



The **CHALLENGES** facing AIB are **CONSIDERABLE**.

We aim to **restore** the **credibility** of the organisation,
underpin its **viability** and **renew** the
CONFIDENCE of **STAKEHOLDERS**. A process of

positive
change
is underway.

AIB is **DELIVERING** on its **RESPONSIBILITIES**
and **COMMITMENTS TO SUPPORT** the **IRISH ECONOMY**.

20
09

SHAREHOLDERS
REPORT



Thanks to The Native Woodland Trust and St. Tiernan's Community School, Dundrum.

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AIB’s financial performance in 2009 was highly unsatisfactory and we continue to wrestle with a series of fundamental challenges to our business.

Our shareholders, customers and staff deserve an explanation of why AIB finds itself in this position.

AIB was one of many institutions around the world that had to cope with turmoil in global financial markets in recent years. The turmoil was so intense that it would have made it very difficult for AIB to reach this point in the economic cycle in reasonable shape. But we made significant contributions to our own problems.

AIB Bank is our established retail franchise in the Republic of Ireland. Within the control of the bank, but separate from the day-to-day activities of the branch network, we set up teams to lend money to developers in the property and construction sector.

With the benefit of hindsight, it is obvious that many banks, including AIB, lent too much money to this particular sector. It is also clear, in retrospect, that our credit management processes and our oversight in this area failed to prevent this from happening in AIB. All these problems were compounded by a near universally held view of the future of the Irish economy that was remarkably benign. A view that was wrong. Another important factor was the intense competition AIB faced at the time.

We have to be ready to learn the lessons of recent events and this is why we will co-operate fully with the banking inquiry now being established in Ireland.

AIB also continues to work closely with the Irish Government to assist the Government’s broader objective to stabilise the economy as a whole.

Our new management team, headed by our Group Managing Director Colm Doherty, is now in place. I firmly believe Colm has the strategy, the vision and the ability to rebuild trust and confidence in AIB. For more about this, see his review on pages 6 and 7.

AIB appreciates the financial support it received from Irish taxpayers in 2009 and the Irish Government’s commitment to continue that support.

The Government first acknowledged the systemic importance to the Irish economy of AIB, and other institutions, through the establishment of the 2008 Bank Guarantee Scheme and the Credit Institutions (Eligible Liabilities Guarantee) Scheme in 2009. The National Pensions Reserve Fund Commission also made a €3.5 billion investment in AIB through non-cumulative preference shares.

In April 2009 the Government said it was to establish the National Asset Management Agency with the aim of restoring stability to the banking system. The support we received from the Government has also created a need for state-aided Irish banks to deliver a restructuring plan to the Irish Government for submission to the European Commission for review and approval. AIB’s plan was submitted in November and the review process is not yet completed.

In line with global trends for banks to hold more capital, AIB will be moving to increase its capital ratios.

NAMA, an agreement with the EU on the restructuring plan and capital raising are key tasks for AIB and in November last year I took on executive responsibility, on a temporary basis, for oversight of AIB’s work in these areas.

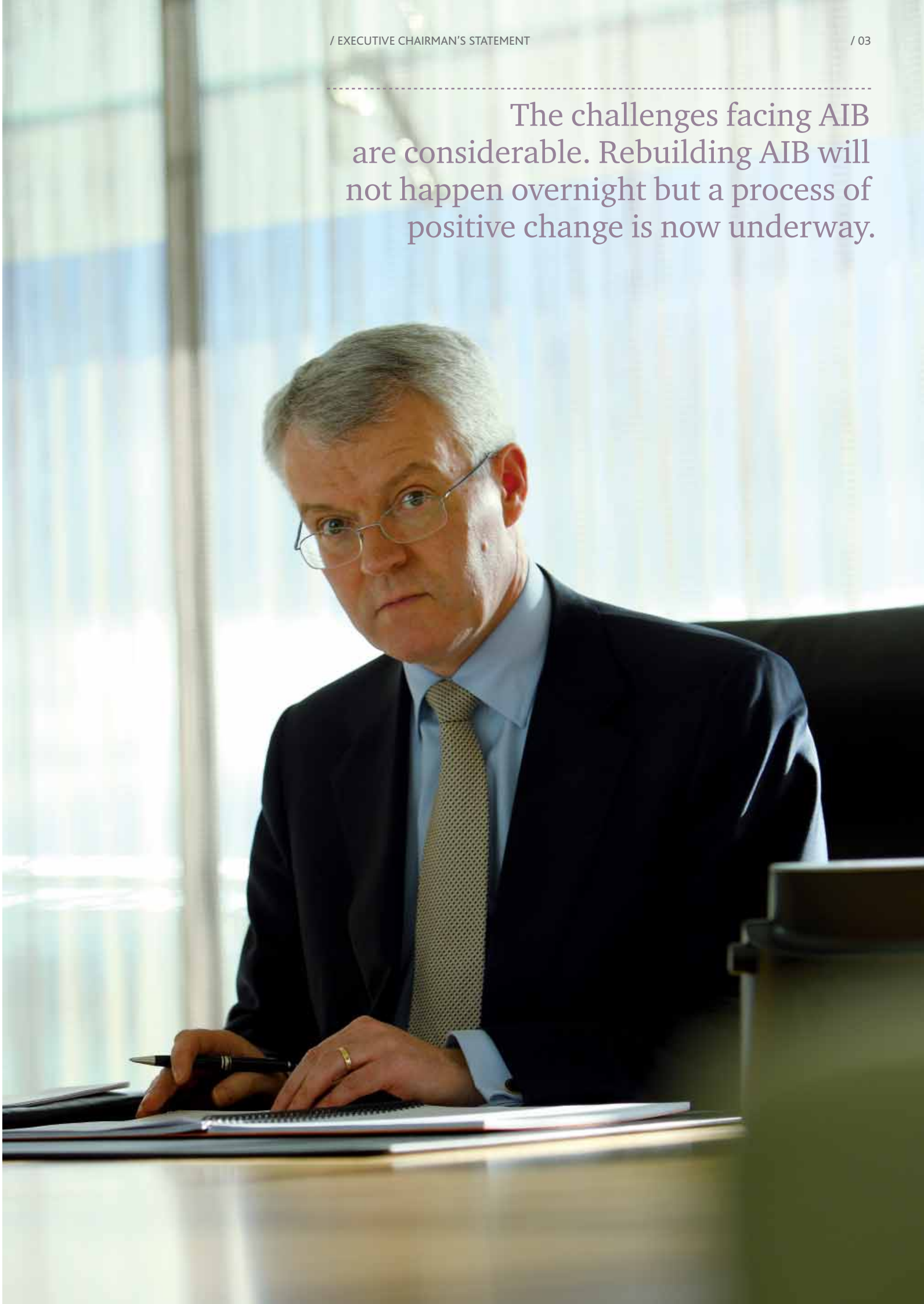
There have been a number of changes to the AIB Board over the past year. Declan Collier and Dick Spring joined in January 2009 as nominees of the Government. Michael Sullivan and Donal Forde left the AIB Board at the time of the AGM last May. Dermot Gleeson retired in July, John O’Donnell in August and Eugene Sheehy in November.

In January 2010, Dr Michael Somers was appointed to the AIB Board as a non-executive director by the National Pensions Reserve Fund Commission.

The challenges facing AIB are considerable. Rebuilding AIB will not happen overnight but a process of positive change is now underway.

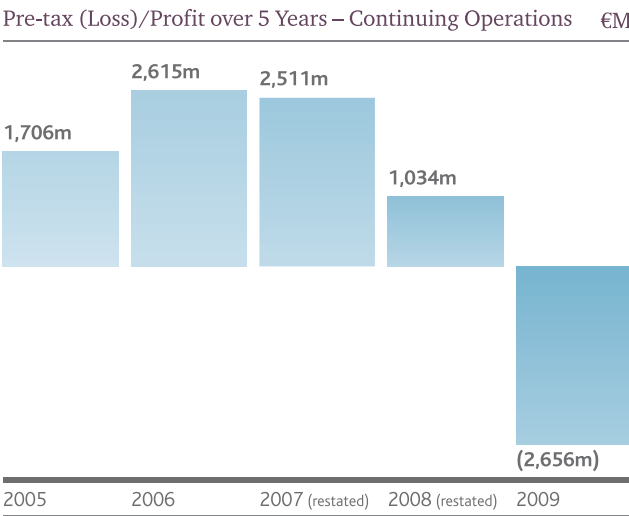
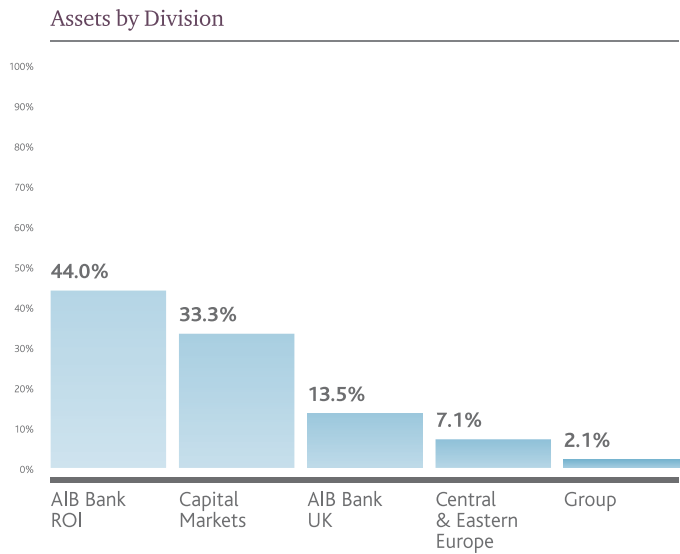
Dan O’Connor
Executive Chairman
1 March 2010

The challenges facing AIB are considerable. Rebuilding AIB will not happen overnight but a process of positive change is now underway.

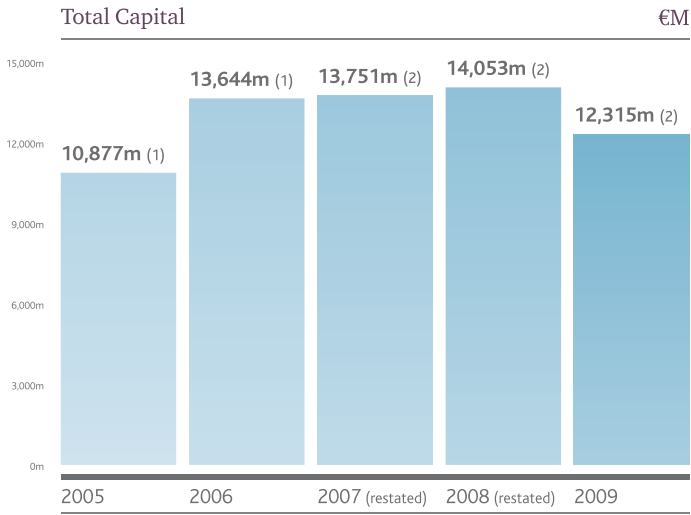
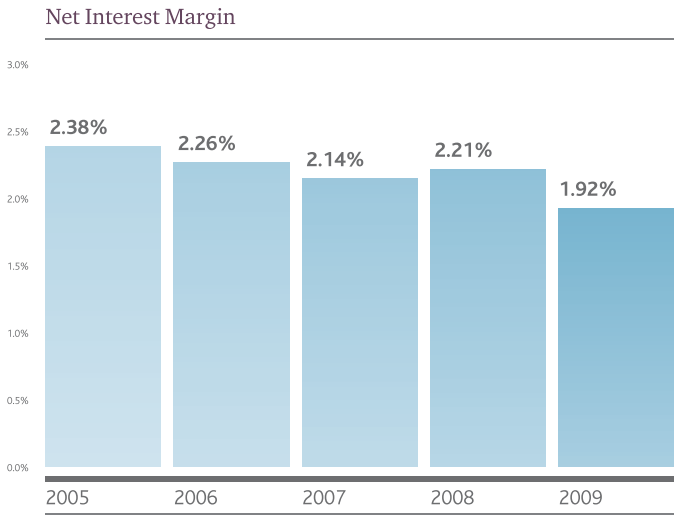


AIB

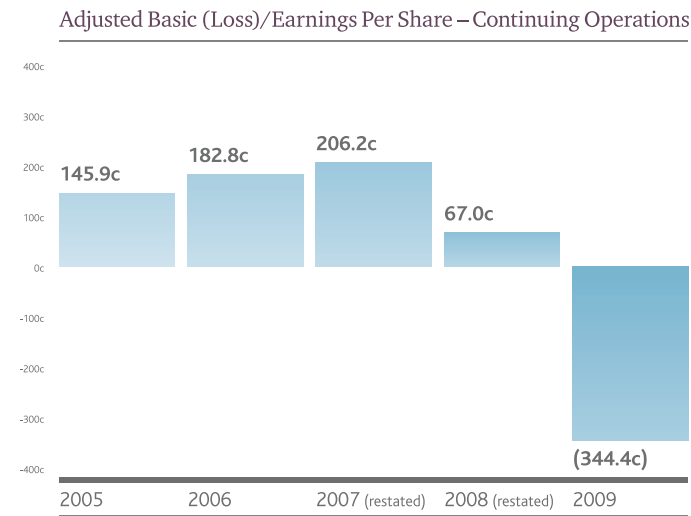
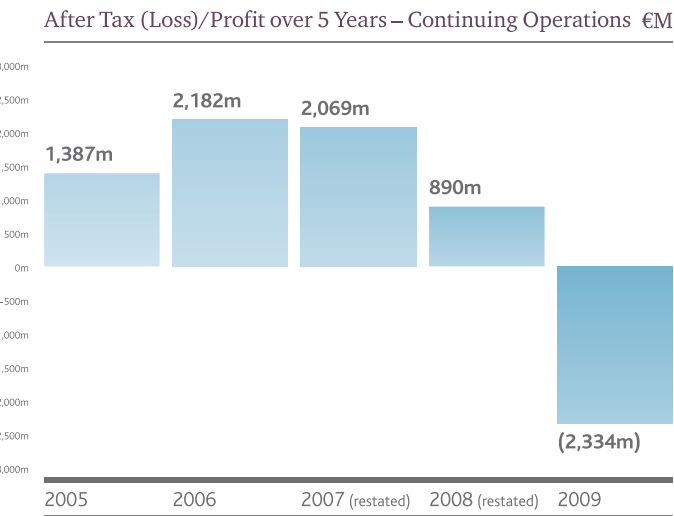
an overview



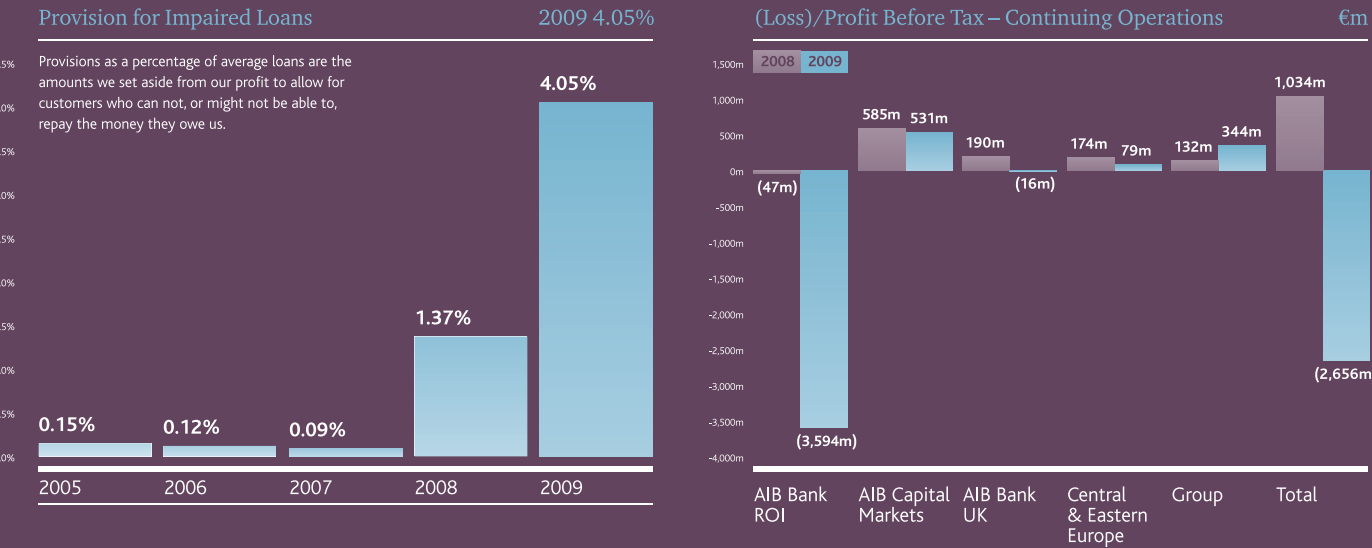
| Summary Consolidated Income Statement | 2009 | (restated) 2008 |
|--|----------------|--------------------|
| | € Million | € Million |
| Net interest income | 3,233 | 3,867 |
| Other income | 1,626 | 1,201 |
| Total operating income | 4,859 | 5,068 |
| Personnel expenses | 1,113 | 1,412 |
| General and administrative expenses | 628 | 775 |
| Depreciation/amortisation | 156 | 170 |
| Total operating expenses | 1,897 | 2,357 |
| Operating (loss)/profit before provisions | 2,962 | 2,711 |
| Provisions for impairment of loans and receivables | 5,355 | 1,822 |
| Provisions for liabilities and commitments | 1 | (2) |
| Amounts written off financial investments available for sale | 24 | 29 |
| Operating (loss)/profit | (2,418) | 862 |
| Associated undertakings | (262) | 42 |
| Profit on disposal of property | 23 | 12 |
| Construction contract income | 1 | 12 |
| Profit on disposal of businesses | – | 106 |
| (Loss)/profit before taxation | (2,656) | 1,034 |
| | | |
| <i>Basic (loss)/earnings per share</i> | (215.2c) | 83.4c |
| <i>Adjusted (loss)/earnings per share</i> | (344.4c) | 67.0c |



(1) Under Capital Adequacy Directive (2) Under Capital Requirements Directive



| Summary Consolidated Statement of Financial Position | 2009 | (restated) 2008 |
|--|----------------|--------------------|
| | € Million | € Million |
| ASSETS | | |
| Cash and balance at central banks | 4,382 | 2,466 |
| Loans to customers | 103,341 | 129,489 |
| Other financial assets | 61,845 | 44,790 |
| Interests in associated undertakings | 1,641 | 1,999 |
| Fixed and intangible assets | 1,318 | 1,377 |
| Other assets | 1,787 | 2,053 |
| TOTAL ASSETS | 174,314 | 182,174 |
| LIABILITIES | | |
| Deposits by banks | 33,333 | 25,578 |
| Deposits by customers | 83,953 | 92,604 |
| Other financial liabilities | 36,200 | 44,393 |
| Retirement benefit liabilities | 714 | 1,105 |
| Subordinated liabilities | 4,586 | 4,526 |
| Other liabilities | 4,193 | 3,655 |
| TOTAL LIABILITIES | 162,979 | 171,861 |
| | | |
| Shareholders' equity | 10,709 | 8,969 |
| Non-controlling interests | 626 | 1,344 |
| TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS | 174,314 | 182,174 |



2009 was a tough year for AIB. Our financial performance was hit by the financial turmoil and the continuing economic downturn, but also, in retrospect, by our own self-inflicted problems.

We made a loss of €2.3 billion and our adjusted basic loss per share was 344.4c. There was a stark contrast between our high performing international businesses and those with a focus on property, particularly those in the Republic of Ireland. Details of the provisions AIB made for 2009 are set out in note 29 of the Annual Financial Report.

AIB's underlying pre-provision operating profit of €2.3 billion in 2009 (excluding a capital exchange gain of €623 million) was down on the 2008 figure of €2.7 billion. In 2009 AIB Bank in the Republic lost €3.6 billion, AIB Bank in the UK €16 million (Stg £15 million) and the contribution from M&T Bank in the US was also down. Our CEE division recorded a profit of €79 million while AIB Capital Markets made €531 million. For more details on divisional performance, please see pages 40 to 50 of the Annual Financial Report.

The transfer of loans from AIB to NAMA will increase our capital requirements and initiatives to boost our equity capital base are underway.

AIB is also delivering on its responsibilities and commitments to support the Irish economy. We will keep doing what we can to help customers in trouble, although, inevitably, this may not be possible in all cases.

AIB is one of the few financial institutions offering competitive home loans in the Irish market at the moment. Our main focus is first-time buyers, though we are also keen to support existing customers who want to trade up their property – or top up their mortgage.

We know some of our customers are struggling to repay their home loans. In these circumstances, it is important we listen to them and work together to agree practical solutions to their difficulties. AIB adheres to various Irish statutory and voluntary guidelines which protect family homes. These guidelines include the Code of Conduct on Mortgage Arrears, the Irish Banking Federation/Money Advice & Budgeting Service protocol and the IBF Statement of Intent. I also would like to put on record that AIB has not compulsorily repossessed a family home in Ireland in more than six years.

AIB is proud to be Ireland's leading business bank with more than 40% of firms operating their main accounts with us. We are committed to engaging with our 170,000 business customers about working capital and investment needs.

As part of our commitment to the Irish Government, we sanctioned more than 56,000 credit applications for small and medium-sized enterprises to the value of €2.5 billion in 2009.


Last Autumn we also completed the opening of 15 dedicated business centres across Ireland. These new centres, staffed with more than 250 experienced relationship managers, augment our existing branch network and improve the support and expertise we are offering SMEs in this difficult era.

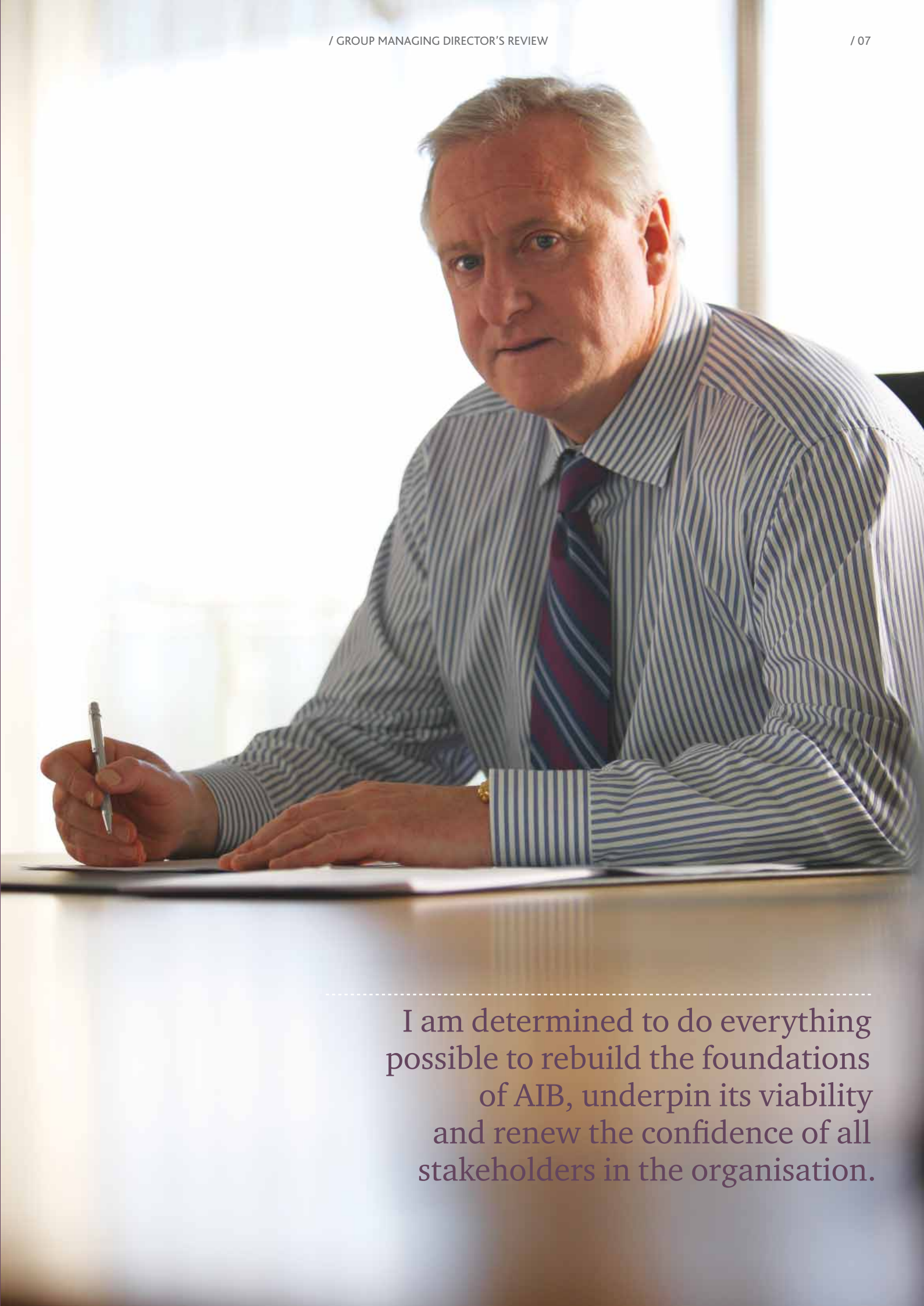
The strategy of AIB is outlined on page 10 of this report. As part of this 1,000 day action plan, a new management team has been appointed.

Top of my list of priorities when I became Group MD in December last year was to ensure we learn the lessons of recent times, especially the need to improve our identification and management of risk in a timely and effective way. AIB's credit and risk infrastructure is now being centralised and our policies and procedures in this vital area are being comprehensively overhauled.

I realise AIB will be a smaller bank in the future with reduced income levels. This is why improving profitability and reducing costs remain key objectives for the AIB management team.

I am determined to do everything possible to rebuild the foundations of AIB, underpin its viability and renew the confidence of all stakeholders in the organisation.


Colm Doherty
Group Managing Director
1 March 2010



I am determined to do everything possible to rebuild the foundations of AIB, underpin its viability and renew the confidence of all stakeholders in the organisation.

Adding more green

AIB has always done what we can to support local communities. For many decades, we've supported arts, sport and social initiatives in every country where we operate.

But modern corporate social responsibility involves more than charitable giving and sponsorship. That's why we work hard to ensure we are sensitive to the diverse needs of our customers, suppliers and staff and operate in an environmentally-friendly way.

AIB's *Add more green* programme aims to reduce waste and promote green initiatives, such as promoting a switch from paper to electronic bank statements.

AIB is currently supporting *Trees for Secondary Schools*, an extensive nationwide tree-planting programme in association with the charity The Native Woodland Trust.

It's a project that is good for Ireland's environment and lets students learn about the importance of protecting native species in a practical way.

Students from St. Tiernan's Community School, Dundrum are pictured planting their free oak trees donated by the programme in their school grounds. For more information on AIB's green initiatives and all its CSR activities, visit www.aibgroup.com/csr or the AIB Annual Financial Report available on the web at www.aibgroup.com



AIB

our strategy

AIB’s strategy aims to restore the credibility of the organisation and ensure its viability.

A 1,000 day plan for the group sees AIB as a customer and people-led organisation – a goal that will, in time, have a significant impact on AIB’s culture and profitability.

There will be better integration of AIB’s credit and risk functions, policies and practices to improve the identification and management of risk in a timely and effective way.

A ‘back to basics’ approach will also see AIB concentrate on taking deposits, lending prudently and providing an efficient and effective customer service.

As part of this approach, products and services will be priced fairly, both for AIB and the customer.

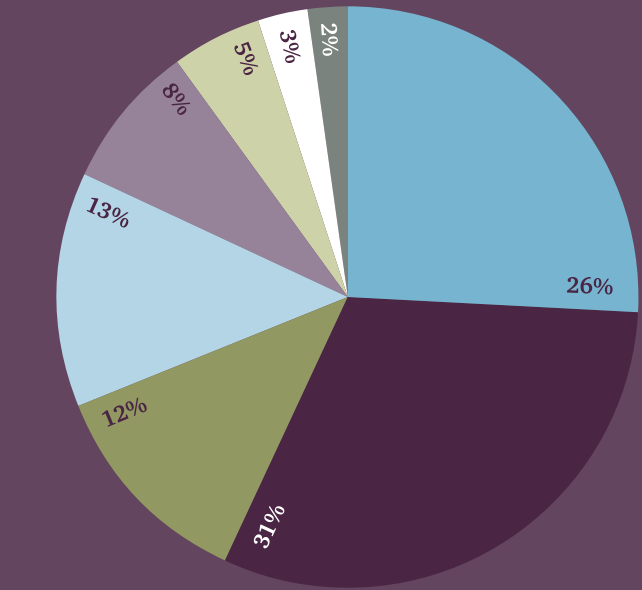
Other goals for the new management team include ensuring AIB’s NAMA commitments are met, undertaking initiatives to raise capital, meeting the European Commission’s requirements on the restructuring plan submitted in November 2009 and improving the delivery of AIB’s day-to-day customer service. There will also be a renewed focus on AIB’s ethical and business policies.



AIB’s ‘back to basics’ approach includes a focus on improving customer service.

How we spread our risk – loans to customers

This chart shows how AIB Group’s gross loan book is spread across different sectors (excluding those loans held for sale to NAMA)



Construction & Property

Residential Mortgages

Services

Transport & Distribution

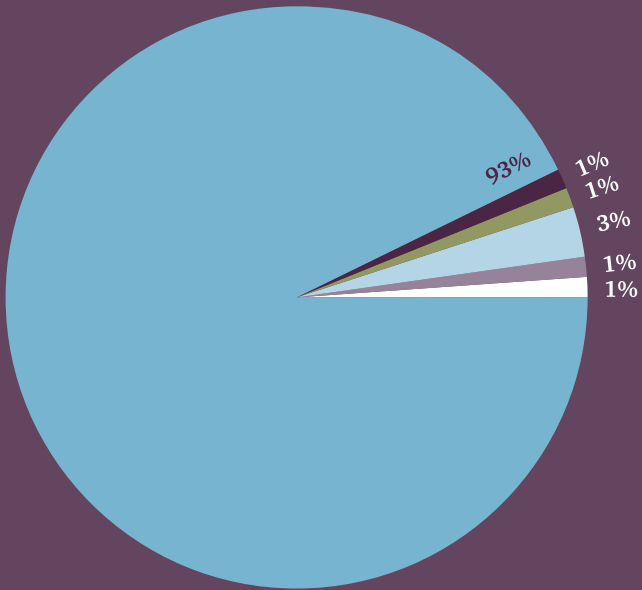
Personal

Manufacturing

Other

Agriculture

This chart shows AIB’s NAMA eligible loans by sector



Manufacturing 0% / Agriculture 0%

Corporate Governance Statement

This is an abridged version of the Corporate Governance Statement. The complete statement is available in the Annual Financial Report which can be accessed on www.aibgroup.com.

Corporate governance is concerned with how companies are managed and controlled. The Board of Directors is committed to the highest standards in that regard.

AIB is listed on the Irish and London Stock Exchanges and has an ADR listing on the New York Stock Exchange. AIB’s corporate governance practices reflect Irish company law, the Listing Rules of the aforementioned Stock Exchanges and the UK Listing Authority, the principles and provisions of the Combined Code on Corporate Governance (“the Code”), and certain provisions of the US Sarbanes Oxley Act of 2002. AIB has complied throughout 2009 with the provisions of the Code.

The Board of Directors Role

The Board is responsible for the leadership, direction and control of the Company and the Group and is accountable to shareholders for financial performance. There is a comprehensive range of matters specifically reserved for decision by the Board. At a high level this includes:

- > determining the Company’s strategic objectives and policies;
- > appointing the Chairman and the Group Chief Executive (or Group Managing Director) and addressing succession planning;
- > monitoring progress towards achievement of the Company’s objectives and compliance with its policies;
- > approving annual operating and capital budgets, major acquisitions and disposals, and risk management policies and limits; and
- > monitoring and reviewing financial performance, risk management activities and controls.

Review of activities

The Statement by the Chairman on pages 2 and 3 and the Review by the Group Managing Director on pages 6 and 7, contain a review of the development of the business of the Group during the year, of recent events, and of likely future developments.

Chairman

Mr. Dan O’Connor was appointed Non-Executive Chairman, for a three-year term, with effect from 1 July 2009, renewable for a second three-year term on the Board’s approval. On his appointment as Chairman, Mr. O’Connor met the independence criteria set out in the Code. The Chairman’s responsibilities include the leadership of the Board, ensuring its effectiveness, setting its agenda, ensuring that the Directors receive adequate, accurate and timely information, facilitating the effective contribution of the Non-Executive Directors, ensuring the proper induction of new Directors, and reviewing the performance of individual Directors.

On 18 November 2009, Mr. O’Connor was appointed Executive Chairman on a temporary basis in order to oversee the Group’s work on the completion of the key tasks of capital raising, the implementation of NAMA and the EU restructuring plan.

The role of the Chairman is separate from the role of the Group Managing Director, with clearly-defined responsibilities attaching to each. These are set out in writing and agreed by the Board.

Following the implementation of NAMA and the EU restructuring plan, which is expected to be mid-2010, an assessment of the Group management structure will be undertaken by the Board, in consultation with the Minister for Finance and other stakeholders, to determine whether the management format announced in

November 2009, including the appointment of an Executive Chairman on a temporary basis, remains relevant to the challenges and requirements of the new environment.

Group Managing Director

The day-to-day management of the Group has been delegated to the Group Managing Director, Mr. Colm Doherty, who took up that position on 18 November 2009. The Group Managing Director is responsible for the day-to-day running of the Group, ensuring an effective organisation structure, the appointment, motivation and direction of senior executive management, and for the operational management of all the Group’s businesses.

Senior Independent Non-Executive Director

The Senior Independent Non-Executive Director is available to shareholders if they have concerns which contact through the normal channels of Chairman or Group Managing Director have failed to resolve, or for which such contact is considered by the shareholder(s) concerned to be inappropriate. Mr. David Pritchard was appointed Senior Independent Non-Executive Director with effect from 13 May 2009.

Company Secretary

The Directors have access to the advice and services of the Company Secretary, Mr. David O’Callaghan, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Meetings

The Board held 10 scheduled meetings during 2009, 27 additional out-of-course meetings or briefings, and a full day seminar focussing on issues of strategic importance. Details of the Directors’ attendance at Board and Board Committee Meetings, which was at an extremely high level, are included in the Annual Financial Report which can be accessed on www.aibgroup.com.

Membership

It is the policy of the Board that a significant majority of the Directors should be Non-Executive. At 31 December 2009, there were 9 Non-Executive Directors and 2 Executive Directors. Non-Executive Directors are appointed so as to maintain an appropriate balance on the Board, and to ensure a sufficiently wide and relevant mix of backgrounds, skills and experience to provide strong and effective leadership and control of the Group.

The names of the Directors, with brief biographical notes, appear on page 16 and on the inside back cover. All Directors are required to act in the best interests of the Company, and to bring independent judgement to bear in discharging their duties as Directors.

Mr. Robert G Wilmers serves as a Director of the Company as the designee of M&T Bank Corporation, in which AIB held a 22.7% interest at 31 December 2009. In these circumstances, Mr. Wilmers is not determined to be independent for the purposes of the Code. Mr. Declan Collier and Mr. Dick Spring were appointed Non-Executive Directors on 22 January 2009 as nominees of the Minister for Finance under the Irish Government’s Credit Institutions (Financial Support) Scheme 2008 (S.I. No. 411 of 2008). Dr. Michael Somers was appointed Non-Executive Director on 14 January 2010 as a nominee of the Minister for Finance under the Irish Government’s National Pensions Reserve Fund Act 2000 (as amended). Under the terms of the Government’s preference share investment, Messrs. Collier, Somers and Spring are not required to stand for election or regular re-election by shareholders and are not, therefore, considered independent for the purposes of the Code.

The Board has determined that all other Non-Executive Directors in office in December 2009 are independent in character and judgement and free from any business or other relationship with the Company or the Group that could affect their judgement. Ms. Jenny Winter will resign from the Board on 30 March 2010 after almost six years of service, and Mr. Sean O’Driscoll will resign from the Board at the 2010 Annual General Meeting after almost four years of service, both due to other business commitments.

Performance Evaluation

Evaluations of the performances of the Board and Board Committees were conducted by Mr. Dan O’Connor, Chairman, who held discussions with each of the Directors. The results were presented to the Board. The evaluation of the performance of the individual Directors was conducted by the Chairman. An evaluation of the performance of the Chairman was conducted in his absence by the Non-Executive Directors, under the Chairmanship of Mr. David Pritchard, the Senior Independent Non-Executive Director, who also consulted the Group Managing Director.

Terms of Appointment

Non-Executive Directors are generally appointed for a three-year term. With the possibility of renewal for a further three years. The term may be further extended, in exceptional circumstances, on the recommendation of the Nomination and Corporate Governance Committee. Since 2005, all the Directors retire from office at the AGM and offer themselves for reappointment. It is intended that this measure of strengthened corporate governance practice will apply again at the 2010 AGM.

Board Committees

The Board is assisted in the discharge of its duties by a number of Board Committees, whose purpose is to consider, in greater depth than would be practicable at Board meetings, matters for which the Board retains responsibility. The composition of such Committees is reviewed annually by the Board. A description of these Committees and their Terms of Reference, are available on AIB’s website at www.aibgroup.com.

Directors’ Remuneration and Interests

A summary of the Directors’ Remuneration and Interests is included on pages 14 and 15 of this Report.

Website

The website, www.aibgroup.com, contains, for the previous five years, the Annual Financial Report, the Half-yearly Financial Report, the Annual Report on Form 20-F, and slides from annual and interim results presentations to analysts and investors. The Company’s presentations to fund managers and analysts of Annual and Interim Financial Results are broadcast live on the internet, and may be accessed on www.aibgroup.com/webcast.

Annual General Meeting

All shareholders are invited to attend the AGM and to participate in the proceedings. It is usual for all Directors to attend the AGM and to be available to meet shareholders before and after the Meeting. The Chairmen of the Board’s Committees are available to answer questions about the Committees’ activities. The Company’s 2010 AGM is scheduled to be held on 28 April, at the Company’s Head Office at Bankcentre, Ballsbridge, Dublin 4, and it is intended that the Notice of the Meeting will be posted to shareholders at least 20 working days before the meeting, in line with the requirements of the Code.

Institutional Shareholders

The Company held over 200 meetings with its principal institutional shareholders and with financial analysts and brokers during 2009.

Report on Directors’ Remuneration and Interests

This is an abridged version of the Report on Directors’ Remuneration and Interests. The complete report is available in the Annual Financial Report which can be accessed on www.aibgroup.com.

Remuneration policy and commentary

The adoption of remuneration policies and practices, which are both fair and competitive, is a key responsibility of the Board. To ensure a formal and transparent procedure for developing policy on executive remuneration the Board has a long-established Remuneration Committee whose purpose, duties and membership are set by its Terms of Reference which may be viewed on our website www.aibgroup.com.

In line with recent and emerging international regulation of remuneration policies at financial services companies (e.g. from the EC, the Committee of European Banking Supervisors (CEBS) and the UK Financial Services Authority (FSA)), AIB’s remuneration policies will be appropriately structured to discourage excessive risk taking and to ensure the alignment of individuals’ short-term incentives and the long-term objectives of the Bank. To this end, AIB’s remuneration policies have been reviewed and our short term and long term incentive structures are being revised to better support and enhance effective risk management by: linking the vesting of future bonus and share awards to risk-adjusted profit; placing significant weight on non-financial measures of performance, including the satisfaction of risk and compliance responsibilities; deferring senior executive cash bonuses over a period of several years and by linking long-term incentives to AIB’s share price, risk-adjusted return and earnings growth; requiring that deferred bonus awards be subject to forfeiture if performance is subsequently found to have been misstated, misjudged or overvalued; and including discretionary provisions in bonus schemes that will give AIB the discretion not to pay individual bonuses in a year in which AIB (or a part of it) makes a loss or an unacceptable risk assessed return.

Subscription Agreement

The Subscription Agreement between the National Pensions Reserve Fund Commission, the Minister for Finance and AIB, which sets out the terms and conditions of the Irish Government’s subscription for the 2009 Preference Shares and Warrants, imposes certain conditions on AIB with respect to Senior Executives’ remuneration and Directors’ fees. AIB certifies its compliance with the terms of the Subscription Agreement on a quarterly basis to the National Pensions Reserve Fund Commission.

Performance-related remuneration

During 2009, AIB took determined action to reduce its remuneration spend and cost base in light of the financial crisis and AIB’s performance. In summary: no bonuses were paid in AIB generally in 2009 in respect of 2008 performance. Bonuses were paid to staff in our Polish subsidiary BZWBK (which was not covered by the Irish Government’s Deposit Guarantee Scheme) and in AIB’s Channel Islands based business. Some bonus schemes were also triggered in the Capital Markets Division in respect of 2008 performance. These bonuses have not been paid in the Republic of Ireland but were paid to staff located outside of Ireland on foot of threatened or initiated legal challenges. On the basis of legal advice, we have made an accrual against the future payment of outstanding deferred 2008 bonus amounts, the timing of which will be subject to the approval of the Board and the Department of Finance in the Republic of Ireland. Bonus schemes in relation to the Group Executive Committee, executives and managers across Group Supports, Operations & Technology, AIB Bank ROI and AIB Group (UK) plc were not renewed for the 2009 performance year. No bonuses will be paid in these areas or in Capital Markets in respect of 2009, however, a provision has been set aside in the 2009 financial statements to meet any legal obligations arising.

No general pay increases were awarded to executives and managers across AIB Group or to staff participating in functional pay structures such as IT or Finance as part of the annual review of salaries. Pay increases of around 3 per cent were paid to staff, below manager level, following extensive negotiations with the Irish Bank Officials Association regarding AIB’s proposal for a pay freeze. Following conciliation and negotiation efforts, under the direction of the Irish Labour Relations Commission, the pay increases were awarded subject to a six month pay pause.

Directors’ Remuneration

The table on page 14 details the total remuneration of the Directors in office during 2009 and 2008.

| DIRECTORS' REMUNERATION | (1) | (2) | (3) | (4) | | |
|--|-------------------------------------|--------------------------------|--------|------------------|-----------------------|------------|
| | Directors' Fees | Directors' Fees | Salary | Taxable Benefits | Pension Contributions | 2009 Total |
| | Parent & Irish Subsidiary Companies | Non-Irish Subsidiary Companies | | | | 2008 Total |
| Remuneration | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Executive directors | | | | | | |
| Colm Doherty | | | 622 | 66 | 145 | 833 |
| Donal Forde (remuneration to resignation as Director on 13 May 2009) | | | 221 | 23 | 51 | 295 |
| Dan O'Connor (5) (remuneration as Executive Director from 18 Nov. to 31 Dec. 2009) | 31 | - | | | | 31 |
| John O'Donnell (remuneration to retirement as Director on 31 Aug. 2009) | | | 333 | 46 | 86 | 465 |
| Eugene Sheehy (remuneration to retirement as Director on 30 Nov. 2009) | | | 638 | 58 | 196 | 892 |
| | 31 | - | 1,814 | 193 | 478 | 2,516 |
| Non-executive directors | | | | | | |
| Adrian Burke (retired 22 Apr. 2008) | | | | | | - |
| Declan Collier (appointed 22 Jan. 2009) | 29 | - | | | | 29 |
| Kieran Crowley | 99 | 34 | | | | 133 |
| Dermot Gleeson (remuneration to retirement as Director on 30 Jun. 2009) | 203 | - | | | | 203 |
| Stephen L. Kingon | 72 | 37 | | | | 109 |
| Anne Maher | 96 | - | | | | 96 |
| Dan O'Connor (5) (remuneration from 1 Jan. to 17 Nov., 2009) | 156 | - | | | | 156 |
| Sean O'Driscoll (6) | - | - | | | | - |
| Jim O'Leary (retired 22 Apr. 2008) | | | | | | - |
| David Pritchard (7) | 82 | 69 | | | | 151 |
| Bernard Somers (retired 31 Dec. 2008) | | | | | | - |
| Dick Spring (appointed 22 Jan. 2009) | 26 | - | | | | 26 |
| Michael J. Sullivan (remuneration to retirement as Director on 13 May 2009) | 19 | - | | | | 19 |
| Robert G. Wilmers | - | - | | | | - |
| Jennifer Winter | 48 | - | | | | 48 |
| | 830 | 140 | | | | 970 |
| Former directors | | | | | | |
| Pensions (8) | | | | | | 110 |
| Other (9) | | | | | | 488 |
| TOTAL | | | | | | 4,084 |

- (1) Fees paid to the non-executive directors, other than the Chairman and Deputy Chairman who both receive a flat fee, comprise a basic fee in respect of service as a director, payable at a rate of €36,500 per annum, which was voluntarily reduced to €32,850 per annum from 1 December 2008 and to €27,375 per annum from 9 February 2009, and additional remuneration paid to any non-executive director who: is the Chairman of the Audit Committee, Remuneration Committee, or Corporate Social Responsibility Committee; is the Senior Independent Director or; performs additional services, such as through membership of Board Committees or the board of a subsidiary company. All fees paid to Non-Executive Directors were voluntarily reduced by 10% from 1 December 2008 and by 25% from 9 February 2009. A fee of €27,147 was paid to M&T Bank Corporation ("M&T") in the year ended 31 December 2009 (2008: €36,196), in respect of Mr. Robert G. Wilmers' directorship of the Company as the designee of M&T;

(2) Non-Executive Directors of the Parent Company who also serve as Directors of non-Irish subsidiaries are separately paid a flat fee, which is independently agreed and paid by the subsidiaries, in respect of their service as a director of those companies. During 2008 and 2009, Messrs. David Pritchard, Kieran Crowley and Stephen Kingon served as non-executive directors of AIB Group (UK) plc. Mr. Pritchard is Chairman of AIB Group (UK) plc. Mr. Kingon was a member of the UK Audit Committee until his appointment as Chairman of the Group Audit Committee on 1 September 2009;

(3) Taxable benefits include the use of a company car or the payment of a car allowance, and benefit arising from loans made at preferential interest rates;

(4) 'Pension contributions' represent payments to defined benefit pension schemes, in accordance with actuarial advice, to provide post-retirement pensions from normal retirement date. The contribution rate in 2009 in respect of the Executive Directors, as a percentage of pensionable emoluments, is 23.0% (2008:22.3%). The fees of the non-executive directors are not pensionable.

| The pension benefits earned during the year, and accrued at year-end are as follows: | (a) | (b) | (c) |
|--|---|-----------------------------|---|
| | Increase/(Decrease) in Accrued Benefits during 2009 (Above Inflation) | Accrued benefit at Year-end | Transfer Value of Increase in Accrued Benefit during 2009 |
| | € 000 | € 000 | € 000 |
| Executive Directors | | | |
| Colm Doherty | 13.8 | 303 | 211 |
| Donal Forde (d) | 3.9 | 278 | 50 |

- (a) The changes in accrued benefits are after adjustment for inflation and reflect one year's additional pensionable service.

(b) The figures represent the accumulated total amounts of accrued benefits (i.e., annual pension) payable at normal retirement dates, as at 31 December.

(c) The figures show the transfer values of the changes in accrued benefits during 2009. These transfer values do not represent sums paid or due, but the amounts that the Company's pension scheme would transfer to another pension scheme, in relation to the benefits accrued in 2009, in the event of the member leaving service.

(d) Mr. Donal Forde resigned as a director on 13 May 2009. The figures quoted refer to the period from January 1 2009 to that date.

With respect to the Executive Directors who retired during 2009, the following table details: (e) the pension benefits accrued to the date of the Executive Directors' retirements, but payable from their normal retirement age; and (f) the pensions payable at the date of their retirements, calculated and reduced on an actuarial basis which involved no increase in the liability of the AIB Group Irish Pension Scheme as a result of early retirement.

| | (e) | (f) | (g) |
|--|---------------------------------------|--------------------|---|
| | Accrued Benefit at Date of Retirement | Retirement Pension | Difference in Transfer Value of Retirement Benefits |
| | € 000 | € 000 | € 000 |
| John O'Donnell (retired 31 Aug., 2009) | 324 | 274 | 1,816 |
| Eugene Sheehy (retired 30 Nov., 2009) | 541 | 458 | 1,570 |

- The difference in transfer value figures at (g) do not represent sums paid or due and are shown in the context of disclosure requirements only. The difference in transfer value represents the amount that the Company's pension scheme would transfer to another pension scheme, in relation to the difference between the benefits accrued at date of retirement (e), and the pension payable at the date of retirement (f), should such a transfer occur.

(5) Mr. Dan O'Connor was appointed Chairman with effect from 1 July 2009. He was paid until 30 June 2009 on the basis of the Non-Executive Directors' fees set out at (1) on page 14. His flat fee as Chairman was agreed at €276,000 per annum and he was paid a pro-rata equivalent amount for the period from 1 July to 31 December 2009;

(6) Mr. Sean O'Driscoll voluntarily waived his fees as a Non-Executive Director for 2009. He is continuing to forego his fees in the current year, and will retire as a Director at the 2010 Annual General Meeting on 28 April, 2010;

(7) Mr. David Pritchard was appointed Deputy Chairman with effect from 13 May 2009. He was paid until 13 May 2009 on the basis of the Non-Executive Directors' fees set out at (1) on page 14. His flat fee as Deputy Chairman was agreed at €82,800 per annum and he was paid a pro-rata equivalent amount for the period from 14 May to 31 December 2009;

(8) 'Pensions' represents the payment of pensions to former directors or their dependants granted on an ex-gratia basis and fully provided for in the Balance Sheet.

(9) 'Other' represents Mr. Donal Forde's remuneration from the date of his resignation as a Director on 13 May 2009 to 31 December 2009.

Interests in shares

The beneficial interests of the Directors and the Secretary in office at 31 December 2009, and of their spouses and minor children, in the Company's ordinary shares are as follows:

| Ordinary shares | 31 December, 2009 | 1 January, 2009 |
|-------------------|-------------------|-----------------|
| Directors: | | |
| Declan Collier | - | - |
| Kieran Crowley | 12,520 | 12,520 |
| Colm Doherty | 97,544 | 72,612 |
| Stephen L. Kingon | 4,500 | 4,500 |
| Anne Maher | 1,600 | 1,600 |
| Dan O'Connor | 14,000 | 14,000 |
| Sean O'Driscoll | 138,503 | 138,503 |
| David Pritchard | 53,500 | 3,500 |
| Dick Spring | - | - |
| Robert G. Wilmers | 440,059 | 440,059 |
| Jennifer Winter | 480 | 480 |
| Secretary: | | |
| David O'Callaghan | 8,120 | 8,120 |

The Executive Director's and the Secretary's interests in share options and conditional grants of awards of shares under the Performance Share Plan are included in the 2009 Annual Financial Report. There were no changes in the Directors' and Secretary's interests shown above between 31 December 2009 and 1 March 2010. Dr. Michael Somers, who was appointed to the Board in January 2010, has interests in 13,437 ordinary shares.

The AIB Board



Dan O'Connor* B Comm, FCA
Executive Chairman



Colm Doherty* B Comm
Group Managing Director



Declan Collier BA Mod (Econ), M.Sc (Econ)



Kieran Crowley BA, FCA
Corporate Social Responsibility Committee Chairman



Stephen Kingon CBE, BA, DBA, FCA, FCIM
Audit Committee Chairman



Anne Maher FIIPM, BCL



Sean O'Driscoll B Comm, FCA
Remuneration Committee Chairman



David Pritchard BSc (Eng)
Chairman, AIB Group (UK) p.l.c.;
Senior Independent Non-Executive Director



Dr. Michael Somers B Comm, M.Econ.Sc, Ph.D



Dick Spring BA, BL



Robert G Wilmers



Jennifer Winter BSc

Dan O'Connor* B Comm, FCA
Executive Chairman

Director of CRH plc, former President and Chief Executive Officer, GE Consumer Finance Europe, and former Senior Vice-President of General Electric Company. Joined the Board in 2007 and was appointed Non-Executive Chairman in July 2009. Assumed certain executive responsibilities in November 2009 and will revert to Non-Executive Chairman during 2010 – See Corporate Governance Statement on page 11. (Age 50)

Colm Doherty* B Comm
Group Managing Director

Director of M&T Bank Corporation. Joined AIB International Financial Services in 1988, and became its Managing Director in 1991. Appointed Head of Investment Banking in 1994. Appointed Managing Director of AIB Capital Markets in 1999. Joined the Board in 2003 and assumed responsibility as Group Managing Director in November 2009. (Age 51)

Declan Collier BA Mod (Econ), M.Sc (Econ)

Chief Executive of the Dublin Airport Authority. Director of Dublin Airport Authority plc. Chairman of Aer Rianta International cpt and DAA Finance plc. Joined the Board in January 2009 as a nominee of the Minister for Finance under the Irish Government's Guarantee Scheme. (Age 54)

Kieran Crowley BA, FCA
Corporate Social Responsibility Committee Chairman

Consultant. Founder of Crowley Services Dublin Ltd., which operates the Dyno-Rod franchise in Ireland. Director of AIB Group (UK) p.l.c., AIB Mortgage Bank and former Director of Bank Zachodni WBK S.A., AIB's Polish subsidiary. Former Chairman of the Small Firms Association and former member of the Irish Business and Employers' Confederation (IBEC) National Executive Council. Former member of the Government appointed Advisory Forum on Financial Legislation. Joined the Board in 2004. (Age 58)

Stephen Kingon CBE, BA, DBA, FCA, FCIM
Audit Committee Chairman

Chairman of Invest Northern Ireland, the Northern Ireland Centre for Competitiveness and Balcas Limited. Member of the Economic Development Forum and co-chair of the North/South Roundtable Group. Director of AIB Group (UK) p.l.c., Anderson Spratt Group (Holdings) Limited, The Baird Group Limited, Forward Emphasis International Limited, Mivan Limited, Mivan (UK) Limited, Opera Northern Limited and SOS Bus Limited. He has held the following positions and offices in the recent past: Managing Partner of PricewaterhouseCoopers in Northern Ireland; member of the BT Ireland Advisory Board; President of the Northern Ireland Chamber of Commerce and Industry; Chairman of Business in the Community in Northern Ireland, the Ulster Society of Chartered Accountants, and the Institute of Management Consultants in Northern Ireland; and Joint Secretary for the Institute of Chartered Accountants in Ireland. Joined the Board in 2007 (Age 62).

Anne Maher FIIPM, BCL

Non-Executive Director of Irish Airlines Pensions Limited, Retirement Planning Council of Ireland, Allied Irish Banks Pensions Limited and AIB DC Pensions (Ireland) Limited. Chairman of Medical Professional Competence Steering Committee and Governor of Pensions Policy Institute (UK). Member of Chartered Accountants Regulatory Board and of FTSE Policy Group (UK). Former positions and offices held include Chief Executive of The Pensions Board, Chairman of the Irish Association of Pension Funds, member of the Committee for European Insurance and Occupational Pensions Supervisors, member of the Professional Oversight Board (UK), the Actuarial Stakeholder Interests Working Group (UK) and Board member of the Irish Accounting and Auditing Supervisory Authority. Joined the Board in 2007. (Age 64)

Sean O'Driscoll B Comm, FCA
Remuneration

Group Chief Executive, Glen Dimplex. Member of the University College Cork President's Consultative Board. Appointed by the Irish Government to the high-level group overseeing Ireland's Asia strategy. Awarded an Honorary OBE for his contribution to British industry. Joined the Board in 2006. (Age 52)

David Pritchard BSc (Eng)
Chairman, AIB Group (UK) p.l.c.;
Senior Independent Non-Executive Director

Former Group Treasurer, Executive Director, and Non-Executive Deputy Chairman of Lloyds TSB Group plc; spent two years as secondeé at the Financial Services Authority while employed at Lloyds TSB. Former Managing Director Citicorp Investment Bank, London, and former General Manager Royal Bank of Canada Group. Non-Executive Chairman of Songbird Estates plc, Non-Executive Director of Euromoney Institutional Investor PLC., The Motability Tenth Anniversary Trust, and former Non-Executive Director of LCH Clearnet Group. Joined the Board in 2007 and was appointed Deputy Chairman for the period May to December 2009. (Age 65)

Dr. Michael Somers B Comm, M.Econ.Sc, Ph.D

Former Chief Executive of the National Treasury Management Agency. Member of the Board of the European Investment Bank and other companies. Appointed to the Board in January 2010 as a nominee of the Minister for Finance under the Irish Government's National Pensions Reserve Fund Act 2000 (as amended). (Age 67)

Dick Spring BA, BL

Former Tanaiste (Deputy Prime Minister) of the Republic of Ireland, Minister for Foreign Affairs and leader of the Labour Party. Non-Executive Director, Fexco Holdings Ltd., Chairman of International Development Ireland Ltd., Altobridge Ltd., Alder Capital Ltd and Realta Global Aids Foundation Ltd. Director of Repak Ltd. and Diversification Strategy Fund plc. Joined the Board in January 2009 as a nominee of the Minister for Finance under the Irish Government's Guarantee Scheme. (Age 59)

Robert G Wilmers

Chairman and Chief Executive Officer of M&T Bank Corporation ("M&T"), Buffalo, New York State. Served as Chairman of the New York State Bankers' Association in 2002, and as a Director of the Federal Reserve Bank of New York from 1993 to 1998. Former Chairman of the Empire State Development Corporation and former Director of the Business Council of New York State, Inc. Joined the Board in 2003, as the designee of M&T, on the acquisition by AIB of a strategic stake in M&T. (Age 75)

Jennifer Winter BSc

President, AstraZeneca Hungary. Former positions and offices held include Vice President, Corporate Reputation and Government Affairs of AstraZeneca plc, Chief Executive, The Barretstown Gang Camp Limited, Director of Project Management Holdings Ltd., and Managing Director of SmithKline Beecham, Ireland. Joined the Board in 2004. (Age 50)

*** Executive Directors**



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This is AIB's Shareholders Report.
It is available on the AIB website at:
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The site and www.aibgroup.com/pressoffice
is regularly updated with news and information
about the AIB Group.



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