			Non-prop: €2.8B (~8%)	Non-prop: €3.6B (~10%)		
			Personal: €0.7B (~2%)	Personal: €1.9B (~5%)		
Gross loans	€12.0B (~35%)	€14.6B (~40%)			€35.6B¹ (100%)	€1.9B
<u>Recovery value</u> (% of gross loans)	<u>80%</u>	<u>61%</u>	<u>80%</u>	<u>40%</u>	<u>66%²</u>	<u>68%</u>

Comments

- Residential loan book managed down according to existing repayment schedule and prepared for eventual sale (in 5 years)
- 68% recovery values based on current provisioning level (80% of gross book) and assumes no improvement in collateral values in Ireland
- Recovery value also assumes 20% discount on sale of remaining net residential property book in 2015 (when sale assumed to take place)
 - In stress case, 30% haircut applied to disposal of book in 2015, resulting in an average recovery value of 63%

1. Includes €0.8B of AIAC loans; 2010YE book includes US and Scottish HFS assets

2 With 66% recovery value and higher impairments in 2011/12 there will be gains on disposal from 2016 onwards due to front loading of impairments

Note: "higher quality" loans have lower gearing (LTV), higher debt service coverage and mainly consist of fully performing loans

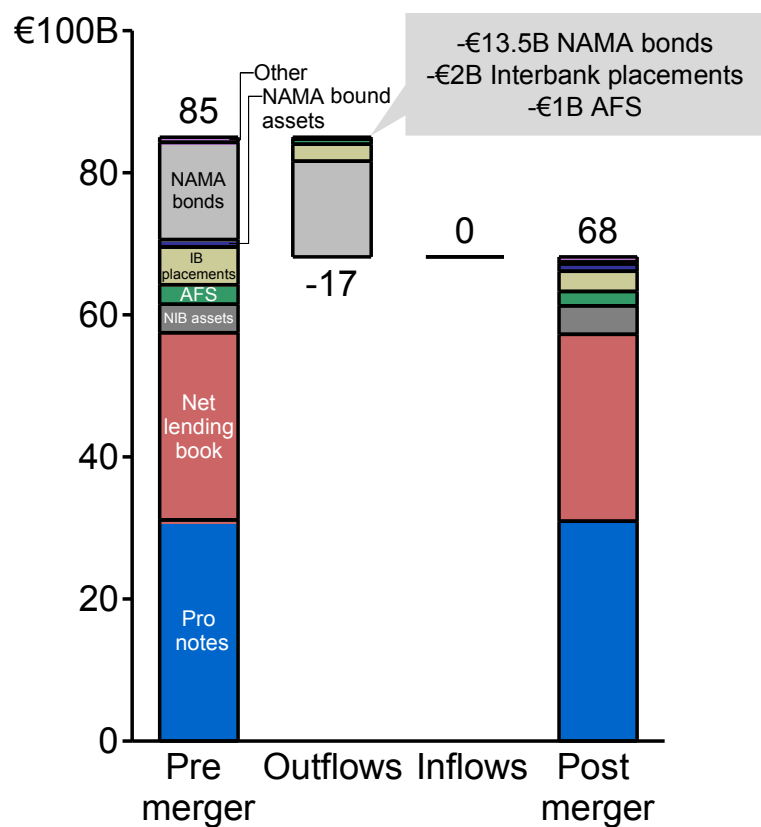
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The Plan assumes that Anglo and INBS will transfer deposit franchises and NAMA bonds at book values, on a matched basis, before merger

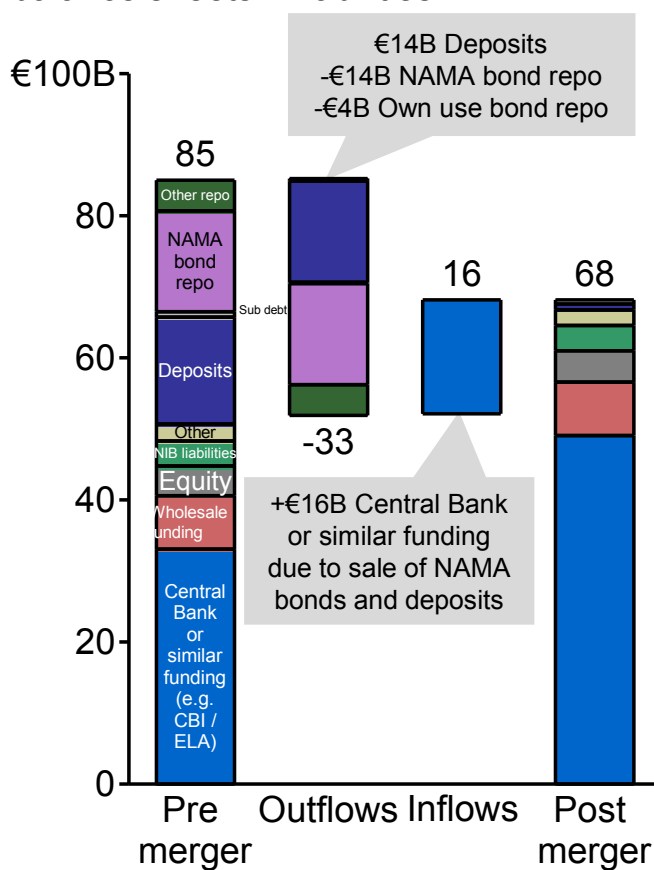
Assets

Combined Anglo and INBS
balance sheets - Assets



Liabilities

Combined Anglo and INBS
balance sheets - Liabilities



Comments

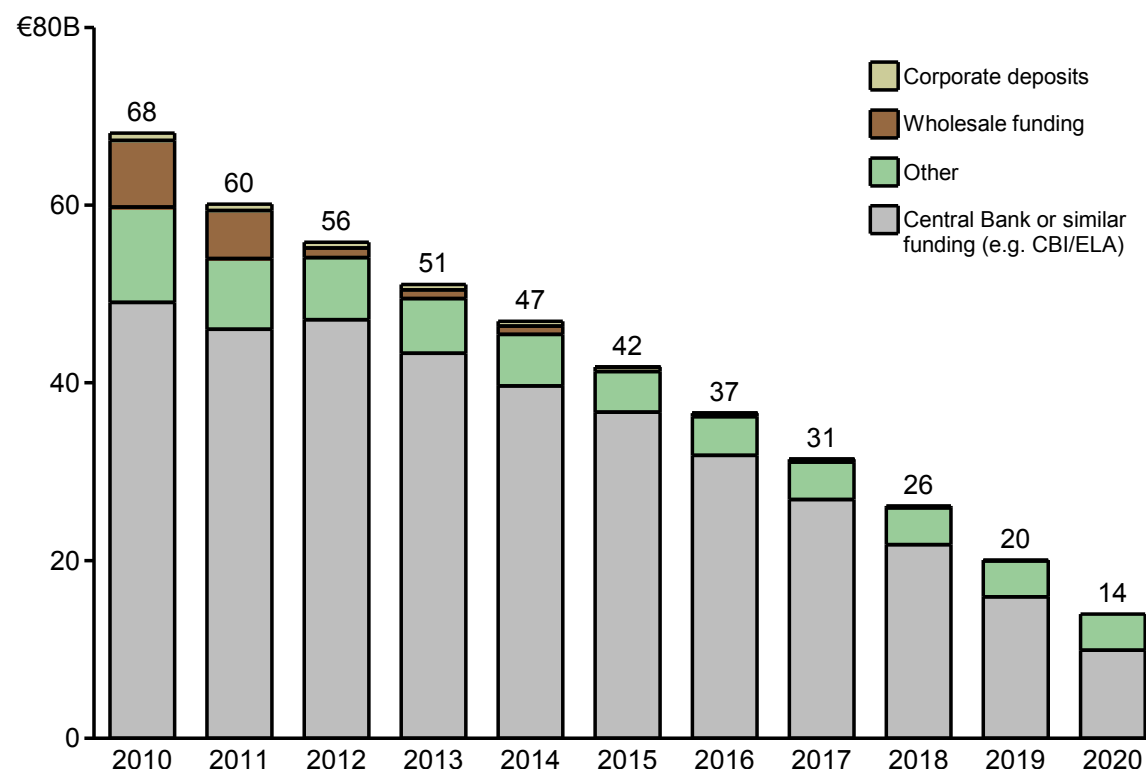
- EC/IMF/ECB agreement requires Anglo and INBS to transfer deposit franchises and NAMA bonds
- Plan assumes deposit franchises and NAMA bonds are transferred at book value before merger, on a matched basis with related infrastructure (plus the Anglo and INBS IoM businesses)
- Additional funding will be required following this sale and after INBS's own use bond matures
- Up to €1.0B of deposits (primarily legacy secured, or related to borrower accounts) will be excluded from sale and will continue to be managed within the merged entity (currently €0.8B from Anglo; €0.006B from INBS)

[Funding of the merged entity will therefore rely primarily on Central Bank or similar funding]

BASE CASE

Comments

Merged entity
funding profile



- Merged entity relies primarily on Central Bank (e.g. CBI/ELA) or similar funding
 - Funding priced at 3ME + 180bps for euro funding, 3ME +280bps for foreign currency funding
- Existing wholesale funding of €8B on Day 1 to mature as per existing schedules (see next page for maturities)
- Other liabilities include up to €1B of legacy secured, or related to borrower accounts, and non-interest bearing liabilities
- Undated sub-debt removed in LME for Anglo before 2010 YE (dated 80% discount, non-dated 95% discount)². LME planned for INBS in Q1 2011 (80% discount) with €150M profit expected and residual repayment in 2012
- Funding costs increase in 2012-13 given heavier reliance on more expensive CBI/ELA funding as wholesale funding matures

Wt Avg COF¹
(bps over 3ME)

196 199 204 204 204 202 199 195 188 174

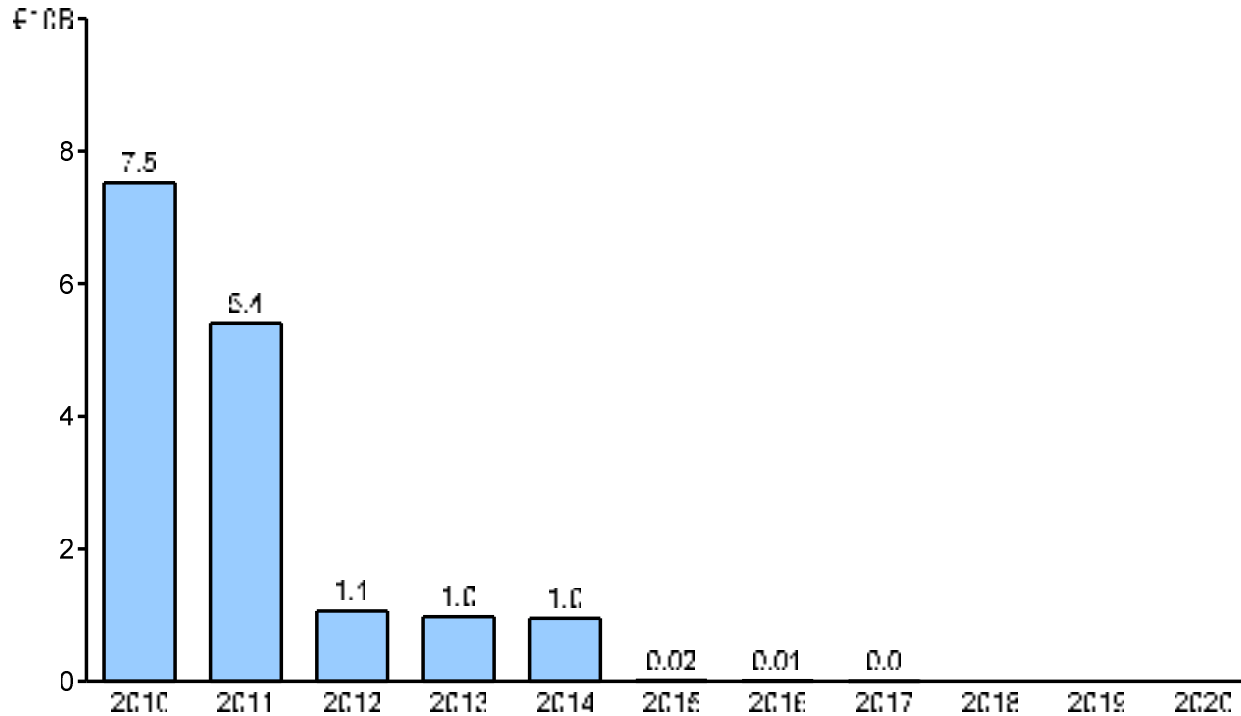
¹ Weighted average cost of funds calculated using average starting and ending balances of each year while balances are as of year-end

² Excluding \$200M of lower tier 2 sub-debt for Anglo. Further burden-sharing action will be taken

~€8B of wholesale funding will be available, maturing as per latest schedules

BASE CASE

Mega entity
Wholesale Funding (2010-20)



Cost of funds (bps over 3ME)¹

75 97 150 164 244 247 247

Comments

- €7.5B wholesale funding retained on day one consists entirely of medium term notes
 - €6.9B from Anglo and €0.6B from INBS
- Wholesale funding matures in line with schedules of existing instruments
 - ~85% matures in first 2 years of Plan, remainder largely matured by 2015
- No new wholesale funding is planned, but may be required depending on cost and availability, relative to other funding sources
- Cost of funds increases as higher interest rate securities mature

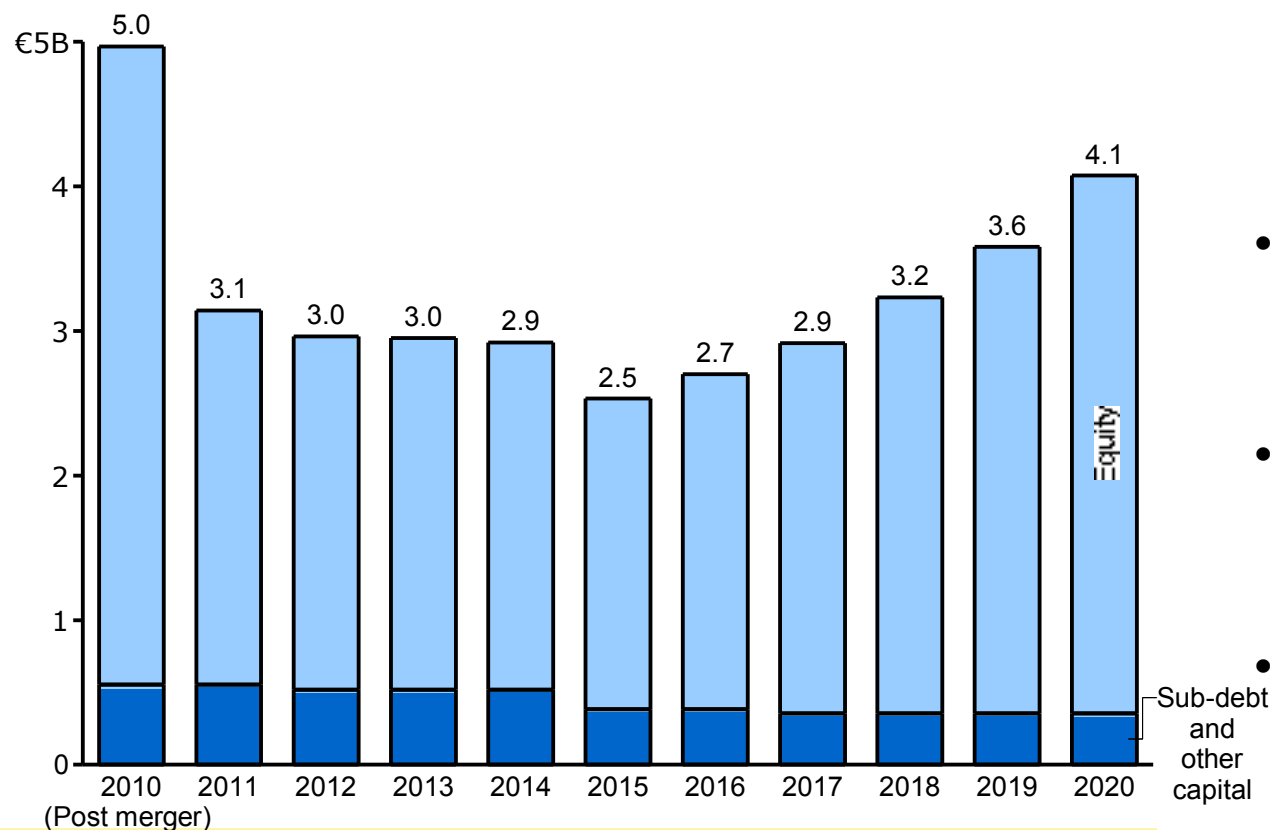
1. Cost of funds does not include ELG guarantee fees paid in 2011
Note: Includes €750M at LIBOR+10, maturing in 2011

[The merged entity will be capitalised to maintain above an 8% total capital ratio under stress through the forecast period]

BASE CASE

Comments

Total balance sheet capital



Total capital ratio ¹	15%	11%	11%	12%	13%	14%	18%	25%	37%	71%	>100%
Surplus capital (€B)		0.9	0.9	1.0	1.2	1.2	1.6	2.1	2.6	3.2	3.7

- Merged entity achieves total capital ratio above 8%¹ through the period
 - Consolidation of INBS & Anglo improved starting point, relative to Anglo's October restructuring plan
- Equity is projected to reduce from 2011-15 as total losses exceed income generated primarily from pro-note and customer loans
- Equity projected to increase between 2015 –20 as primary income is from pro-note (higher margin than customer lending)
- In the event of a stress scenario, Government will have to inject additional capital to maintain 8% total capital ratio (see Section 4, page 43 for stress financials)
- 2011 post merger sub-debt consists of 63% preference shares; 29% sub debt and 8% Tier 2 capital

¹ Estimated regulatory capital ratios. Capital is assumed to remain at 8% total consolidated capital ratio (as per current derogation) with no unconsolidated capital requirement or large exposures. This assumes consolidated supervision only by CBFSAI

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Operating model, organisation and governance summary

Operating Principles

- **Operating model will be:**
 - Focussed: With functionality to deliver strategic objectives (capabilities, infrastructure, processes)
 - Lean: Capable of delivering at low cost (using outsourced providers where appropriate)
 - Flexible: Able to adjust appropriately given diminishing size of balance sheet over time

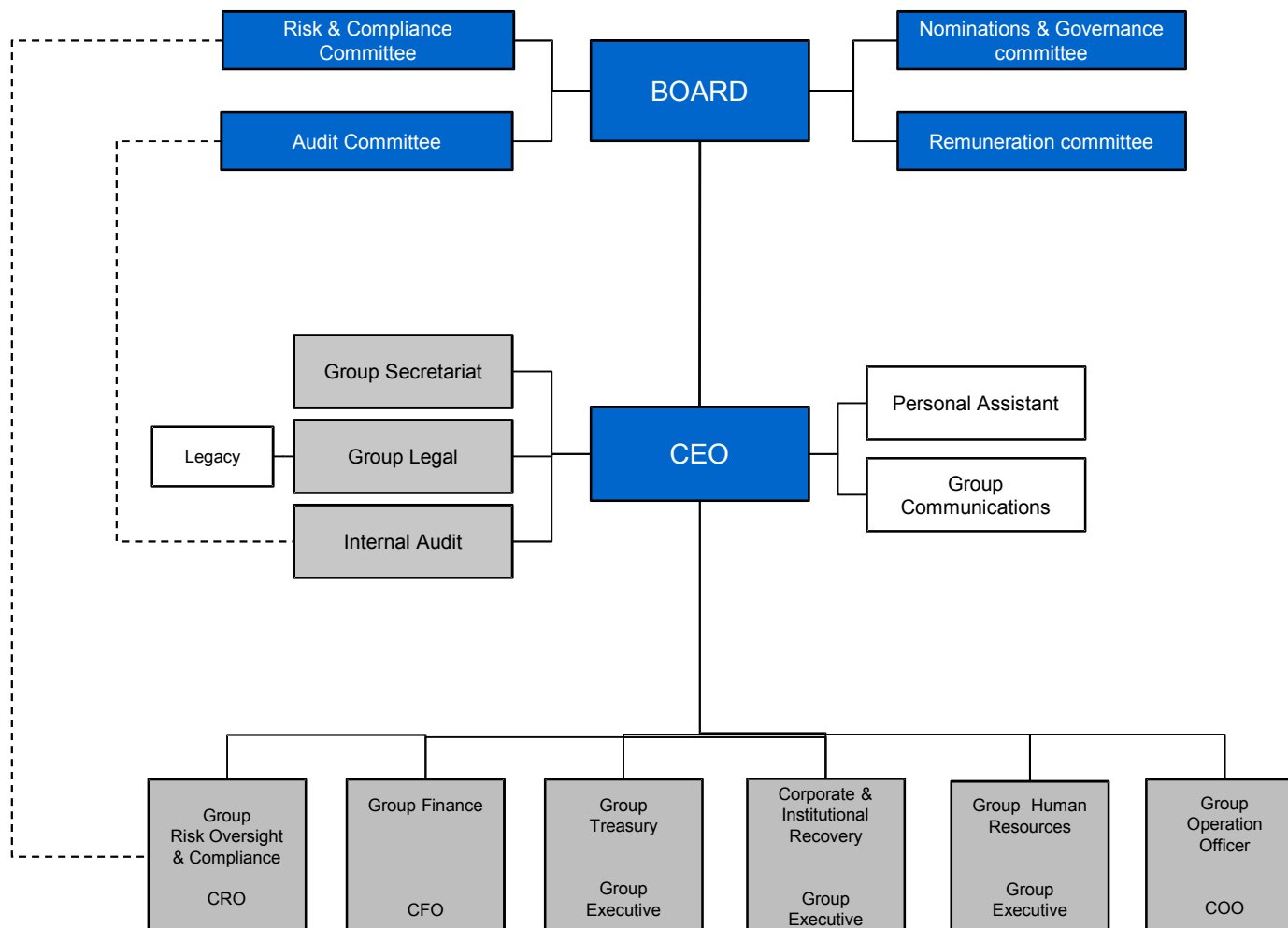
Target Operating Model

- **Operating model will contain functionality required to deliver core strategic objectives:**
 - Specialist teams to wind down and manage particular portfolios and/or types of loans/assets. Expert in commercial property and corporate and residential mortgage loans - resourced to manage Anglo and INBS portfolios
 - Treasury to manage existing wholesale funding and conduct critical functions (e.g. funding, FX, derivatives). The Group Treasury will continue to manage Anglo's legacy secured, or related to borrower accounts
 - Efficient shared services merged from existing entities
- **Operational integration will require the consolidation of several key areas including corporate functions, loan wind down and management, treasury and shared services.** [This is expected to result in synergies of €33M, by 2012 (18% of combined entity after taking into account pre-merger changes), primarily driven by savings in commercial lending and support functions]

Organisation & Governance

- **The bank will be overseen by a single Board** responsible for leadership, direction and control of the Bank and **managed day-to-day by a small focussed ExCo** with deep financial services expertise
- **Independent board and management committees** will govern the bank building upon current structures and best practice of INBS and Anglo
- **Corporate functions** will manage, oversee (reporting to relevant committees) and facilitate operation

The merged entity will be managed by a small focussed ExCo



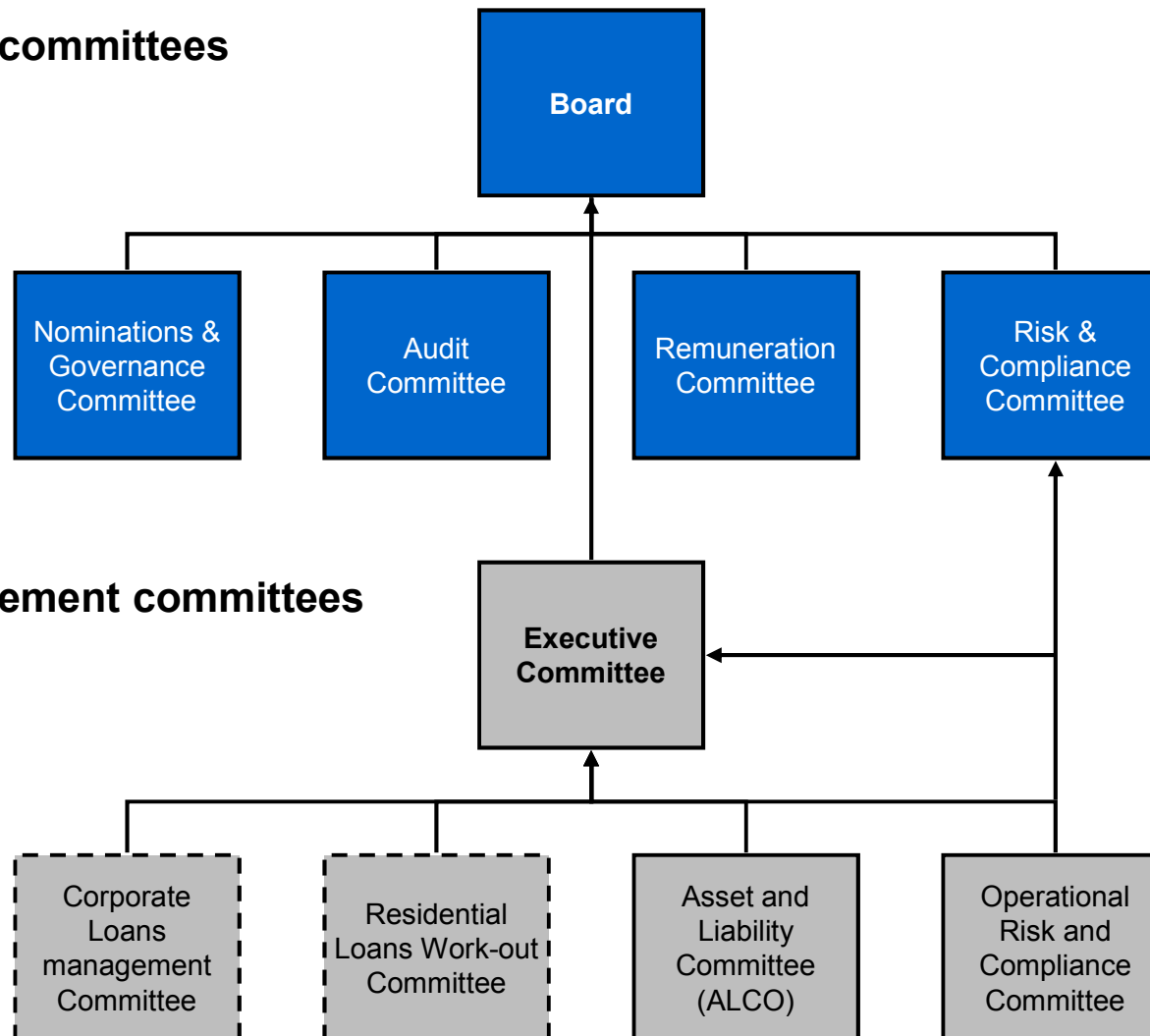
Key Features

- **Governance committees** to oversee activities
- **A small focussed ExCo** with deep financial services expertise to manage the bank day-to-day
- **Corporate functions** to manage, run and oversee the bank (reporting to relevant committees) and facilitate effective operation
- **Specialist units** staffed by experts to manage/work-out merged loans/assets
 - **Corporate and Institutional** unit to work-out commercial property and corporate loans
 - **Group Treasury** to manage risk exposures, funding, FX and securities

The bank will be governed by a set of independent Board committees

Board committees

Management committees

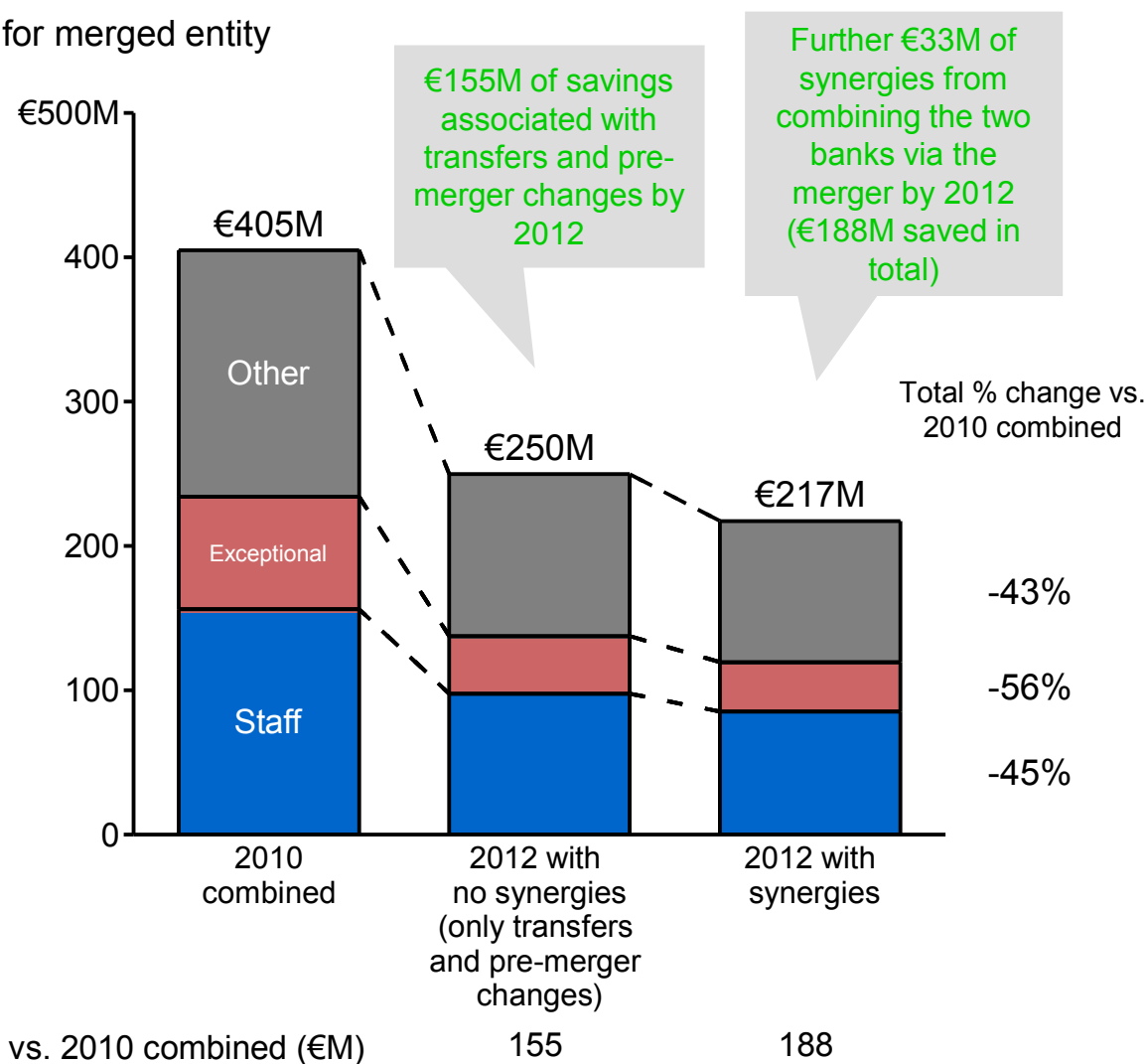


Comments

- **The Board** is ultimately responsible for development and delivery of the business strategy to address objectives of all key stakeholders
- **Audit committee** advises the Board on all matters relating to regulatory, prudential & accounting requirements
- **Risk & Compliance committee** reviews the key risks inherent in the business and the systems of control necessary to manage them
- **Executive committee** holds delegated authority from the Board to oversee day to day management of the Company's affairs
- **Corporate and Residential Loans committees** advise on the approach and timeline for wind down and/or management of loans (if required)
- **ALCO** ensures that processes are in place for identifying, managing and reporting on interest rate, liquidity and FX risks

€188M savings with deposit and NAMA transfers, as well as pre-merger changes and €33M additional synergies forecasted by 2012

Opex for merged entity



Comments

- Largest savings are expected in exceptional (48%) and staff (44%) costs
 - Of ~1765 staff at Anglo and INBS in 2010, ~1075 (~39% reduction) will remain by 2011. ~570 staff leaving given deposit transfer and pre-merger changes and ~120 leaving due to synergies
- Synergies rely on full operational integration and assume that:
 - All deposits are transferred out of the Bank in 2011 except secured, or related to borrower deposits (€0.8B)
 - All branches and related deposit infrastructure are transferred by 2012
 - Wealth management to be sold in 2011 or wound down over a period of 5 years
- If market conditions allow, and the book is wound down faster, additional Opex savings may be possible

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Merger path will deliver key actions for integration

Key actions required for integration

1	State Aid	<ul style="list-style-type: none">• Obtain EC approval for revised Plan
2	Regulatory approval	<ul style="list-style-type: none">• Change the name of the Anglo banking licence for Ireland to the new merged entity• Obtain all relevant international regulatory approvals
3	Legal requirements	<ul style="list-style-type: none">• Demutualise INBS• Create INBS subsidiary within Anglo legal entity¹
4	Financial markets	<ul style="list-style-type: none">• Work with ratings agencies to secure relevant ratings• Obtain Government guarantees, as required, to cover derivative counterparties
5	Organisation	<ul style="list-style-type: none">• Develop future strategy and set-up shared services and functions• Restructure organisation to release synergies (e.g. dispose of branches)• Optimise existing capabilities and upgrade where required• Migrate systems and merge where appropriate
6	People	<ul style="list-style-type: none">• Confirm top team (ExCo) and (later) top 100• Finalise organisational design and specify all roles and responsibilities• Put staff retention measures in place and transition staff
7	Corporate Governance	<ul style="list-style-type: none">• Confirm Board, transitional management and governance committee members
8	Communications	<ul style="list-style-type: none">• Notify clients and other stakeholders of planned merger

1. Assumes INBS is merged into former Anglo entity (TBC)

Merger will be managed in phases to minimise operational risk; timing contingent on deposit/NAMA transfers and stakeholder agreement

Phase I – Legal integration

- Obtain EC approval for revised Plan
- Announce merger to customers
- Demutualise INBS
- Obtain regulatory approvals for all jurisdictions
- Create INBS subsidiary within Anglo ²
- Merge INBS assets/employees with Anglo
- Confirm top team and (later) top-100

Phase II – Operational integration

- Develop strategy and set-up shared services and functions (e.g. finance, HR)
- Restructure organisation to release synergies (e.g. dispose of branches)
- Optimise existing capabilities and upgrade where required
- Complete systems migration

MERGER

Key actions

Jan

Feb

Mar

Q2

Q3

Q4

Demutualisation legislation passed¹

Demutualisation occurred / EC plan approved

INBS subsidiary created², assets / FTEs transferred (TBC)

Strategy / detailed operating model agreed

Org restructured / branch network disposed of

Capabilities optimised / upgraded

Systems migration completed

Deposits sold

Regulatory approvals received

INBS licence forfeited

Shared services set-up

Clients notified (following EC agreement)³

Confirmed top team

Illustrative Key milestones (2011)

1. If required
2. Assumes INBS is merged into former Anglo entity (TBC)
3. Likely to occur less than 2 months before merger date, which may require special permissions

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Summary of key stress case assumptions and implications

Stress case assumes further macroeconomic deterioration and lower recovery rates...



... resulting in higher impairments, total losses and capital requirements

- Commercial property index peak to trough fall of 70% in Ireland, 60% in UK/US (vs. base case peak to trough fall of 62% in Ireland, 37% in UK, 45% in US)

- Conservatively assumes same peak to trough declines as in previous Plan submitted in October 2010, despite encouraging performance recently in the UK and USA

- Asset recovery rates on commercial loans lower by ~10-15ppt vs. base case
 - 70% for “higher quality” commercial property and non-property loans (80% in base)
 - 47% for “lower quality” commercial property loans (61% in base)
 - 30% for “lower quality” non-property loans (40% in base)
- Loss of 30% of net book also incurred on disposal of residential loans in 2015 (20% in base)

- Same disposal timing profile assumed as in base case

- [Merged entity 2011-12 impairments and losses on disposal increased to €6.3B¹ (vs. €2.2B² in base case)
- Total losses on disposal and impairments of commercial assets of €7.7B¹ or 54% recovery rate (vs. €3.0B² in base case or 66% recovery rate)
- Total losses on disposal and impairments on residential assets of €0.3B or 63% recovery rate (vs. €0.2B in base case or 68% recovery rate)
- Total capital requirements increase to €37.9B (vs. €34.7B in base case)
 - €3.2B of incremental capital injected as required, between 2011-2015 to maintain 8% total capital requirement]

1. Excludes €1.6B gain on disposal from sale of assets 2016-2020

2. Excludes €1.4B gain on disposal from sale of assets 2016-2020

Note: Stress scenario presented here may differ from stress scenario applied in EU-wide stress tests

[Stress case : 10-year pro-forma financial projections]

STRESS CASE

Comments

Balance Sheet (€B)												
Year end	2010E	2011 post-N	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assets												
Net lending book	26.4	26.3	21.0	18.2	16.3	14.4	11.6	9.5	7.3	5.2	2.6	
NAMA bound assets	1.0	1.0	-	-	-	-	-	-	-	-	-	
Pro' note (floating)	4.6	4.6	4.3	4.1	3.8	3.5	3.2	2.8	2.5	2.2	1.8	1.4
Pro' note (fixed)	26.5	26.3	24.4	23.3	22.1	20.8	19.4	18.0	16.5	14.9	13.2	11.5
NAMA bonds	13.7	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Classified as held for sale	0.7	0.7	-	-	-	-	-	-	-	-	-	-
AFS	2.7	2.0	1.3	0.7	-	-	-	-	-	-	-	-
Non interest-bearing assets	4.0	4.0	3.2	2.7	2.4	2.1	1.8	1.5	1.2	0.8	0.4	-
Interbank assets	5.3	2.9	2.4	2.2	2.1	1.9	1.8	1.6	1.4	1.2	1.0	0.9
Total	85.0	68.1	56.9	51.4	46.9	43.0	38.1	33.7	29.2	24.7	19.3	14.0
Liabilities and capital												
Deposits	15.0	0.8	0.6	0.5	0.5	0.4	0.4	0.3	0.2	0.2	0.1	-
Wholesale funding	7.5	7.5	5.4	1.1	1.0	1.0	0.0	0.0	0.0	-	-	-
NAMA bonds repo	14.2	-	-	-	-	-	-	-	-	-	-	-
Other repo	0.7	-	-	-	-	-	-	-	-	-	-	-
AFS repo funding	1.5	1.5	1.0	0.5	-	-	-	-	-	-	-	-
Own use bond repo ¹	3.7	-	-	-	-	-	-	-	-	-	-	-
CBI / ELA funding	33.0	49.1	44.5	44.5	41.1	37.8	35.0	30.8	26.5	22.0	16.8	11.5
Securitisation	0.9	0.7	0.7	0.6	0.6	0.5	-	-	-	-	-	-
Non interest-bearing liabilities	3.5	3.5	2.8	2.4	2.1	1.9	1.6	1.3	1.0	0.7	0.4	-
Sub debt and other capital instruments	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Equity	4.2	4.4	1.4	1.2	1.0	0.9	0.7	0.8	1.1	1.4	1.7	2.1
Total	85.0	68.1	56.9	51.4	46.9	43.0	38.1	33.7	29.2	24.7	19.3	14.0
Key Ratios (%)												
Core tier 1 capital ratio	11%	13%	6%	6%	7%	7%	7%	9%	14%	23%	48%	>100%
Total capital ratio	13%	15%	8%	8%	8%	8%	8%	11%	15%	25%	49%	>100%

Capital overhang	-	-	-	-	-	-	-	0.4	0.8	1.3	1.8	2.4
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Income Statement (€M)												
	2010E	2011 post-N	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net interest income	-	-	748	545	411	323	223	161	146	151	177	212
Other income	-	-	142	19	15	13	12	9	5	2	(0)	(0)
Total income	-	-	890	563	427	336	235	170	151	153	177	212
Opex	-	-	(221)	(183)	(161)	(139)	(117)	(91)	(74)	(68)	(65)	(65)
Exceptional expenses	-	-	(61)	(34)	(21)	(18)	(16)	(12)	(10)	(10)	(10)	(10)
Pre-impairment income	258	-	609	346	245	179	102	67	67	75	102	137
Impairments	(5,686)	-	(4,123)	(1,655)	(168)	(154)	(431)	(121)	(99)	(76)	(53)	(27)
Loss on disposal	-	-	(352)	(187)	(244)	(204)	(156)	223	309	369	296	398
NAMA bonds write back	-	-	21	-	-	-	-	-	-	-	-	-
Share of results of associate	(105)	-	-	-	-	-	-	-	-	-	-	-
Loss on NAMA transfers	(16,881)	-	-	-	-	-	-	-	-	-	-	-
LME	1,598	-	-	-	-	-	-	-	-	-	-	-
Profit before tax	(20,816)	-	(4,432)	(1,496)	(167)	(179)	(485)	169	278	368	345	508
Tax	-	-	-	-	-	-	-	(21)	(35)	(46)	(43)	(63)
Profit after tax	(20,816)	-	(4,432)	(1,496)	(167)	(179)	(485)	148	243	322	302	445
Dividend	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	(20,816)	-	(4,432)	(1,496)	(167)	(179)	(485)	148	243	322	302	445
Key income statement ratios												
Net interest margin	-	-	+133	+111	+93	+79	+61	+49	+51	+61	+87	+137
Cost / income ratio	-	-	25%	32%	38%	41%	50%	53%	49%	44%	37%	30%
ROE	-	-	-151%	-113%	-15%	-18%	-62%	20%	26%	27%	20%	23%

- Run-down profile same in base and stress (absolute amounts differ given lower recovery rates in stress and higher impairments)
- Central Bank or similar (e.g. CBI/ELA) funding remains primary source of funds. Reduced recovery values in stress (e.g. for commercial loan 54% in stress v. 66% in base) increase Central Bank or similar funding requirement
- Additional state capital injections of €3.2B are required to maintain total capital ratio above 8% (drip fed as needed)
- Impairments increase due to lower recovery values (€6.9B cumulatively 2011-20 vs. €3.0B in base)
 - When remaining residential loan book disposed of in 2015 a further 30% haircut (€0.3B) assumed in stress case (vs. 20% haircut in base)
- Lower recovery values in stress scenario increase cumulative losses on disposal from €0.5B 2011-15 in base to €1.1B. Additional €1.6B in gains from 2016-2020 (in stress) due to front-loading of impairments

¹ Own use bond repo expires in March 2011
Note: Assuming constant currency basis

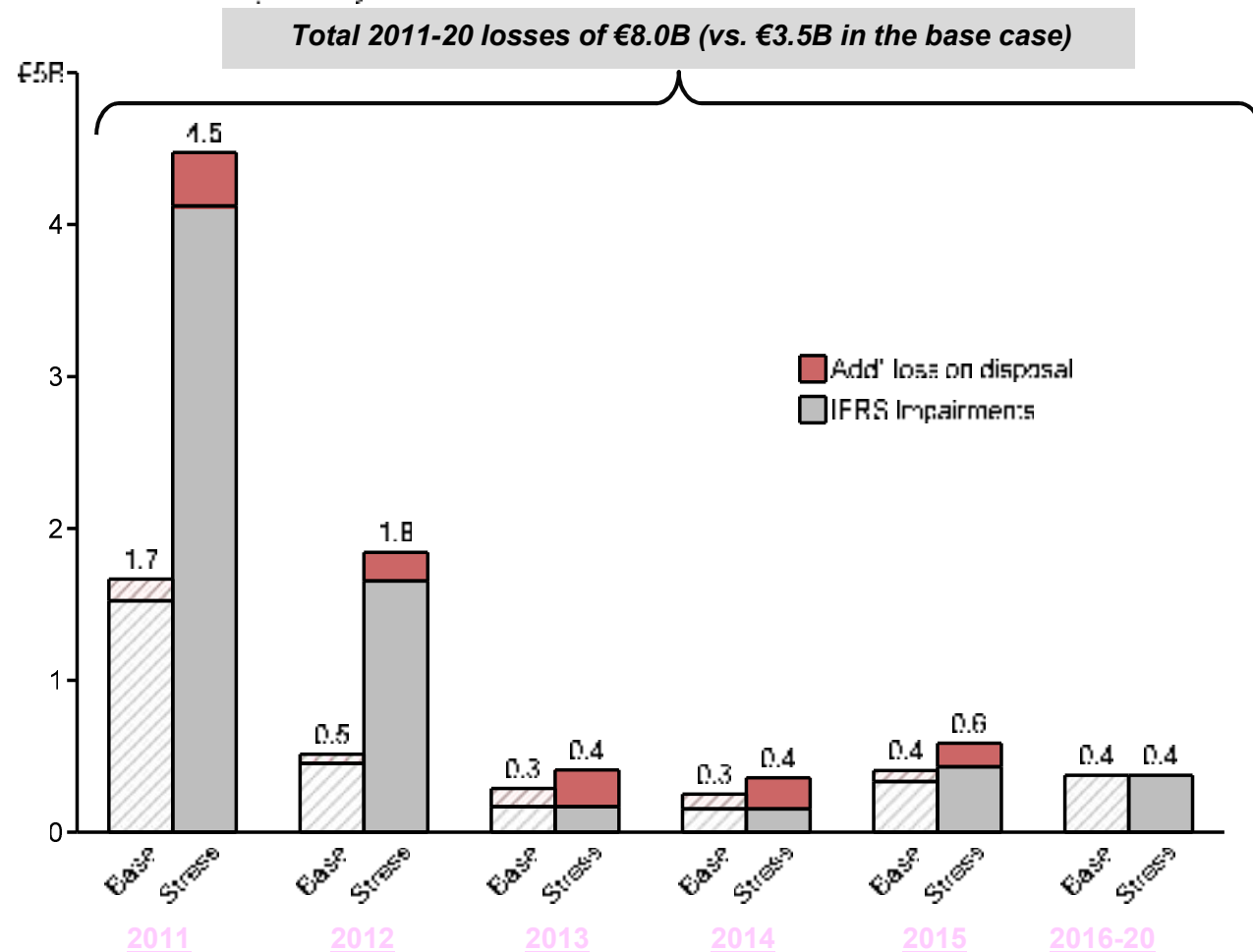
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[Stress c : In a stress case, €8.0B of losses could be incurred over the plan period]

STRESS CASE

Comments

Impairments and add'l loss on disposal of all loans
Base and Stress Case (2011-20)



- Increase in losses from 2011-12 driven by higher impairments and lower recovery rates
 - Informed by forecast peak to trough declines in key markets¹ under stress
- From 2012, assume markets have stabilised and impairments at 50bps of gross book
- Same timing profile for disposals assumed as in the base case

Note: Excludes €1.4B gain on disposal from sale of assets;

¹ See appendix for forecast peak to trough declines in commercial property markets in Ireland, UK and USA. Sale of residential portfolio 'haircut' by 30% in stress case to reflect potential disposal value if macro-economic conditions worsen

Note: Excludes €1B gain on disposal from sale of assets in base and €1.2B in stress between 2016-2020]

Stress c

[Commercial loan recovery values are forecast to be ~10-15ppt lower than in the base case]

STRESS CASE

	Commercial Property		Commercial Non-property		Total commercial ¹	Total residential	Comments
	"Higher quality"	"Lower quality"	"Higher quality"	"Lower quality"			
Gross loans	€12.0B (~35%)	€14.6B (~40%)	Non-prop: €2.8B (~8%) Personal: €0.7B (~2%)	Non-prop: €3.6B (~10%) Personal: €1.9B (~5%)	€35.6B (100%)	€1.9B	<ul style="list-style-type: none"> 70% recovery values for "higher quality" property and non-property loans (80% in base) given larger discounts and transaction costs Recovery values for "lower quality" property loans based on expected recovery of collateral values (forecasted by CPI² movements) <ul style="list-style-type: none"> Lower recovery values than for "higher quality" loans as most loans are under-collateralised Assumed lower recovery values in Ireland (~45% vs. ~70% in UK/US) given more challenging commercial property market conditions Assumed additional haircut on disposal of residential book of 30% (vs. 20% in base)
[Recovery value - base (% of gross loans)]	80%	61%	80%	40%	66%	68%	
Recovery value - stress (% of gross loans)	70%	47%	70%	30%	54% ³	63%]	

1. Includes €0.8B of AIAC loans; 2010YE book includes US and Scottish HFS assets

2. Commercial Property Index

3. With 66% recovery value and higher impairments in 2011/12 there will be gains on disposal from 2016 onwards due to front loading of impairments

Note: "higher quality" loans have lower gearing (LTV), higher debt service coverage and mainly consist of fully performing loans

Stress c *Residential loan recovery values are forecast to be
~5ppt lower than in the base case*

STRESS CASE

	Commercial Property		Commercial Non-property		Total commercial ¹	Total residential	<u>Comments</u>
	"Higher quality"	"Lower quality"	"Higher quality"	"Lower quality"			
Gross loans	€12.0B (~35%)	€14.6B (~40%)	Non-prop: €2.8B (~8%) Personal: €0.7B (~2%)	Non-prop: €3.6B (~10%) Personal: €1.9B (~5%)	€35.6B (100%)	€1.9B	<ul style="list-style-type: none"> Residential loan book managed down according to existing repayment schedule and prepared for eventual sale (in 5 years) Recovery value also assumes 30% discount on sale (vs. 20% in base) of remaining INBS residential property book in 2015 (when sale is assumed to take place)
<u>Recovery value - base</u> (% of gross loans)	<u>80%</u>	<u>61%</u>	<u>80%</u>	<u>40%</u>	<u>66%</u>	<u>63%</u>	
<u>Recovery value - stress</u> (% of gross loans)	<u>70%</u>	<u>47%</u>	<u>70%</u>	<u>30%</u>	<u>54%³</u>	<u>63%</u>	

1. Includes €0.8B of AIAC loans; 2010YE book includes US and Scottish HFS assets

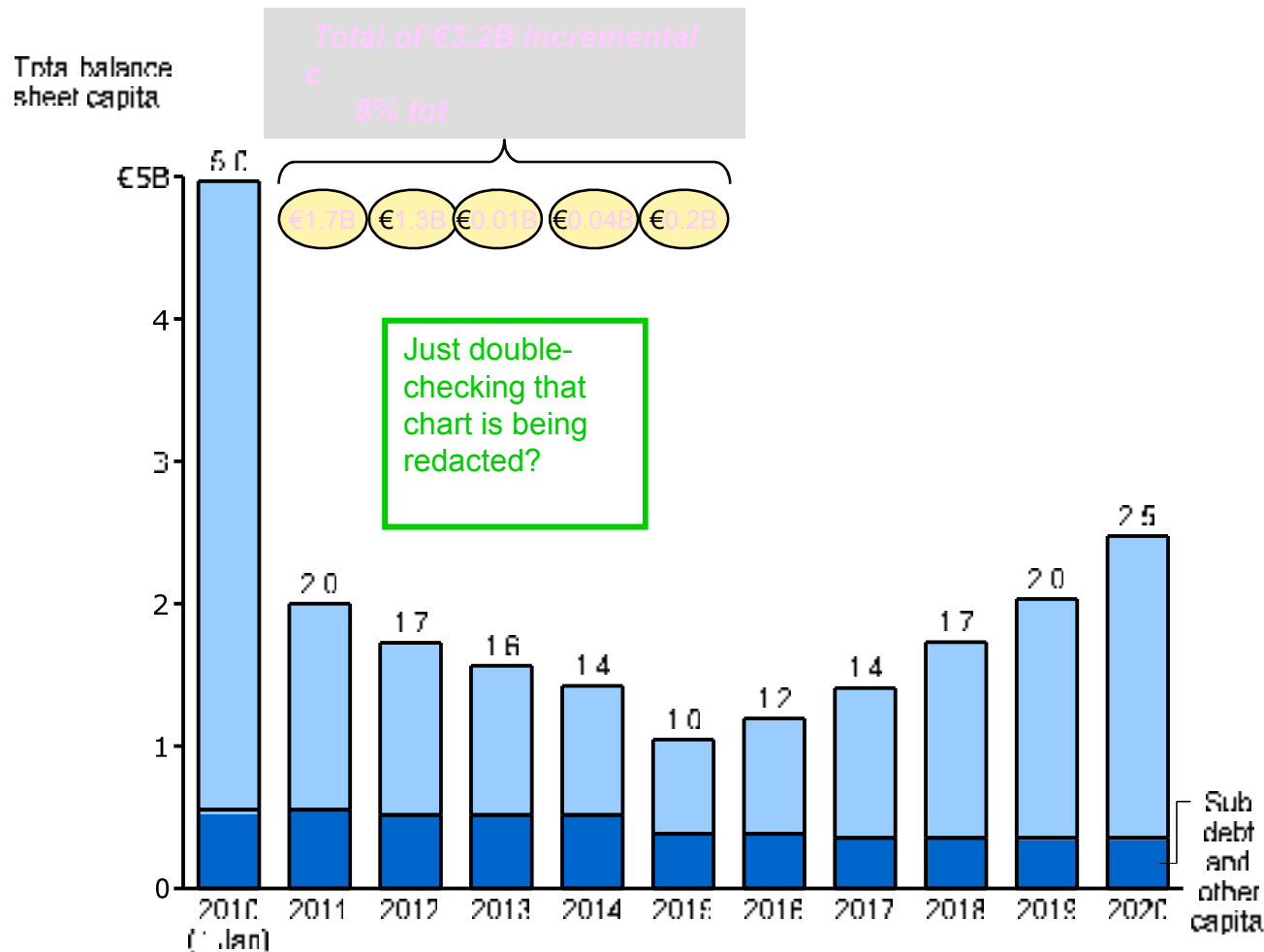
2. With 66% recovery value and higher impairments in 2011/12 there will be gains on disposal from 2016 onwards due to front loading of impairments

Note: "higher quality" loans have lower gearing (LTV), higher debt service coverage and mainly consist of fully performing loans.

[Stress case] : €3.2B additional capital required drip-fed from 2011-15

STRESS CASE

Comments



- Incremental capital injections required under stress to maintain an 8% total capital ratio across the Plan period
 - €3.2B of additional equity capital "drip-fed" into merged entity (2011-2012)
- Equity is projected to increase between 2015 – 2020 as primary income is from pro-note, which has a higher margin than customer lending, under current assumption for 3ME
- Capital depletion during the forecast period primarily driven by impairments and losses on disposals
 - €8.1B² of impairments and losses between 2011-20 on disposal of customer assets (vs. €3.6B in base)
- No allowance for interest rate or basis risk changes that could require additional capitalisation

1. Estimated regulatory capital ratio
2. Excludes €1B gain on disposal from sale of assets 2016-2020

Key risks and assumptions (1/2)

Funding

- 1 **Access to funds in required currencies and at required terms:** Risk that the merged entity is unable to access ~€49B of Central Bank or similar (e.g. CBI/ELA) funding at suitable durations, and the ancillary facilities to generate required currencies *[to finance €18B of non-Euro exposures at merger, ~60% in Sterling, ~40% in USD, <1% other]*
- 2 **Structural currency mismatch:** Risk that merged entity will have **limited/restricted market access** therefore compromising its ability to manage its structural currency mismatch
- 3 **Cost of funds:** Risk that the merged entity is required to pay higher prices for funds (in required currencies and at required terms) than specified *(3ME+180bps for euro funding, 3ME+280bps for foreign currency funding)*
→ **Potential impact:** ~ ± €40M PA for each 10bps change in euro and foreign currency funding above assumed rates

Capital

- 4 **Sale/transfers of deposits and NAMA bonds:** Sale of deposits and NAMA bonds may occur below book value, require additional costs, or not occur. In addition, NAMA transfers which occur before the planned sale may occur at higher haircuts than currently forecast, depending on NAMA's own assessment of underlying asset quality¹. Both of these risks may in turn require the injection of additional capital
→ **Potential impact:** €0.1B capital injection required in the base case if the transfer is priced at €1B lower, additional €0.1B capital injection required if the transfer is priced €0.1B lower in the stress case
- 5 **Provisioning levels:** There are ongoing exercises at Anglo and INBS to assess sufficiency of capital supporting non-NAMA commercial and residential provisions (e.g. conducted by Barclays Capital, Blackrock and Mazars on behalf of the CBI and expected to conclude on 30 April 2011 - beyond Plan submission). There is a risk that these exercises determine that extra capital is required which in turn requires the injection of additional capital
- 6 **Interest rate risk and basis risk:** Extra capital may be required due to interest rate movements or basis risk (base capitalisation 'buffers' the Bank to cover rises in the Euribor forward curve of up to ~200bps, but no buffer in stress)
→ **Potential impact:** Up to ~€0.3B of one-off additional capital in Base if the Euribor forward curve rises by ~200bps (depending on timing)
- 7 **Sovereign downgrade:** In the event of a sovereign downgrade this may negatively impact regulatory liquidity sources and funding costs (e.g. increased collateral haircuts)
- 8 **Third party perception risk:** An 8% total capital ratio may not be accepted as sufficient by counterparties and rating agencies and other banking partners *(Note: risk is considered low if base-case core tier one ratios are realised)*

1. Higher NAMA discount may also have an impact on capital requirements for other domestic institutions
Note: Potential impact refers to capital and numbers are cumulative over the planning period, unless otherwise specified

Key risks and assumptions (2/2)

Operational Execution

- 9 **Triggering default:** Any action related to this plan may trigger event of default which would lead to a cessation of business (e.g. lines being withdrawn or payment delays)
- 10 **Work-out profile & recovery values:** There is a risk that the forecast work-out profile and recovery values may not be realised in light of the uncertain market outlook in the US, UK and Ireland¹. There is also a risk that the organisation's status as a 'wind down' entity disadvantages the Bank in commercial negotiations. Realising projected recovery values will rely on management working out loans to maximise NPV – especially having the flexibility and expertise needed to restructure commercial loans

→ **Potential impact: ± €0.4B for each 1ppt change in recovery values**
- 11 **Legal and operational risks:** Leading to merger, combining Anglo and INBS will lead to elevated legal and operational risks for a transitional period of time given the physical/logical consolidation of people, data and infrastructure required. In addition, the planned sale/transfer of deposits/NAMA bonds will also lead to elevated legal and operational risks – given the run-down/'work-out' nature of the exercise. There is also the ongoing operational risk relating to the importance of retaining and maintaining a platform (systems, policies, people) necessary to achieve these ambitions
- 12 **Delay in merger execution:** As with any merger, execution may need to be delayed and/or managed over an extended transition period given uncertainties related to the timing of plan approval, required legislation and practical challenges.

Other

- 13 **Annual accounts:** The 2010 Year End numbers are a pro-forma of actual Year End numbers, excluding deposits books and NAMA bonds planned for transfer (accounts have been signed off as going concern)
- 14 **Tax:** It is assumed that income on the Promissory Note receives Class 1 treatment – there is a risk that the actual tax treatment of this income is different which may then reduce net income and increase capital requirements



Further clarity around these assumptions will be achieved as the plan is executed

1. See appendix page 57 for more details on changes in key markets and potential impact on timing and quantum of recoveries

Note: Additionally, implementation of the proposed plan may require specific legislation by the relevant Irish National Authorities. Potential impact refers to capital; numbers are cumulative over the planning period unless otherwise specified

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State aid requirements for the merged entity assuming core assumptions on pages 48 and 49 prove to be correct

Capital

- Total peak capital requirement of €34.7B (no additional capital required – contingent on meeting key assumptions¹) in the base case (€37.9B in stress)²
 - €29.3B injected into Anglo to date
 - €5.4B injected into INBS to date
 - In stress, €3.2B additional capital required (injected into merged entity between 2011 and 2015)
- Total cost to the taxpayer (capital required – equity remaining in 2020) €31B in the base case and €35.8B in stress
 - €3.7B equity remaining in 2020 in base case
 - €2.1B equity remaining in 2020 in stress case

Funding

- Peak funding requirement of €49.1B at merger (CBI/ELA funding) reducing to €36.7B by 2015 and to €15.9B by 2019 (base case)

Guarantees

- A selective set of government guarantees will be required, including on legacy secured, or related to borrower deposits and bonds outstanding
- No fees paid for any guarantees except on secured, or related to borrower deposits (for which 50 bps fee will be paid) for the duration of the ELG scheme and bonds outstanding (for which a fee of 95-125bps in 2011 will be paid)

Note: Sub-component values may not total to headline values due to rounding. Peak funding refers to peak total government funding Capital projections are based on best estimates available at time of plan submission and may be subject to change based on several external factors such as the outcome of the LMEs and the terms of the sale of the deposit book and transfer of the NAMA bonds
1. See pages 48 and 49 for summary of key risks; 2. Stress scenario assumes lower recovery values for commercial assets and increased haircut on disposal of residential assets in 2015. Stress criteria may differ from EU-wide criteria and does not take into account the risks presented on pages 48-49

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Conclusions

- **Achieving clarity** on the future of both Anglo Irish Bank and INBS is **essential to the promotion of confidence and stability** in the Irish financial system
- We fully understand the obligations associated with State aid to **share the restructuring burden** and **minimise any risk of competitive distortion**
- Combining the legacy loan portfolios and assets of Anglo and INBS into a new merged entity represents the **best available option for Ireland**:
 - **Concentrates specialist wind down capabilities** in a single entity to minimise capital losses on loans and other assets
 - **Enables synergies** especially in capabilities, infrastructure and processes
 - **Consistent with agreements** reached in relation to EC/IMF/ECB Programme

Key milestones going forward

- To meet target to merge in H1 2011:
 - **EC agreement** required in **February** (e.g. to enable advance customer notification of merger)
 - Execute **sale/transfer of deposits** and NAMA bonds **as soon as possible**
- EC Case Team and Authorities to define **timetable of next steps** required to meet these key dates (e.g. process for approving Plan)

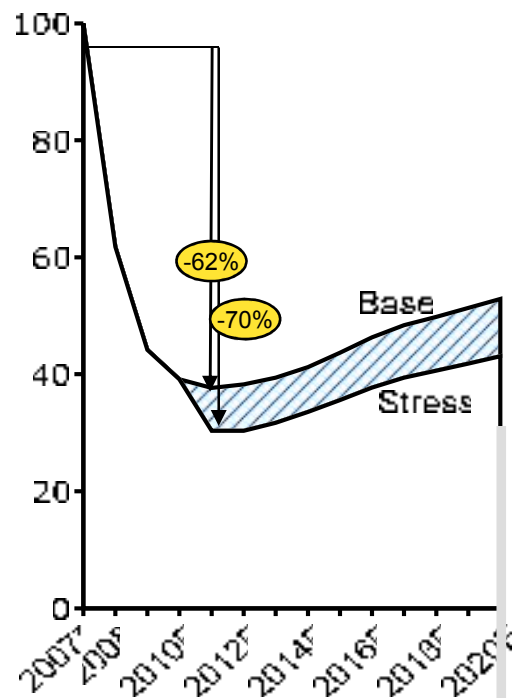
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Collateral values: Original forecast conservative for 2010 vs. actual but long term trends are unlikely to change

Ireland

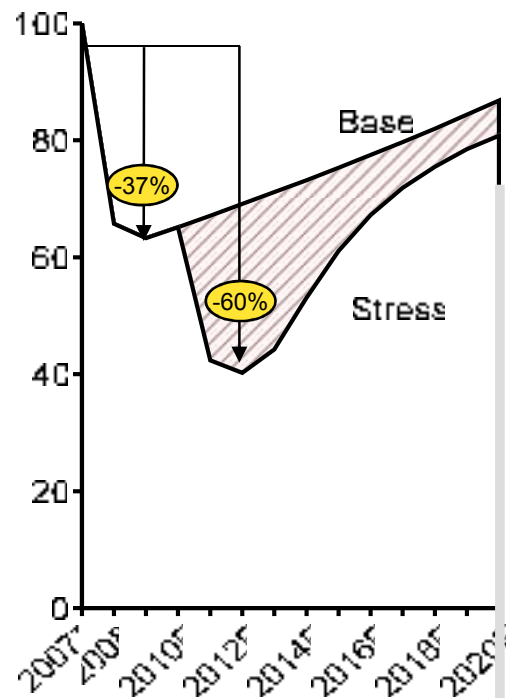
Ireland commercial property index,
Peak = 100



- Index declined by 8-9% in 2010, 2-3% less than original forecast
- However, market remains very illiquid and macroeconomic factors are weak
- Recommend maintaining original forecast to be conservative

UK

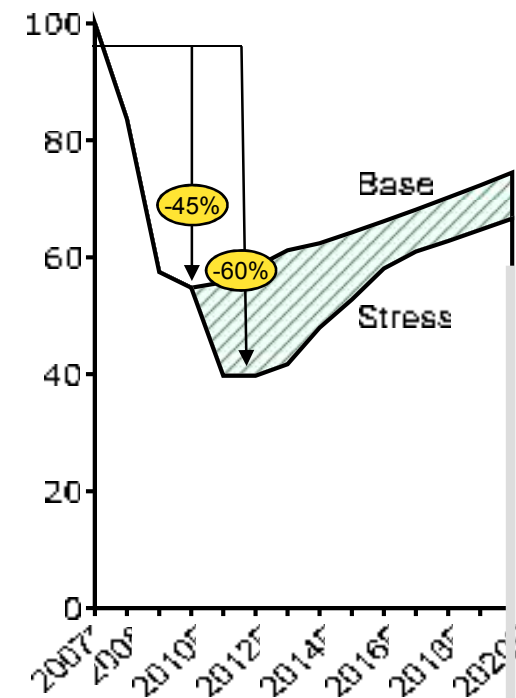
UK commercial property index,
Peak = 100



- Index increased by 14% in 2010, 11% more than original forecast
- However, it is uncertain if strong rebound will be able to continue
- Recommend maintaining original forecast to be conservative

US

US commercial property index,
Peak = 100



- Index increased by ~3% in 2010, 8% more than original forecast
- Recommend maintaining original forecast to be conservative

Note: Peak month value used for 2007 – September for Ireland, June for UK, October for US

Source: Base case: Ireland - 2009 IPD All Property Capital Values Index, 2010-2017 Management estimates, 2018-2020F assumes grows in line with GDP; UK - 2009 IPD All Property Capital Values Index, 2010-2017 Management estimates, 2018-2020F assumes grows in line with GDP; US - 2009 Moody's/REAL Commercial Real Estate Index, 2010-2014 Management estimates, 2015-2020 GDP growth rate; UK - 2009 IPD All Property Capital Values Index, 2010-2020 Management estimates in line with GDP growth rate; Management estimates for stress case

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Anglo capital walk

PRELIMINARY

BASE CASE

€B	Capital forecast as of October Plan		Capital forecast as of Jan-31	
	Capital injection	Other	Capital injection	Other
2009 capital Jun-Sept	4.0		4.0	
2009 year end capital	8.3		8.3	
2009 year end core tier 1 capital		4.6		4.6
2010 capital May-Aug	10.6		10.6	
Total State capital provided to date	22.9		22.9	
1 2010 NAMA-related losses, of which:		(15.0)		(14.0)
<i>Additional NAMA discount</i>		(12.3)		(11.3)
<i>Fair value adjustment NAMA bonds</i>		(2.2)		(2.2)
<i>Loss on NAMA Swaps</i>		(0.6)		(0.5)
2 Non-NAMA provisions		(4.5)		(5.0)
3 Sub-debt liability management exercise		1.4		1.6
4 Other 2010 income statement		(0.1)		(0.1)
5 Deposits and NAMA bonds transfer loss / gain		0.0		0.0
Additional capital injection required into Anglo by year-end 2010 (assuming continuing derogations)	5.4		6.4	
2010 year end core tier 1 capital		2.3		4.1
Total capital injections into Anglo by year end 2010	28.3		29.3	
Pre-split injection into Recovery Bank and Funding Bank	1.0		NA	
6 Total capital required	29.3		29.3	
Total pro-note	25.3		25.3	
7 Further injections	0.0		0.2	
Total capital required (with injections)	29.3		29.5	
RWA		38.5		38.1

Comments – Changes to October Plan

- + €1.0B gain** based on lower NAMA-related losses (updated based on latest actuals):
 - NAMA haircut for the last tranche decreased from 67% to 56%
 - Average FVA updated to 15% (senior) and 64% (sub)
 - €1.1B still to be transferred
 - Changes to amount transferred due to FX movements and latest data on provisions
- €0.5B loss** from no release of IBNR
- + €0.2B gain** based on latest data on components of LME and discounts incorporated (un-dated sub-debt removed, \$200M US sub-debt remains)
- +€0.1B gain** from other P&L items
- Deposits and NAMA bonds transferred at book value
- No change in total capital requirement
- Anglo stand-alone requires drip fed **injections of €0.2B** to reach 8% total capital ratio

Capital comparison to the October 2010 Plan

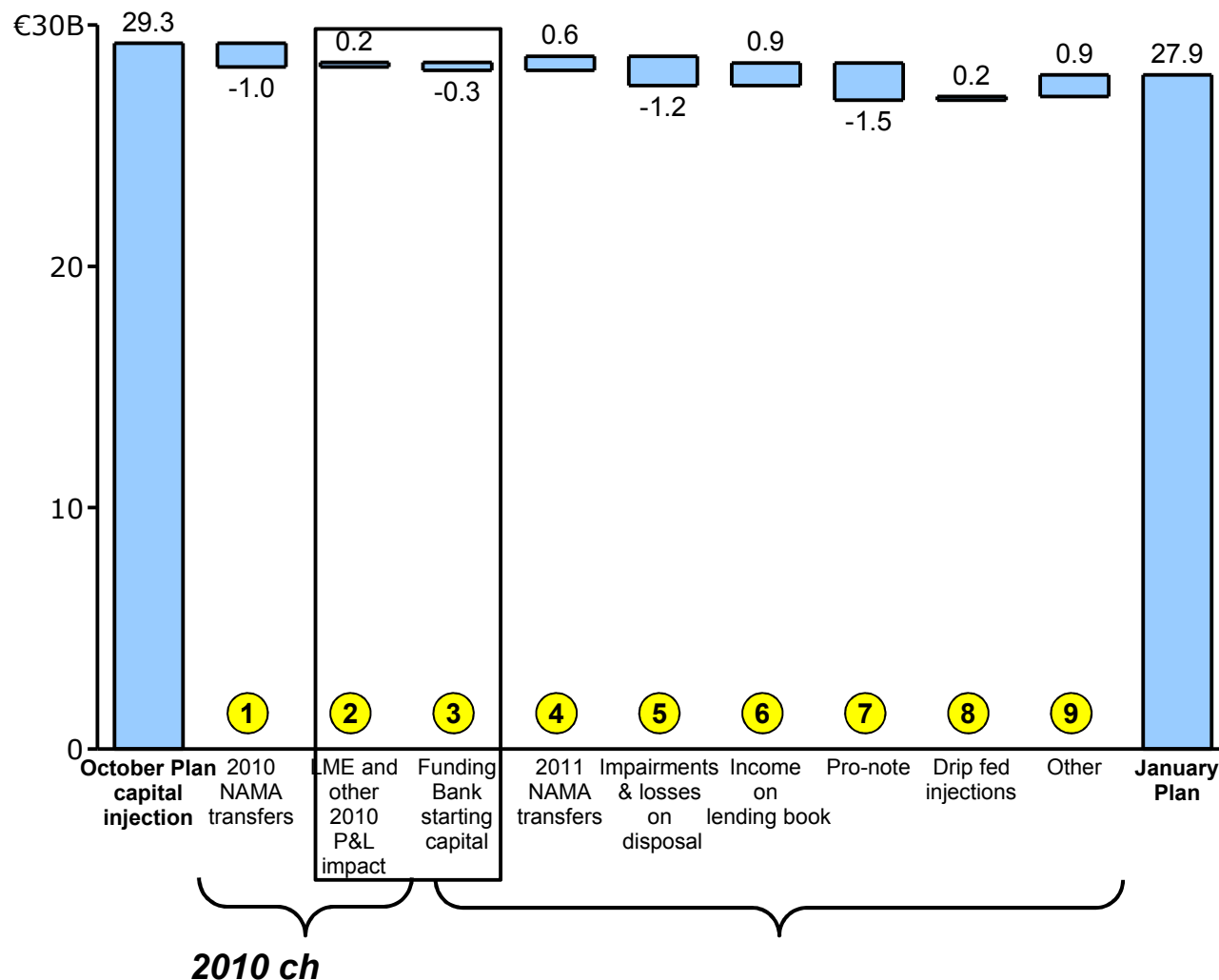
PRELIMINARY

BASE CASE

Comments

- 1 Based on Dec'10 actuals; €1.1B still to be transferred; haircut on last tranche revised from 67% to 56%; average FVA updated to 15% (senior) and 64% (sub)
- 2 LME performed on all but USD denominated sub-debt increasing profit from €1.4B to €1.6B; latest data on pre-impairment profit, IBNR release impairments and other incorporated;
- 3 No capital required for Funding Bank (no longer being created)
- 4 €1.1B transferred at 56% haircut, FVA 15% (senior), 64% (sub)
- 5 Recovery values as per October Plan (66%) applied to lower starting book (€35.7B vs. €40.0B nominal)
- 6 Lower margins (no repricing assumed) applied to lower starting book
- 7 Last tranche of €6.4B with longer maturity (20y vs. 10y) priced at 8.6% fixed vs. 6.1%; 18% of pro-note balance swapped vs. 77% in October Plan
- 8 2011-2020 injections to reach 8% total capital ratio
- 9 Other includes:
 - No issuance of wholesale priced at 400bps over 3ME (-€0.8B)
 - Updated Opex based on latest budget (+€0.3B)
 - Additional 100bps for foreign currency funding (+€1.0B)
 - Additional income from NAMA chargeback (-€0.1)
 - Other (+€0.5B)

Anglo's capital requirement (€B)



Note: Negative numbers in capital walk, represent an improvement in the overall capital position

Source: October 24 Restructuring Plan, January 31 Revised Restructuring Plan

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Impairments and losses on disposal comparison to the October Plan

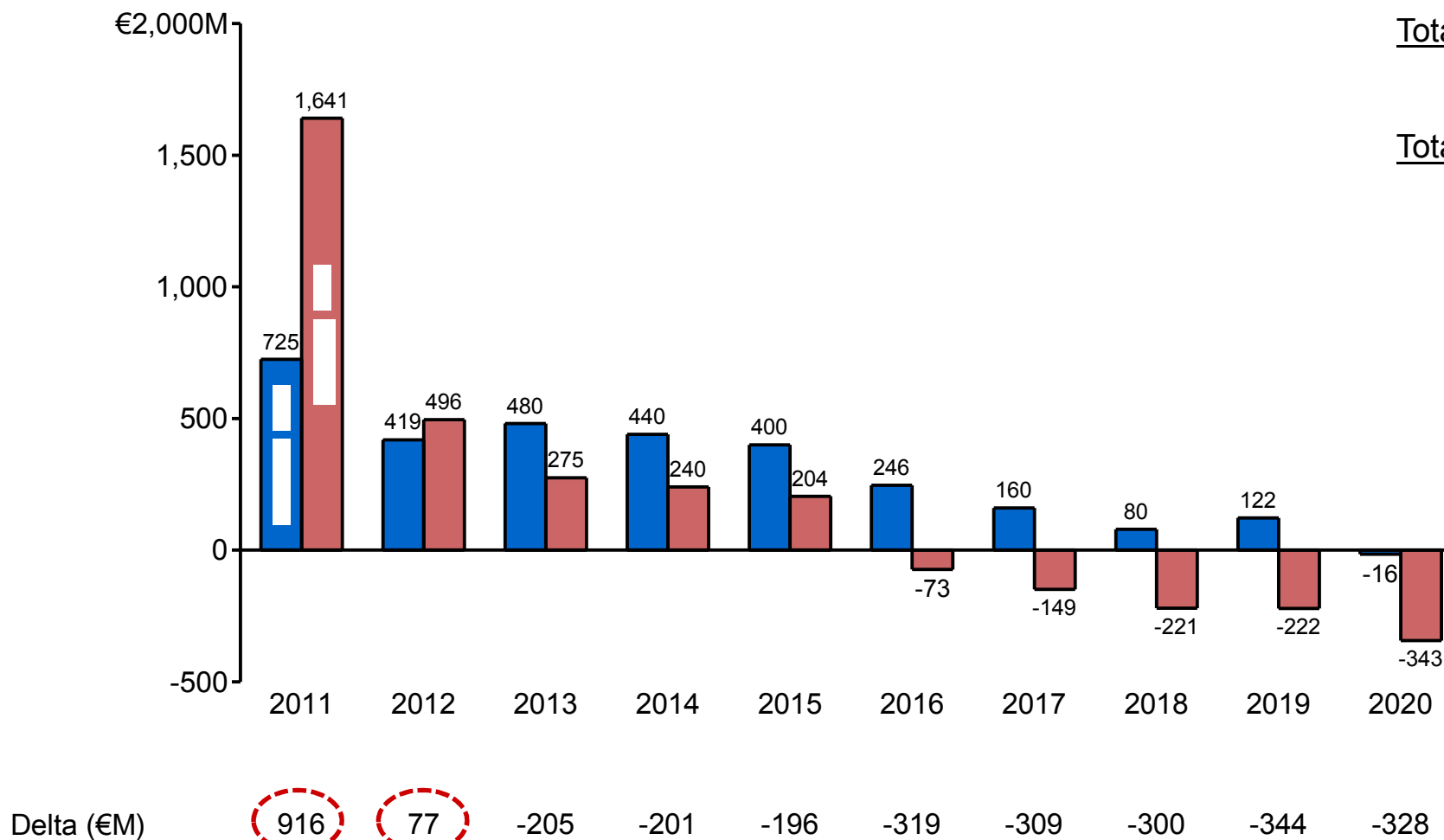
PRELIMINARY

BASE CASE

Impairments and losses on disposal (€M)

Total October Plan
€3.1B

Total January Plan
€1.8B



Source: October 24 Restructuring Plan, January 24 revised Restructuring Plan

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Anglo loan book: comparison to the October Plan

BASE CASE

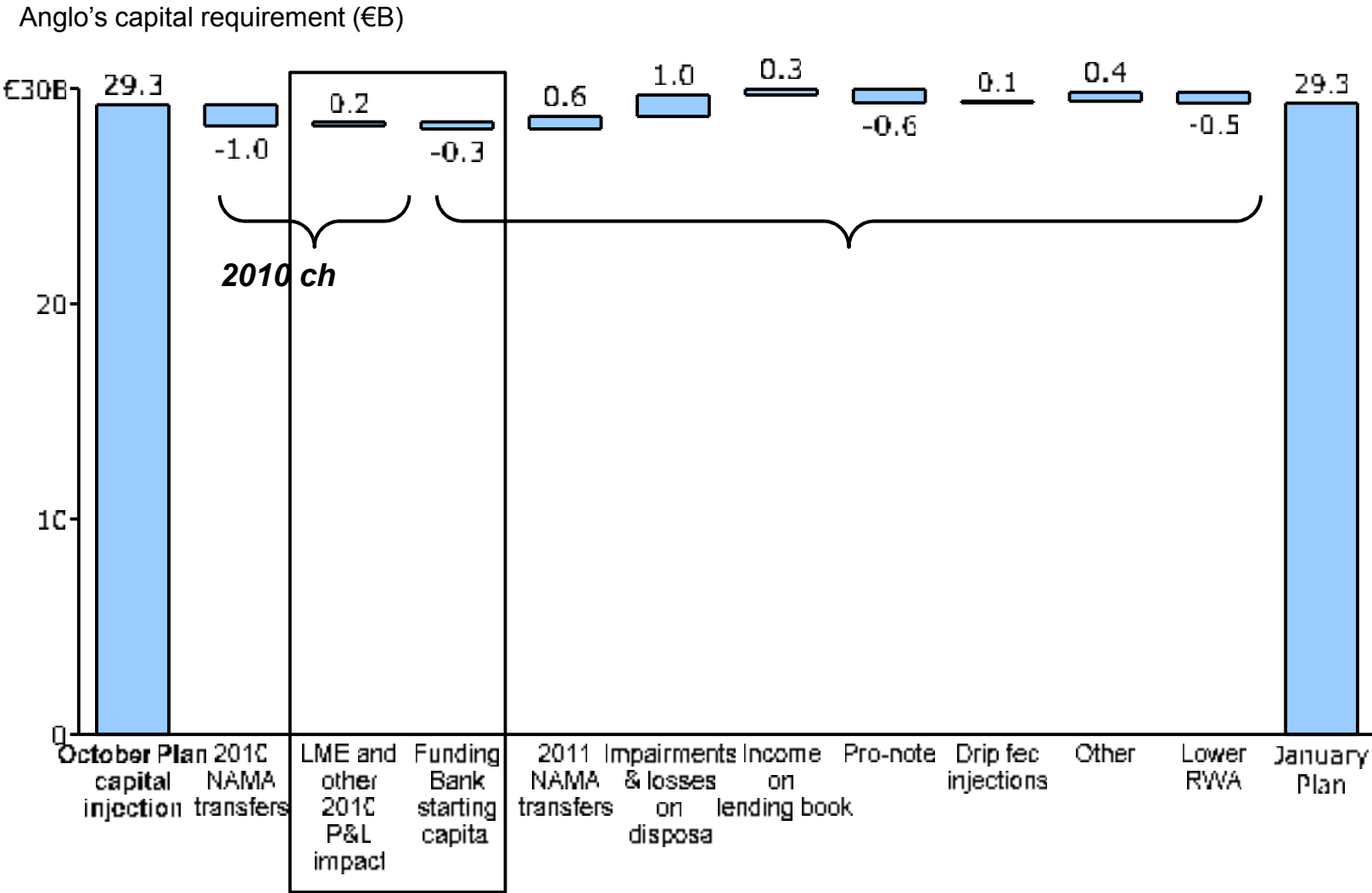
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
October 2010 EC Plan													
Ire	Gross loans (€B)	17.6	16.7	15.8	14.7	13.5	12.4	10.0	7.6	5.3	2.6	0.0	17.6
	Provisions (€B)	7.4	7.2	7.0	6.7	6.3	6.0	4.9	3.7	2.5	1.3	0.0	
	Net loans (€B)	10.2	9.5	8.9	8.0	7.2	6.4	5.2	3.9	2.8	1.4	0.0	
	% gross book disposed	NA	5%	5%	7%	7%	7%	13%	13%	13%	15%	15%	
	% recovery	NA	51%	51%	58%	58%	59%	50%	51%	51%	55%	55%	53%
UK	Gross loans (€B)	12.1	11.5	10.9	9.9	9.0	8.0	6.6	5.1	3.6	1.8	0.0	12.1
	Provisions (€B)	2.0	2.0	2.0	1.9	1.9	1.8	1.5	1.1	0.8	0.4	0.0	
	Net loans (€B)	10.1	9.4	8.9	8.0	7.1	6.3	5.1	4.0	2.8	1.4	0.0	
	% gross book disposed	NA	5%	5%	8%	8%	8%	12%	12%	12%	15%	15%	
	% recovery	NA	75%	76%	78%	78%	78%	77%	77%	78%	78%	79%	78%
US	Gross loans (€B)	10.0	9.5	9.0	8.2	7.5	6.7	5.5	4.2	3.0	1.5	0.0	10.0
	Provisions (€B)	0.9	1.0	1.0	1.0	1.0	1.0	0.8	0.6	0.4	0.2	0.0	
	Net loans (€B)	9.1	8.5	8.0	7.2	6.5	5.8	4.7	3.6	2.6	1.3	0.0	
	% gross book disposed	NA	5%	5%	8%	8%	8%	12%	12%	12%	15%	15%	
	% recovery	NA	72%	73%	76%	76%	77%	75%	75%	76%	77%	77%	76%
Total gross loans (€B)		39.7	37.7	35.7	32.8	30.0	27.1	22.1	17.0	11.9	5.9	0.0	39.7
Total provisions (€B)		10.3	10.3	10.0	9.6	9.2	8.7	7.1	5.5	3.8	1.9	0.0	
Total net loans (€B)		29.4	27.4	25.7	23.3	20.8	18.4	14.9	11.5	8.1	4.0	0.0	
% gross book disposed		NA	5%	5%	7%	7%	7%	13%	13%	13%	15%	15%	
% recovery		NA	64%	64%	69%	70%	70%	64%	64%	65%	67%	68%	66%
January 2011 EC Plan													
Ire	Gross loans (€B)	15.5	14.7	13.9	12.9	11.9	10.9	8.8	6.7	4.6	2.3	0.0	15.5
	Provisions (€B)	6.6	7.3	7.2	6.8	6.5	6.1	4.9	3.8	2.6	1.3	0.0	
	Net loans (€B)	8.9	7.4	6.7	6.1	5.4	4.8	3.9	3.0	2.1	1.0	0.0	
	% gross book disposed	NA	5%	5%	6%	6%	6%	14%	14%	14%	15%	15%	
	% recovery	NA	50%	50%	57%	58%	58%	49%	50%	51%	54%	54%	53%
UK	Gross loans (€B)	11.2	10.6	10.1	9.2	8.3	7.4	6.1	4.7	3.4	1.7	0.0	11.2
	Provisions (€B)	1.3	1.5	1.5	1.4	1.4	1.3	1.1	0.9	0.6	0.3	0.0	
	Net loans (€B)	9.8	9.1	8.6	7.8	6.9	6.1	5.0	3.9	2.7	1.4	0.0	
	% gross book disposed	NA	5%	5%	8%	8%	8%	12%	12%	12%	15%	15%	
	% recovery	NA	75%	76%	78%	78%	78%	77%	77%	77%	78%	78%	78%
US	Gross loans (€B)	8.3	7.9	7.5	6.8	6.2	5.6	4.6	3.5	2.5	1.2	0.0	8.3
	Provisions (€B)	1.6	1.8	1.7	1.7	1.6	1.5	1.2	1.0	0.7	0.3	0.0	
	Net loans (€B)	6.7	6.1	5.7	5.2	4.6	4.1	3.3	2.6	1.8	0.9	0.0	
	% gross book disposed	NA	5%	5%	8%	8%	8%	12%	12%	12%	15%	15%	
	% recovery	NA	72%	73%	76%	76%	77%	75%	76%	76%	77%	77%	76%
Total gross loans (€B)		34.9	33.2	31.5	28.9	26.4	23.9	19.4	15.0	10.5	5.2	0.0	34.9
Total provisions (€B)		9.5	10.5	10.4	9.9	9.4	8.9	7.3	5.6	3.8	2.0	0.0	
Total net loans (€B)		25.5	22.7	21.1	19.0	17.0	15.0	12.2	9.4	6.6	3.3	0.0	
% gross book disposed		NA	5%	5%	7%	7%	7%	13%	13%	13%	15%	15%	
% recovery		NA	63%	64%	69%	69%	70%	64%	64%	65%	67%	68%	66%

Note: Small differences in gross run-down percentages between October and January due to **small shifts in proportion of high and low quality assets**, which run-down at different rates; here including US and Scottish HFS assets

€29.3B capital is required in 2012 to meet 8% total capital requirement

PRELIMINARY

BASE CASE



Note: Negative numbers in capital walk, represent an improvement in the overall capital position
 Source: October 24 Restructuring Plan, January 31 revised Restructuring Plan

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Further capital injections required if NAMA bonds significantly discounted at transfer, particularly in stress case

Difference in NAMA bonds transfer price	Base case	Stress case
Change to price received (€M)	Combined Entity capital requirements (€B)	Combined Entity capital requirements (€B)
-	34.7 <i>Already injected</i>	37.9 <i>Includes injections of 3.2</i>
-100	-	+0.1
-250	-	+0.3
-500	-	+0.5
-1000	+0.1	+1.0

Note: Additional capital requirements associated with each scenario are all relative to the net carrying value capital requirement, rather than cumulative through all scenarios

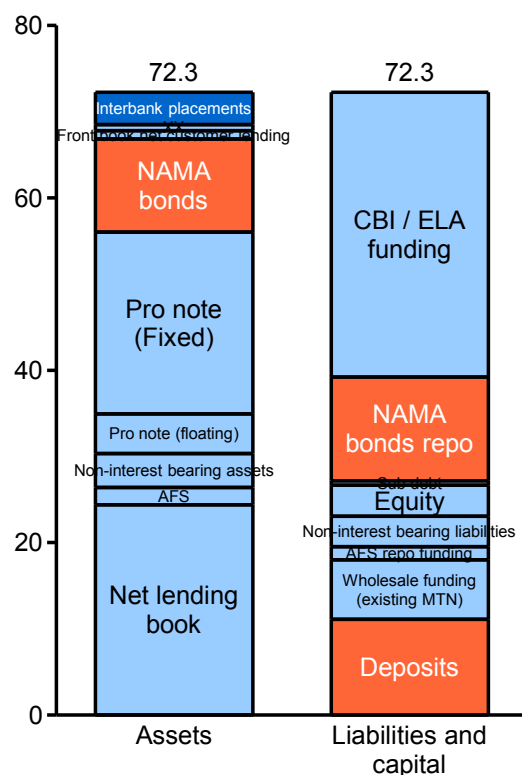
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Anglo : Pre-merger ~€61B balance sheet post deposit transfer

PRELIMINARY

2010YE Balance Sheet of €72B

Expected Anglo 2010YE balance sheet (€B)



■ Removed by transfer

■ Potentially reduced at transfer
(exact figure to be confirmed)

Transfers of NAMA bonds and deposits reduce balance sheet to ~€60B

Year end	2010E	Transfer delta	2010 post-M
Assets			
Net lending book	24,407	-	24,407
NAMA bound assets	979	-	979
Pro note (floating)	4,600	-	4,600
Pro note (Fixed)	21,103	-	21,103
NAMA bonds	10,790	(10,623)	167
Classified as held for sale	703	-	703
Interbank placements	3,754	(883)	2,871
AFS	1,982	-	1,982
Non-interest bearing assets	3,949	-	3,949
Total	72,267	(11,506)	60,761
Liabilities and capital			
Deposits	11,093	(10,293)	800
Non Central Bank funding	1,500	-	1,500
Wholesale funding	6,921	-	6,921
NAMA bonds ECB repo	12,041	(12,041)	-
CBI / ELA funding	33,047	10,828	43,875
Non-interest bearing liabilities	3,530	-	3,530
Sub debt and other capital instruments	509	-	509
Equity	3,626	-	3,626
Total	72,267	(11,506)	60,761

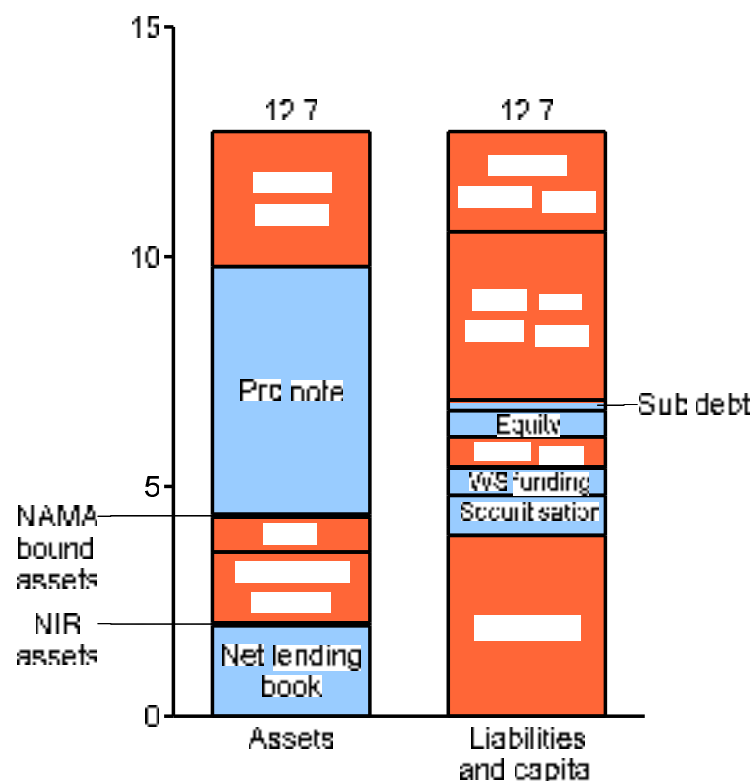
- 1 Transfer of NAMA senior bonds
- 2 €0.9B of Interbank placements removed with deposits (assumed at book value)
- 3 Only secured, or related to borrower accounts remain
- 4 Repo of NAMA senior bonds ended
- 5 CBI / ELA funding replaces deposits
- 6 No capital impact as deposits and NAMA bonds transferred at book

INBS : Pre-merger balance sheet of ~€7B balance sheet post deposit transfer

PRELIMINARY

2010YE Balance Sheet of €12.7B

Expected INBS 2010YE balance sheet (€B)



Removed by transfer and key changes in Q1 2011

Transfer of NAMA bonds & deposits and expiry of own use bonds repo create need for CBI/ ELA funding and bring balance sheet to €7.4B

Year end	2010E	Transfer delta	2010 post-M
Assets			
Net lending book	1,971	(38)	1,933
NAMA bound assets	59	-	59
Pro note	5,391	(181)	5,210
NAMA bonds ¹	2,937	(2,851)	85
AFS	760	(746)	14
Non interest-bearing assets	66	(4)	62
Interbank assets	1,542	(1,542)	-
Other	0	-	0
Total	12,726	(5,362)	7,363
Liabilities and capital			
Deposits ²	3,939	(3,934)	6
Wholesale funding	596	5	601
NAMA bonds repo ³	2,178	(2,178)	-
Other repo	658	(658)	-
Own use bond repo ⁴	3,660	(3,660)	-
CBI / ELA funding ⁵	(0)	5,185	5,185
Securitisation	865	(158)	708
Other	22	10	32
Sub debt and other capital instruments	233	(188)	44
Equity	575	213	788
Total	12,726	(5,362)	7,363

- 1 All NAMA senior bonds transferred out
- 2 All deposits transferred out, except for €5.5M of secured, or related to borrower deposits
- 3 NAMA bonds repo ends as senior bonds transfer
- 4 Own use bond repo expiry in March 2011
- 5 CBI / ELA funding fills funding gap from own use bond repo and deposit/NAMA bond transfer