



DAILY COMPANY NOTE — Anglo Irish Bank See page 2 for full details

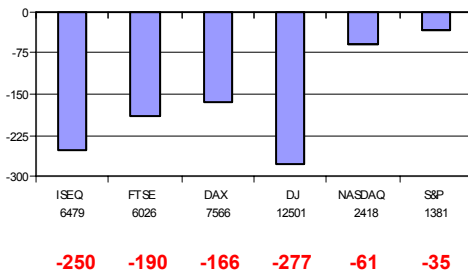
Daily Market Comment

Tuesday's Summary : Another horrendous day for the markets, with the ISEQ down 3.7% or 250 points by the close. Anglo was down 9% at one point, but it rallied to close down 4.3%. Kerry Group was hit hardest, closing down 7.3% for the day. The FTSE index was hit hard, finishing down 3% for the day with consumer discretionary stocks hit the worst, although Sainsbury was one of the few stocks to finish up. In the US the Dow was down 277 points or 2.2% on news from Citigroup and Intel.

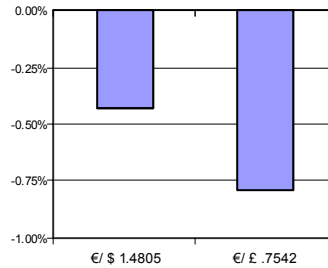
Overnight News : Intel posted their quarterly results last night, missing eps expectations for the quarter by 2 cent. Intel said that they were cautious on the outlook for the US market. The stock traded 15.6% lower in after hours trading. In Hong Kong, Share prices closed sharply lower due to fears that the US would slip into recession. The Hang Seng Index closed down 1,386.93 points or 5.37% at 24,450.85. Tokyo stocks closed sharply lower with the Nikkei index dropping over 3%, the Australian, Korean, Taiwanese and Singapore markets also closed down.

Breaking News : C&C have announced that they expect to see full-year EPS at lower end of forecasts, with revenue declining 10% and operating margin down 10%. The impact of the poor summer weather has carried into the autumn quarter with poor cider sales, especially in the UK market. Citigroup have announced massive losses, with a writedown of \$18.1 billion writedown, and that they will cut the dividend by 41%. Citigroup intend to raise \$14.5 billion in additional capital, \$12.5 billion of which is to come from an issuance of preference shares to the Singapore and Kuwaiti governments

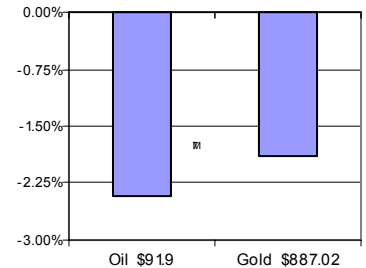
Equity Index's change on day



Currency daily % change



Oil/Gold daily % change



Paper Headlines

- "Citigroup suffers record losses in subprime crisis" – **Citigroup** - (Irish Examiner)
- "US consumer spending weakest since 2002" - **C&C** - (Irish Examiner)
- "US banks get \$21bn foreign bail-out" - (Financial Times)
- "Slowdown ends Tesco's run" - **Tesco** - (Financial Times)
- "Microsoft in new EU antitrust row" - **Microsoft** - (Irish Times)

Market Themes and Movers

US recession looms : The specter of US recession loomed closer yesterday with weak retail sales figures and disappointing results from Citigroup Inc. exacerbating investors' pessimistic mood. The Dow Jones industrials tumbled nearly 280 points. Spending by consumers, which accounts for more than two-thirds of U.S. economic activity, has been key to staving off economic slowdowns in recent years, however weak spending figures indicate the consumer may not be able to save the economy this time around. Fear is mounting that the Federal Reserve hasn't done enough to keep the economy going. Fourth-quarter earnings reports aren't helping with Intel Corp posting results below projections.

Dollar stays strong : The International Energy Agency kept its 2008 forecast for oil demand unchanged today despite growing expectations of a recession in the United States. The IEA, a state-backed oil watchdog for industrialised countries, attributed recent record oil prices above \$100 per barrel to a number of factors, notably pressure caused by strong demand and falling stock levels. The forecast for 2008 shows the Paris-based organisation believes another strong increase in oil demand will sustain tension on the market despite the prospect of slowing economic growth in the US, the world's biggest consumer of energy. Oil prices currently trade just below the \$92 mark, down from the \$100 highs of two weeks ago.

Dolmen Squawk Box

This day four years ago, the ISEQ stocks rose 0.25%, pushing the ISEQ to a 20-month high of 5,279.



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Anglo Irish Bank

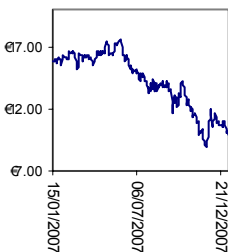
Target	€15.00
Previous (06/09/07)	€18.00
Current	€9.45

ISEQ
Banks
Company Profile

The Group's principal activity is providing banking services. The Group's three core areas are Business Lending, Treasury and Wealth Management. Business lending focuses on lending primarily to proven operators on transactions that are supported by secure cash flows and strong collateral. Products and services are corporate lending, commercial mortgages, asset finance, invoice discounting and film finance.

Fundamental view : One of the reasons reported for yesterday's 5% fall in the share price of Anglo Irish Bank was lower US loan growth prospects. However, the recently reported Q4 2007 results of AIB's US associate, M&T Bank, showed commercial real estate loan growth of 22% in Q4, as the dislocation in the securitisation market resulted in a resumption of "more normalised" banking for the traditional lenders. This was a point made by Anglo in conjunction with its full year results' announcement in November that the dislocation of the securitisation markets was creating loan growth opportunities, particularly in the US. M&T also specifically mentioned particularly strong commercial loan growth in the metropolitan New York area, a region which accounts for c.38% of Anglo's overall US lending. These full year results showed year on year earnings per share growth of 41% to €1.317, even after €112m of write-downs associated with SIV and sub-prime CDO positions, and the Irish bank confirmed that it remained on target to achieve eps growth "in excess of 15%", which translates into underlying eps growth in excess of 10% ex the €112m SIV related write-down, in line with our 2008 eps forecast of €1.52. Anglo's credit quality remains robust, with a most recent full year bad debts charge of only 0.09% of average loans, and its lending net interest margin remains stable, showing an increase in the most recent full year results from 2.02% to 2.04%.

Next catalyst : Over the next 12 months, potential positive catalysts for the Anglo Irish Bank share price include credit market and UK commercial property market recoveries. However, a more immediate catalyst could be a trading update issued in conjunction with the bank's AGM statement on Friday fortnight, 1st February. In each of the past 3 years, Anglo's AGM statement has acted as a catalyst for a positive share price performance in February, and given the current very low rating of the shares of 6.2x current year eps of €1.52, there is the potential for the statement to drive some significant share price upside in February from current levels. Our current 12 month share price target of €15 (59% upside) is based on 10x current year eps of €1.52. Such a rating is deserved given Anglo's stronger than sector average earnings growth prospects because of its unique niche business model, with sustainable average earnings growth of 15% per annum appearing achievable over the next 5 years as a result of the size of its opportunities in both the UK and US markets.

Statistics
Price Performance

Chart view: Anglo Irish Bank

Support Key: €8.64
Resistance Primary: €10.50
Resistance Secondary: €11.40

Downtrend continues with negative momentum. Approaching strong support at €8.64. If this support is broken then expect more downside. A close above the €10.50 area would break the recent downtrend and give the chart a more positive outlook.

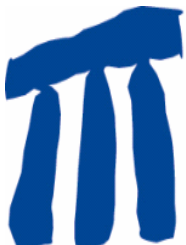
Profit breakdown


■ Business Lending 86%
■ Treasury 6%
■ Wealth Mgt 8%

Major Shareholders	%	Peer Group Multiples.			
		Company name	P/E 08	P/E 09	EPS Growth 08-09
Credit Suisse Asset Mar	6.02%	Anglo Irish Bank	6.2	5.6	10.53%
INVECO Asset Manager	5.03%	Allied Irish Bank	7.3	6.9	5.42%
Lehman Brothers Intern:	4.82%	Bank of Ireland	6.3	6.0	4.64%
Irish Life Investment Ma	2.77%	Irish Life & Permanent	5.4	5.6	-3.35%

Shares Outstanding 757.01m

Share Data	Financial Data	2007	2008e	2009e
Current Price (€)	Revenue (€m)	1,727	2,087	2,356
Mkt Cap (€m)	PBT (€m)	1,243	1,442	1,662
Reuters	EPS (€)	1.35	1.52	1.68
Bloomberg	P/E(x)	7.0	6.2	5.6
Sector	DPS(€)	0.20	0.23	0.27
CEO	Yield	2.12%	2.43%	2.86%
Finance director				
Website				





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