



Shareholders Report

For the year ended
31 December 2013

Forward Looking Statements

The contents of this Shareholders Report and the information incorporated herein by reference should not be construed as legal, business investment, accounting, tax or other professional advice. This Report is for information only and nothing is intended to endorse or recommend a particular course of action.

This Report contains certain “forward-looking statements” within the meaning of Section 27A of the US Securities Act of 1933 (as amended) and Section 21E of the US Securities Exchange Act of 1934 (as amended), with respect to the financial condition, results of operations and business of the Group and certain of the plans and objectives of the AIB Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as ‘aim’, ‘anticipate’, ‘target’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’, ‘may’, ‘could’, ‘will’, ‘seek’, ‘continue’, ‘should’, ‘assume’, or other words of similar meaning.

Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking information. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

Nothing in this Report should be considered to be a forecast of future profitability or financial position and none of the information in this Report is or is intended to be a profit forecast or profit estimate. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. Investors and others should carefully consider all uncertainties and events when making an investment decision based on any forward-looking statement. The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

Important Information

This is a summary report and should be considered in parallel with AIB’s Annual Financial Report for 2013, a copy of which including full disclosures and notes to the financial statements can be found at the following link: www.aibgroup.com/investorrelations

Chairman's statement



David Hodgkinson *Chairman*

The past year is one in which AIB made consistent progress in achieving the bank's business objectives. Progressively rebuilding trust with our customers, restoring the bank to better financial health and playing a robust role in the recovery of the Irish economy were critical priorities for the bank and we made solid progress across all these areas throughout 2013.

Evidence of AIB's pace of change is clear. We achieved significant cost restructuring, improved levels of lending, finalised the asset disposals required in our deleveraging plan, made tangible progress towards resolving the arrears problem, and completed four issuances in the funding markets. Stabilisation of the bank is now well advanced and we look forward to a return to profitability before tax during 2014. It has not been an easy journey for any stakeholder in AIB and while the path ahead is more encouraging, a number of challenges remain, for the bank and the wider Irish economy.

The AIB Group's UK operations, Allied Irish Bank (GB) and First Trust Bank in Northern Ireland also saw significant progress in continuing to win business in challenging environments.

Acutely aware of the financial stress facing many of our customers, AIB has progressively built its capabilities to deal more expeditiously with arrears and customers in financial difficulty. It is a significant task. The process is, by definition, labour-intensive and each case requires understanding, empathy with the difficulties facing customers, patience as well as persistence, but we are making significant inroads to reach appropriate, sustainable solutions in scale.

Our priority remains as it was – to agree sustainable solutions with customers where possible. This requires borrowers in arrears to prioritise their mortgage debt, and pay back what is affordable, in the context of reasonable living expenses. We believe the loan loss provisions already made to date are sufficient to allow the debt restructuring that may be required.

Engagement is the key to reaching long-term arrears resolutions and in order to increase this we have actively sought to explore new avenues. This has included ongoing engagement with consumer advocacy groups.

A large portion of the national debate around arrears has been focused on the issue of mortgage arrears, to a far greater degree than that of SME arrears. This is despite the fact that SME arrears, in monetary terms, are the larger issue for AIB. As part of the overall resolution process AIB is making significant progress and continues to devote considerable time and resources working to return troubled SMEs to viability.

When it comes to banking services, we do not believe the concept of "free banking" is sustainable over the long term. AIB has endeavoured to price its services to cover the costs incurred and offers more cost effective online, self-service and paperless options. Charging for our services must mean, however, that we continue to improve and focus on our customer service levels.

Whilst remaining prudent in the application of lending standards, AIB allows branch managers discretion to approve certain loan requests, as well as reinforcing the market and sectoral expertise of its relationship management teams. I firmly reject any assertion that the bank is not lending – it is vital to our customers as well as the bank that we provide credit and we welcome constructive engagement to improve our offerings and resolve specific customer concerns.

Chairman's statement *(continued)*

There has been much commentary about the possible need for further recapitalisation after the Euro-wide stress tests later this year. AIB remains robustly capitalised relative to our minimum regulatory requirements and, unless external extenuating circumstances beyond our control dictate otherwise, I do not envisage any change in that situation.

Fulfilling the necessity to develop a banking model fit for the future has, and will continue to involve enormous determination on the part of AIB's Board, management and employees. We remain constantly aware and thankful for the support of the Irish taxpayer since the economic crisis began and our focus now is to deliver a return to the State over time as market conditions permit. After five years of economic turmoil, we are at last seeing welcome signs of a turnaround. In order to survive as a bank of systemic importance to the economy and in order to restore our customers' lost trust, we had to undertake radical reform.

After a year of solid progress in 2013, I am very satisfied that AIB's recovery strategy allows us to play an increasingly important and beneficial role in Ireland's recovering economy. One of our objectives is that AIB will progressively move back into private ownership and we will work closely with Government on how and when is best to achieve this, taking into account the capital structure of the bank in the context of emerging regulatory requirements. While dealing with a number of legacy issues, the bank's strategy is progressing and is evident in these annual results and we are focused on achieving our goals notwithstanding the ongoing challenges facing the bank.

In difficult circumstances, the bank's employees continue to work extremely hard and frequently absorb much criticism – and I thank them for implementing the required changes and for striving to provide a consistently professional and reliable service to our customers. I also wish to sincerely thank our colleagues who have left the organisation in 2013 for their contribution to the bank and I wish them success in their future endeavours.

In summary, to our customers and the Irish public, I again say thank you for your ongoing support. The Department of Finance and the Central Bank of Ireland continued to work closely and proactively with AIB throughout 2013. Finally, I would like to acknowledge the ongoing support and dedication of the Board of Directors. Together we look forward to reaching our mutual goal – a sound, reliable and profitable AIB. No effort will be spared in the achievement of this objective.



David Hodgkinson
Chairman

4 March 2014

Chief Executive's review



David Duffy Chief Executive Officer

In the second year of our three-year strategic plan, we have met, and in some cases exceeded our targets in the delivery of our business agenda despite a challenging but improving external environment. We remain focused on sustainable growth and returning to profitability during 2014. Notwithstanding the ongoing challenges facing the bank, we are more optimistic for the outlook of both the bank and the Irish economy.

Strategic Objectives

Introduction

2013 was a year of steady progress at AIB as we implemented our strategic objectives which saw the bank return to pre-provision, pre-exceptional operating profit for the year. A number of important milestones have been reached and the fundamentals of AIB's operating performance are now trending more positively both from a bank and economic perspective.

Pre-provision operating profit achieved

AIB's financial performance in 2013 was a significant improvement on 2012 with pre-provision, pre-exceptional, operating profit of €445m in 2013. This was achieved in part through continued positive momentum in our Net Interest Margin ("NIM") which increased by 15 basis points from 2012 to an average of 1.37% in 2013 excluding Eligible Liabilities Guarantee (ELG) costs. The NIM increased by 27bps from 2012 to an average of 1.54% in 2013 excluding ELG and NAMA bonds.

ELG costs have reduced by €215 million without materially impacting deposit balances. The bank has maintained an ongoing strong focus on efficiency and cost reductions particularly since mid-2012, the benefits of which were evidenced in 2013 with a €278 million or 16% year on year, reduction in operating expenses, pre-exceptional items.

Impairment charges reducing

There has been stabilisation in the asset quality of our loan portfolios and the pace of growth in impaired loans has slowed, relative to 2012, with the overall level of impaired and criticised loans reducing. Impairments and arrears in our mortgage portfolios increased during 2013, however, the pace of increase has slowed compared to 2012.

Our provision charges were €625 million lower in 2013 than in 2012. The bank determines impairment provisions on an ongoing basis in accordance with IFRS accounting standards, which take into account

Chief Executive's review *(continued)*

impairment triggers, collateral valuations and the timing of realisation. In arriving at the 2013 total credit impairment provisions charge of €1.9billion, the Group also considered the Central Bank of Ireland ("CBI") Balance Sheet Assessment ("BSA") findings and impairment guidelines. The bank's own assessment of the impairment charge for 2013 is substantially consistent with all of the BSA mean provision finding of €1.2billion. Our specific impairment provision coverage is now 55%. Including impairments and exceptional items, the bank's loss before tax reduced by €2billion to €1.7billion for 2013.

Balance sheet dynamics stabilising

Our gross loan book reduced by €7 billion in 2013, due to sales of non-core assets as well as amortisation exceeding demand for new credit. The Central Bank of Ireland's PLAR non-core deleveraging target of €20.5 billion was completed in September 2013, ahead of schedule and within capital assumptions. Our loan to deposit ratio reduced to 100% reflecting both increased customer accounts and a reduction in net loans. Our core tier one capital ratio, was 14.3%, well above the minimum regulatory requirement of 10.5%. Based on the transitional provisions of CRD IV, the Group's pro-forma CET 1 ratio, including the 2009 preference shares is estimated at 15.0% as at 31 December 2013.

Meeting targets in relation to arrears management

Arrears management and implementing resolutions for customers in financial difficulty has been a key focus of AIB during 2013 and has been designated as the number one area of focus for the bank.

AIB met the quarterly Mortgage Arrears Resolution Targets for sustainable offers during 2013. We have developed a range of tailored permanent solutions and we are implementing resolutions for customers who are engaging with the bank and who are prioritising their mortgage repayments.

We are making tangible progress in restructuring our facilities to SME customers in financial difficulty and are implementing a range of solutions across various asset classes. We aim to have completed a significant portion of SME restructures by the end of 2014 with co-operating customers while implementing our strategy of supporting viable businesses and protecting jobs where possible.

Successful return to the funding markets

Our funding profile was strengthened during 2013, due to stabilisation in both customer account balances and pricing together with market issuances of €2 billion. These issuances, which included two Asset Covered Securities, the first Credit Card Securitisation in the Irish market and Senior Unsecured funding demonstrated further normalisation of market conditions.

Expected approval of the EU Restructuring Plan

AIB, through the Department of Finance, has been in detailed discussions with the European Commission to finalise the terms of the bank's EU Restructuring Plan. The bank expects to implement a range of commitments in line with operational expectations, given the restructuring that has taken place to date, and anticipates approval of the plan in the short term.

Employee commitment to our strategic objectives

The engagement, dedication and professionalism of AIB employees has remained outstanding in the face of significant restructuring following the reduction of c.3,600 employees since June 2012, including those who have left under our Voluntary Severance Programme.

I thank and commend all my colleagues for their hard work and commitment to AIB despite the many challenges.

Customers

We are well positioned in our customer businesses, we have leading market shares across the bank's key product lines in Ireland and we continue to invest in our franchise. We are committed to supporting our customers and economic recovery in Ireland by providing credit and a wide range of products to our personal, business and corporate customers. We approved over €7billion in mortgage, personal, SME and corporate lending into the Irish economy during 2013 and we are targeting €7billion to €10billion in lending approvals per year over the next five years.

Delivering differentiated customer service

During 2013, we continued to make investments in our branch transformation agenda and added further enhancements to our digital offering including the launch of tablet banking, the opening of a digital banking location called "The Lab" (learn about banking) and a continued integration and alignment of branch and online banking services for both personal and business customers.

We also launched a comprehensive customer experience programme to enhance customer service insight and will continue to use the outputs to shape future offerings.

Focused on lending to Irish SMEs

We are focused on delivering a sectoral-led approach which is customer-centric. In partnership with key industry bodies, we are undertaking a series of 'Outlook Research Reports' across the SME sector of which five were launched during 2013 covering the retail, hotel, dairy, licensed trade and energy sectors. The findings of these extensive reports represent the views of SMEs across a broad spectrum of the economy. AIB exceeded the Irish Government's €4 billion SME lending target in 2013 by approving credit to c.32,000 customers, including new, refinanced and restructured facilities. Lending approvals for new facilities increased year-on-year, with an improvement in market conditions in the fourth quarter.

In line with our sectoral strategy, and to meet the need of individual SME sectors, we have recruited expertise from some key growth sectors of the market such as Retail, Energy, Hospitality & Tourism, Healthcare & Life Sciences and Export which will complement our strong Agri team into the future.

The Irish mortgage market remains a key priority for the bank

The pace of drawdowns in the market in 2013 improved as the year progressed, however, the size of the market remains at historically low levels reflecting supply and demand dynamics in certain parts of the country, as well as underlying market conditions.

AIB has maintained a leading position with c. 38% market share of drawdowns in 2013, and approved mortgage lending to over 7,200 mortgage customers. We have continued to develop our online presence and launched an online mortgage calculator and application, including an online sanction in principle facility. As well as our online presence, we also have a multi-channel distribution model which expands across branches, brokers and the EBS branch network.

Growth in Irish Corporate lending approvals

The corporate market was very active throughout 2013 and our Corporate business has a leading position in this sector. Corporate lending approvals to new and existing customers increased in comparison to 2012 and we maintained our status as the leading bank of choice for FDI companies in Ireland. We have a strong and active pipeline to support our business goals and our customer strategy is built on service and relationship.

AIB GB and First Trust Bank

The economic outlook for Northern Ireland and Great Britain improved in 2013 and AIB UK remains a core component of AIB's long-term strategy. We are focused on growing the business while continuing to emphasise cost control and greater synergies with the domestic core bank.

Chief Executive's review *(continued)*

Outlook

Relationship with the Irish Government

We believe that re-establishing AIB as a profitable, investable bank is the best way to provide opportunity for the Irish Government to begin to recover the State's investment. Creating a stable and profitable model is a key strategic priority for the bank in order to return capital to the Irish Government over time. The bank continues to engage closely with the Department of Finance in line with the terms of the March 2012 Relationship Framework.

Reviewing options in relation to the bank's capital structure

During the course of 2014 we intend to provide further guidance on AIB's capital targets. The Department of Finance has indicated that it will enter into discussions with AIB during 2014 regarding AIB's future capital structure, including the potential conversion of the 2009 preference shares into equity and potential options, in respect of the contingent capital notes. Any possible actions would be subject to all required shareholder and regulatory approvals. The potential conversion of the 2009 Preference Shares into equity and the resulting clarity regarding AIB's "fully loaded" CRD IV CET1 position is considered a key step towards capital structure simplification.

Forward looking considerations

We made continuous and steady progress during 2013, however a number of challenges remain as we seek to return the bank to fully normalised operations. While economic conditions improved in Ireland in 2013, unemployment levels remain elevated and recovery in the property market is still at an early stage. The bank's operating performance will be influenced by the continued stabilisation in the economic environment in Ireland, the UK and the Eurozone, sustained recovery in business and consumer confidence, continued reductions in unemployment levels, an increase in credit demand, as well as the ongoing commitment and dedication of employees. Notwithstanding these and other dependencies, I remain confident of our ability to deliver against our strategic objectives in the coming

period and our stated aim of returning to sustainable profitability during 2014 remains on target. The bank's forward strategy will continue to focus on:

- Supporting sustainable new lending in the markets in which we operate with a target medium-term net interest margin of > 2% and a loan to deposit ratio of 100 – 120%.
- Implementing sustainable permanent solutions for our mortgage and SME customers in financial difficulty.
- Continuing to manage our cost base while investing in enhancing the bank's customer franchise and employees with a medium-term target cost income ratio of < 50%.
- Ensuring ongoing measured engagement with the funding markets.
- Taking appropriate steps to deliver a path to a transparent CRD IV fully loaded capital structure with a medium-term target fully loaded CET1 ratio > 10%.
- Reducing impairment charges, subject to economic conditions, with impairment provision charges of < 65 bps over the medium term.



David Duffy
Chief Executive Officer

4 March 2014

Consolidated income statement

for the year ended 31 December 2013

	2013 € m	Restated* 2012 € m	Restated* 2011 € m
Continuing operations			
Interest and similar income	3,321	3,916	4,429
Interest expense and similar charges	(1,973)	(2,810)	(3,079)
Net interest income	1,348	1,106	1,350
Dividend income	4	1	4
Fee and commission income	414	396	470
Fee and commission expense	(36)	(29)	(29)
Net trading income/(loss)	102	(100)	(113)
Gain on redemption/remeasurement of subordinated liabilities and other capital instruments	–	–	3,277
Loss on disposal/transfer of loans and receivables	(226)	(803)	(686)
Other operating income	104	50	67
Other income/(loss)	362	(485)	2,990
Total operating income	1,710	621	4,340
Administrative expenses	(1,359)	(1,716)	(1,636)
Impairment and amortisation of intangible assets	(73)	(60)	(66)
Impairment and depreciation of property, plant and equipment	(51)	(60)	(49)
Total operating expenses	(1,483)	(1,836)	(1,751)
Operating profit/(loss) before provisions	227	(1,215)	2,589
(Provisions) for impairment on loans and receivables	(1,916)	(2,434)	(7,861)
(Provisions)/writeback of provisions for liabilities and commitments	(17)	(9)	416
Writeback/(provisions) for impairment on financial investments available for sale	9	(86)	(283)
Operating loss	(1,697)	(3,744)	(5,139)
Associated undertakings	7	10	(37)
Profit/(loss) on disposal of property	2	2	(1)
Profit on disposal of businesses	1	3	38
Loss before taxation from continuing operations	(1,687)	(3,729)	(5,139)
Income tax credit from continuing operations	90	172	1,193
Loss after taxation from continuing operations	(1,597)	(3,557)	(3,946)
Discontinued operations			
Profit after taxation from discontinued operations	–	–	1,628
Loss for the year	(1,597)	(3,557)	(2,318)
Attributable to:			
Owners of the parent:			
Loss from continuing operations	(1,597)	(3,557)	(3,946)
Profit from discontinued operations	–	–	1,608
Loss for the year attributable to owners of the parent	(1,597)	(3,557)	(2,338)
Non-controlling interests:			
Profit from discontinued operations	–	–	20
Profit for the year attributable to non-controlling interests	–	–	20
	(1,597)	(3,557)	(2,318)
Basic (loss)/earnings per share			
Continuing operations	(0.3c)	(0.7c)	(1.6c)
Discontinued operations	–	–	0.7c
	(0.3c)	(0.7c)	(0.9c)
Diluted (loss)/earnings per share			
Continuing operations	(0.3c)	(0.7c)	(1.6c)
Discontinued operations	–	–	0.7c
	(0.3c)	(0.7c)	(0.9c)

*Restated due to change in accounting policy for employee benefits.

Consolidated statement of comprehensive income

for the year ended 31 December 2013

	2013 € m	Restated* 2012 € m	Restated* 2011 € m
Loss for the year	(1,597)	(3,557)	(2,318)
Other comprehensive income – continuing operations			
<i>Items that will not be reclassified to profit or loss:</i>			
Net change in property revaluation reserves	(1)	(2)	–
Net actuarial losses in retirement benefit schemes, net of tax	251	(716)	(438)
Total items that will not be reclassified to profit or loss	250	(718)	(438)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net change in foreign currency translation reserves	(9)	34	(11)
Net change in cash flow hedges, net of tax	(18)	(162)	(209)
Net change in fair value of available for sale securities, net of tax	513	1,295	112
Share of other comprehensive income of associates, net of tax	–	–	4
Total items that may be reclassified subsequently to profit or loss	486	1,167	(104)
Other comprehensive income for the year, net of tax from continuing operations	736	449	(542)
Other comprehensive income – discontinued operations			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net change in foreign currency translation reserves	–	–	(134)
Net change in cash flow hedges, net of tax	–	–	1
Net change in fair value of available for sale securities, net of tax	–	–	(74)
Total items that may be reclassified subsequently to profit or loss	–	–	(207)
Other comprehensive income for the year, net of tax, from discontinued operations	–	–	(207)
Total other comprehensive income for the year, net of tax	736	449	(749)
Total comprehensive income for the year	(861)	(3,108)	(3,067)
Attributable to:			
Owners of the parent:			
Continuing operations	(861)	(3,108)	(4,488)
Discontinued operations	–	–	1,409
	(861)	(3,108)	(3,079)
Non-controlling interests:			
Discontinued operations	–	–	12
Total comprehensive income for the year	(861)	(3,108)	(3,067)

*Restated due to change in accounting policy for employee benefits.

Consolidated statement of financial position

as at 31 December 2013

	2013 € m	Restated* 2012 € m
Assets		
Cash and balances at central banks	4,132	4,047
Items in course of collection	164	192
Disposal groups and non-current assets held for sale	2,782	562
Trading portfolio financial assets	2	24
Derivative financial instruments	1,629	2,835
Loans and receivables to banks	2,048	2,914
Loans and receivables to customers	65,713	72,972
NAMA senior bonds	15,598	17,387
Financial investments available for sale	20,368	16,344
Interests in associated undertakings	58	52
Intangible assets	176	187
Property, plant and equipment	301	333
Other assets	242	239
Current taxation	1	9
Deferred taxation	3,828	3,845
Prepayments and accrued income	609	559
Retirement benefit assets	83	–
Total assets	117,734	122,501
Liabilities		
Deposits by central banks and banks	23,121	28,442
Customer accounts	65,667	63,610
Disposal groups held for sale	3,593	–
Derivative financial instruments	1,960	3,256
Debt securities in issue	8,759	10,666
Current taxation	48	2
Other liabilities	1,321	1,627
Accruals and deferred income	943	1,260
Retirement benefit liabilities	177	762
Provisions for liabilities and commitments	299	250
Subordinated liabilities and other capital instruments	1,352	1,271
Total liabilities	107,240	111,146
Shareholders' equity		
Share capital	5,248	5,206
Share premium	2,848	2,890
Reserves	2,398	3,259
Total shareholders' equity	10,494	11,355
Total liabilities and shareholders' equity	117,734	122,501

*Restated due to change in accounting policy for employee benefits.

Corporate Governance statement

Corporate Governance practices

Allied Irish Banks, p.l.c. ("AIB") is subject to the provisions of the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance Undertakings ('the Central Bank Code') (the Central Bank Code is available on www.centralbank.ie), including compliance with requirements which specifically relate to 'major/high impact institutions', which imposes minimum core standards upon all credit institutions and insurance undertakings licensed or authorised by the Central Bank of Ireland.

AIB believes it has robust governance arrangements, which include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed, and adequate internal controls, including sound administrative and accounting procedures, IT systems and controls. The system of governance is subject to regular internal review.

AIB's corporate governance practices also reflect Irish company law and, in relation to the UK businesses, UK company law, the Listing Rules of the Enterprise Securities Market of the Irish Stock Exchange, and certain provisions of the US Sarbanes Oxley Act of 2002.

The Board of Directors

The Board is responsible for corporate governance, encompassing leadership, direction and control of AIB and its subsidiaries (collectively referred to as 'AIB' or 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 these include:

- appointing the Chairman, Chief Executive Officer, and Senior Executives, and addressing related succession planning;
- determining the Group's strategic objectives;
- monitoring progress towards achievement of the Group's objectives, and overseeing the management of the business, including control systems and risk management; and

- approving annual operating and capital budgets, major acquisitions and disposals, and monitoring and reviewing financial performance.

The Board is responsible for approving high level policy and strategic direction in relation to the nature and scale of risk that AIB is prepared to assume in order to achieve its strategic objectives. The Board ensures that an appropriate system of internal controls is maintained and reviews its effectiveness. Specifically the Board:

- sets the Group's Risk Appetite, incorporating risk limits;
- approves Risk Frameworks, incorporating risk strategies, policies, and principles;
- approves stress testing and capital plans under the Group's Internal Capital Adequacy Assessment Process ("ICAAP"); and
- approves other high-level risk limits as required by Credit, Capital, Liquidity and Market policies.

The Board receives regular updates on the Group's risk profile through the Chief Executive Officer's monthly report, and relevant updates from the Chairman of the Board Risk Committee.

The Board is also responsible for endorsing the appointment of individuals who may have a material impact on the risk profile of the Group and monitoring on an ongoing basis their appropriateness for the role. The removal from office of the head of a 'Control Function', as defined in the Central Bank Code, is also subject to Board approval.

AIB has received significant support from the Irish State ('the State') in the context of the financial crisis because of its systemic importance to the Irish financial system. As a result of the State support measures, the State holds c. 99.8% of the ordinary shares of the Company. The relationship between AIB and the State as shareholder is governed by a relationship framework ('the Framework'). Within the Framework, the Board retains full responsibility and authority for all of the operations and business of the Group in accordance with its legal and fiduciary duties and retains responsibility and authority for ensuring compliance with the regulatory and legal obligations of the Group.

Chairman

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, the ongoing training and development of all directors, and reviewing the performance of individual directors.

Mr David Hodgkinson was appointed Executive Chairman on 27 October 2010 and Non-Executive Chairman with effect from 12 December 2011, following the appointment of Mr David Duffy as Chief Executive Officer.

The role of the Chairman is separate from the role of the Chief Executive Officer, with clearly-defined responsibilities attaching to each; these are set out in writing and agreed by the Board.

Chief Executive Officer

The Chief Executive Officer 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. Mr David Duffy was appointed Chief Executive Officer on 12 December 2011.

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.

Board meetings

The Chairman sets the agenda for each Board meeting. The Directors are provided with relevant papers in advance of the meetings to enable them to consider the agenda items, and are encouraged to participate fully in the Board's deliberations. Executive management attend Board meetings and make regular presentations.

The Board held eleven scheduled meetings during 2013, and four additional out-of-course meetings or briefings. During a number of Board meetings, the Non-Executive Directors met in the absence of the Executive Directors, in accordance with good governance standards. In addition to their attendance at Board and Committee meetings, Non-Executive Directors attended Board meetings of AIB Group (UK) p.l.c., AIB Mortgage Bank and EBS Limited and held consultative meetings with the Chairman.

Board membership

It is the policy of the Board that a majority of the Directors should be Non-Executive. At 31 December 2013, there were nine Non-Executive Directors and two Executive Directors. The Board deems the appropriate number of Directors to meet the requirements of the business to be between 10 and 14. 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 appropriate challenge to executive management.

The names of the Directors, with brief biographical notes, are shown on pages 20 to 22.

In the performance of their functions, the Directors have a duty to have regard to the matters mentioned in section 4 of the Credit Institutions (Stabilisation) Act 2010 ('the Act'). The duty imposed by the Act is owed by the Directors to the Minister for Finance on behalf of the Irish State, and takes priority over any other duty of the Directors to the extent of any inconsistency. Thereafter, all Directors are required to act in the best interests of the Group, and to bring independent judgement to bear in discharging their duties as Directors.

There is a procedure in place to enable the Directors to take independent professional advice, at the Group's expense. The Group holds insurance cover to protect Directors and Officers against liability arising from legal actions brought against them in the course of their duties.

Corporate Governance statement *(continued)*

Performance evaluation

During 2013, the Board undertook an internal evaluation of its performance, which involved completion of questionnaires by Directors, one-to-one discussions between the Chairman and each Director, presentation of the overall findings to the Board for its consideration and action, and development of objectives for the Board for the following year. The evaluation covers areas such as strategy setting and oversight of execution, stewardship, Board process and performance against objectives, Board composition and professional development.

In accordance with corporate governance best practice, the Board has commissioned an external service provider to undertake an independent review of the performance of the Board during the first half of 2014.

The Chairman meets annually with each Director individually to review their performance. These reviews include discussion of, inter alia, the Directors' individual contributions and performance at the Board and relevant Board Committees, the conduct of Board meetings, the performance of the Board as a whole and its committees, compliance with the Director-specific provisions of the Central Bank Code, the requirements of the Central Bank of Ireland's Fitness and Probity Regulations, and other specific matters which the Chairman and/or Directors may wish to raise. Attendance at Board and Committee meetings is one of a number of important factors considered in evaluating Directors' performance, and a table showing each Board Member's attendance at such meetings is included in the Annual Financial Report 2013 which can be accessed at www.aibgroup.com.

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.

Mr Dick Spring was appointed Non-Executive Director in 2009 as a nominee 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 in 2010 as a nominee of the Minister for Finance under the Irish Government's National Pensions Reserve Fund Act 2000 (as amended) for a three year term to 31 December 2012. Dr Somers was reappointed a Non-Executive Director, under the same regime, for a further period of one year with effect from 1 January 2013, and for a further two years with effect from 1 January 2014.

Following appointment, in accordance with the requirements of the Articles of Association, Directors are required to retire at the next Annual General Meeting ("AGM"), and may go forward for reappointment, and are subsequently required to make themselves available for reappointment at intervals of not more than three years. Since 2005, all Directors have retired from office at the AGM and have offered themselves for reappointment with the exception of Messrs Somers and Spring. Under the terms of the Government's preference share investment, Messrs Somers and Spring are not required to stand for election or regular re-election by shareholders.

Letters of appointment, as well as dealing with appointees' responsibilities, stipulate that a specific time commitment is required from Directors. A copy of the standard terms of the letter of appointment of Non-Executive Directors is available on request from the Company Secretary.

The Board has determined that all Non-Executive Directors in office in December 2013, namely Mr Simon Ball, Mr Tom Foley, Mr Peter Hagan, Mr David Hodgkinson, Mr Jim O'Hara, Dr Michael Somers, Mr Dick Spring, Mr Tom Wacker and Ms Catherine Woods 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. In 2011, the Central Bank of Ireland confirmed that Messrs Somers and Spring should be considered independent for the purposes of the Central Bank Code.

Induction and professional development

There is an induction process for new directors. Its content varies between Executive and Non-Executive Directors. In respect of the latter, the induction is designed to familiarise Non-Executive Directors with the Group and its operations, and comprises the provision of relevant briefing material, including details of the Group's strategic and operational plans, and a programme of meetings with the Chief Executive Officer and the Senior Management of businesses and support and control functions. A programme of targeted and continuous professional development is in place for Non-Executive Directors.

Board Committees

The Board is assisted in the discharge of its duties by a number of Board Committees, whose purpose it 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, each of which operates under Terms of Reference approved by the Board, and their membership, is detailed in the AIB 2013 Annual Financial Report. The minutes of all meetings of Board Committees are circulated to all Directors, for information, with their Board papers, and are formally noted by the Board. This provides an opportunity for Directors who are not members of those Committees to seek additional information or to comment on issues being addressed at Committee level. The Terms of Reference of the Audit Committee, the Board Risk Committee, the Nomination and Corporate Governance Committee and the Remuneration Committee are available on AIB's website: www.aibgroup.com. In carrying out their duties, the Board Committees are entitled to take independent professional advice, at the Group's expense, where deemed necessary or desirable by the Committee Members.

Directors' remuneration

Details of the Directors' Remuneration and Interests is included on pages 18 to 19 of this report.

Website

The website, www.aibgroup.com, contains, for the previous five years, the Annual Financial Report, the Interim Report/Half-yearly Financial Report, and the Annual Financial Report on Form 20-F. The Group's presentation to fund managers and analysts of annual and interim financial results are available on the internet, and may be accessed on the Company's website: www.aibgroup.com. Since 2009, the Annual Financial Report and the Annual Report on Form 20-F have been combined in the form of the Annual Financial Report. None of the information on the website is incorporated in, or otherwise forms part of, the Annual Financial Report.

Annual General Meeting ("AGM")

All shareholders are invited to attend the AGM and to participate in the proceedings. At the AGM, it is practice to give a brief update on the Group's performance and developments of interest for the year to date. Separate resolutions are proposed on each separate issue and voting is conducted by way of poll. The votes for, against, and withheld, on each resolution, including proxies lodged, are subsequently published on AIB's website. Proxy forms provide the option for shareholders to direct their proxies to withhold their vote. 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 Committees are available to answer questions about the Committees' activities. A help desk facility is available to shareholders attending. The Company's 2014 AGM is scheduled to be held on 19 June 2014, 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 21 clear days before the meeting, in line with the requirements of Irish Company law.

Corporate Governance statement *(continued)*

Remuneration Policy and Governance

A key objective of AIB's remuneration policies and practices is to provide employees with fair and competitive remuneration which supports the long-term performance and strategic objectives of the Group. The Board recognises the need to ensure that remuneration policies provide a clear link between performance and reward in attracting and retaining the right people and skills to support the Group's future success and growth.

The Board also recognises the need to ensure that remuneration policies and practices do not encourage excessive risk taking and support the capital and liquidity of the Group. AIB's Remuneration Policy is governed by the Remuneration Committee on behalf of the Board and encompasses all financial benefits available to employees across the Group. The Remuneration Policy was reviewed by the Remuneration Committee in February 2013 and updated to incorporate the roles and responsibilities of AIB's control functions in the design and implementation of the Policy. The Policy will be further updated in 2014 to incorporate the provisions of the Capital Requirements Directive (CRD IV) which came into effect on 1 January 2014.

AIB published its Remuneration Disclosure Report 2012 in June 2013 as part of its Pillar 3 Disclosures. The Disclosure Report summarised AIB's principal remuneration policies and practices and included the aggregate remuneration of Identified Staff for 2012, being those individuals whose professional activities were considered to have a material impact on AIB's risk profile. In doing so, consideration was given to the extent of individuals' reporting lines and the degree to which individuals' decision making was subject to control and approval through credit committees or trading limits. The Remuneration Disclosure Report 2013 will be published during 2014 and will be available on AIB's website.

Remuneration policy, in general, is strongly influenced by the Group's significant reliance on State support and the commitments provided by AIB under the Subscription and Placing Agreements. There was, therefore, no scope in practice during 2013 to implement the design requirements of incentive schemes contained in AIB's Remuneration Policy. AIB did not operate any incentive schemes during 2013.

Mercer Review

In March 2013, The Mercer Report, prepared on behalf of the Department of Finance, was published. Key findings of the report in respect of AIB included a significant reduction in total remuneration costs between 2008 and 2012, including that of the Chief Executive Officer, Senior Executives and employees in continued employment by the Group since 2008. These reductions arose through reduced manpower numbers, the elimination of incentive based compensation and reductions applied to pay and benefits under the Pay and Benefits Review implemented on 1 September 2012. The report also noted the comparison of salaries between covered institutions and the external market.

Changes to Terms and Conditions of Employment

On 1 July 2013, the Labour Court and Labour Relations Commission issued a number of recommendations on pay, pensions and future working hours. These recommendations brought to a conclusion long standing negotiations with staff representatives on these issues. The recommendations entailed changes to the terms and conditions of employment for all AIB staff and were subsequently accepted by both AIB and the staff representatives.

Under the terms of the recommendations, previously existing fixed performance related pay and salary increments ceased, to facilitate the introduction of future pay arrangements. It is intended that new pay arrangements will be aligned to the future financial performance of the Group, cost of living, market movements and individual performance.

In addition, with effect from 31 December 2013, the Group's defined benefit pension schemes closed to future accrual, all current members were transferred to a defined contribution scheme while working hours were increased on a phased basis to 36 hours per week from 1 October 2013 and will increase to 37 hours per week from 1 April 2014.

In recognition of these changes, AIB agreed to make a single payment, equal to 4% of annual salary, to all AIB Republic of Ireland employees below manager grade. In addition, legacy increments and fixed merit pay increases due in respect of the period from 2010 to 2013 were paid to UK-based staff.

Severance schemes

Following the introduction of a Voluntary Severance Programme in 2012, which included both an early retirement scheme and a voluntary severance scheme, AIB continued to manage staff exits in a structured and controlled manner to minimise exit risk to the organisation. During the year to 31 December 2013, total exits under the programme and exits associated with the closure of off-shore locations amounted to 1,370 (FTE), comprising 168 through early retirement and 1,202 through voluntary severance. This brought total exits under the programme since its introduction in quarter 3 2012 and from the closure of off-shore locations to 3,002.

Remuneration review

AIB's remuneration levels in 2013 continued to be closely managed in line with the Group's financial performance. There were no general salary increases awarded. Out of course salary increases were managed within tight budgetary parameters, the increases being primarily restricted to retaining key staff and skills or to instances where staff stepped up to expanded roles in light of restructuring or staff departures. Under the terms of the Pay and Benefits Review, introduced in 2012, reductions of up to 7.5% in salaries and benefits, relative to market benchmarks, were applied to managers with effect from 1 January 2013.

The salaries of senior executives within the Group were managed by the Remuneration Committee in accordance with the obligations of the Subscription and Placing Agreements.

The prohibition on bonus and share incentive schemes continued through 2013.



Report on Directors' Remuneration

Directors' remuneration

The following table details the total remuneration of the Directors in office during 2013 and 2012:

						2013	2012
	Directors' Fees – Parent and Irish subsidiary companies ⁽¹⁾	Directors' Fees – Non-Irish subsidiary companies ⁽²⁾	Salary	Annual Taxable Benefits ⁽³⁾	Pension Contribution ⁽⁴⁾	Total	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Executive Directors							
Bernard Byrne			361	30	99	490	553
David Duffy			425	–	64	489	546
			786	30	163	979	1,099
Non-Executive Directors							
Simon Ball	85					85	61
Tom Foley	104					104	21
Peter Hagan	87					87	27
David Hodgkinson ^{(1(a))} (Chairman)	275					275	275
Jim O'Hara	127					127	92
Dr Michael Somers ^{(1(b))} (Deputy Chairman)	150					150	150
Dick Spring	77					77	66
Tom Wacker	63	35				98	108
Catherine Woods	159					159	173
	1,127	35				1,162	973
Former Directors							
Declan Collier ⁽⁵⁾		35				35	40
Kieran Crowley ⁽⁶⁾		47				47	49
Stephen L Kingon ⁽⁶⁾		58				58	46
Anne Maher ⁽⁷⁾	31					31	50
David Pritchard ⁽⁶⁾		94				94	99
Other ⁽⁸⁾						41	104
Total						2,447	2,460

(1) Fees paid to Non-Executive Directors in 2013 were as follows:

- (a) Mr David Hodgkinson, Non-Executive Chairman, was paid a non-pensionable flat fee of €275,000 which includes remuneration for all services as a director of Allied Irish Banks, p.l.c.;
- (b) Dr Michael Somers, Deputy Chairman and Chairman of the Board Risk Committee, was paid a non-pensionable flat fee of €150,000 which includes remuneration for all services as a director of Allied Irish Banks, p.l.c.; and

(c) All other Non-Executive Directors were paid a basic, non-pensionable fee in respect of service as a Director, of €27,375 (voluntarily reduced from €36,500 between December 2008 and February 2009), and additional non-pensionable remuneration (subject also to an equivalent reduction) paid to any Non-Executive Director who: is the Chairman of the Audit Committee, the Nomination and Corporate Governance Committee or the Remuneration Committee; is the Senior Independent Director, or performs additional services, such as through membership of Board Committees or the board of a subsidiary company;

- (2) Current or former Non-Executive Directors of Allied Irish Banks, p.l.c. who also serve as Directors of AIB Group (UK) p.l.c. ("AIB UK") are separately paid a non-pensionable flat fee, which is independently agreed and paid by AIB UK, in respect of their service as a Director of that company;
- (3) 'Annual taxable benefits' represents a reduced non-pensionable cash allowance in lieu of company car, medical insurance and other contractual benefits following the internal review of Pay and Benefits in 2012 (see Remuneration Review, Corporate Governance Statement, page 17);
- (4) 'Pension contribution' represents agreed payments to a defined contribution scheme to provide post-retirement pension benefits for Executive Directors from normal retirement date. The fees of the Chairman, Deputy Chairman and Non-Executive Directors are non-pensionable;
- (5) Mr Declan Collier, a former Government appointed Non-Executive Director of Allied Irish Banks, p.l.c., was appointed a Non-Executive Director of AIB UK on 13 March 2013, in respect of which he earns fees as outlined at (2) above. The fees received by Mr Collier during 2013 include an amount of €11,776 in respect of services to the company prior to his formal appointment as a director;
- (6) Mr Kieran Crowley, Mr Stephen L. Kingon and Mr David Pritchard are former Non-Executive Directors of Allied Irish Banks, p.l.c. who have, since their resignations, continued as Non-Executive Directors of AIB UK, of which Mr Pritchard is Chairman; they continue to earn fees as outlined at (2) above;
- (7) Ms Anne Maher is a former Non-Executive Director of Allied Irish Banks, p.l.c. who has, since her resignation, continued as a Director of the Corporate Trustee of the AIB Irish Pension Scheme and of the AIB Defined Contribution Scheme, in respect of which she earned fees as quoted;
- (8) 'Other' represents the payment of pensions to former Directors or their dependants granted on an ex-gratia basis and are fully provided for in the Statement of Financial Position.
- (9) As a result of the internal review of pay and benefits in 2012 (see Remuneration Review, Corporate Governance Statement, page 17) and following consultation with the Department of Finance, a revised fee structure for Non-Executive Directors was implemented from 1 Jan 2014, the effect of which is a further reduction in the fees payable from that date.

Interests in shares

The beneficial interests of the Directors and the Secretary in office at 31 December 2013, and of their spouses and minor children, in the Company's ordinary shares are as follows:

Ordinary shares	31 December 2013	1 January 2013*
Directors:		
Simon Ball	—	—
Bernard Byrne	—	—
David Duffy	—	—
Tom Foley	100	100
Peter Hagan	—	—
David Hodgkinson	—	—
Jim O'Hara	—	—
Dr Michael Somers	13,437	13,437
Dick Spring	—	—
Tom Wacker	—	—
Catherine Woods	—	—
Secretary:		
David O'Callaghan	7,490	7,490

*or date of appointment, if later

Throughout 2013, the Directors were prohibited from trading in the Company's shares due to significant ongoing corporate activity and close periods in advance of public disclosures.

AIB Board



David Hodgkinson

Chairman – Non-Executive Director

Mr Hodgkinson was Group Chief Operating Officer for HSBC Holdings plc from May 2006 until his retirement from the company in December 2008. During his career with HSBC, he held a number of senior management positions in the Middle and Far East, and Europe, including as Managing Director of The Saudi British Bank, and CEO of HSBC Bank Middle East. Mr Hodgkinson, who joined HSBC in 1969, has also served as Chairman of HSBC Bank Middle East Limited, HSBC Bank A S Turkey, Arabian Gulf Investments (Far East) Limited and HSBC Global Resourcing (UK) Ltd. He was a Director of HSBC Bank Egypt SAE, The Saudi British Bank, Bank of Bermuda Limited, HSBC Trinkaus Burkhardt and British Arab Commercial Bank.

Mr Hodgkinson joined the Board as Executive Chairman on 27 October 2010 and became Non-Executive Chairman with effect from 12 December 2011. He has been a member of the Remuneration Committee and Nomination and Corporate Governance Committee since January 2011. (Age 63)



Simon Ball BSc (Economics), FCA

Non-Executive Director and Nomination and Corporate Governance Committee Chairman

Mr Ball is currently the Non-Executive Deputy Chairman and Senior Independent Director of Cable & Wireless Communications plc, a Non-Executive Director of Tribal Group plc, and a Non-Executive Director of Commonwealth Games England. Prior to this, Mr Ball served as Group Finance Director of 3i Group plc and the Robert Fleming Group, held a series of senior finance and operational roles at Dresdner Kleinwort Benson, and was Director General, Finance for the HMG Department for Constitutional Affairs. Mr Ball joined the Board in October 2011 and has been a member of the Board Risk Committee since November 2011 and a member of the Nomination and Corporate Governance Committee since February 2013. He was appointed Chairman of the Nomination and Corporate Governance Committee in June 2013. (Age 53)



Bernard Byrne* FCA

Director Personal, Business and Corporate Banking

Mr Byrne joined AIB in May 2010 as Group Chief Financial Officer and member of the Leadership Team. He took up the role of Director of Personal & Business Banking in May 2011. He was appointed to his current post in July 2012 when responsibility for corporate clients was added to the role. He began his career as a Chartered Accountant with PricewaterhouseCoopers (PwC) in 1988 and joined ESB International in 1994, where he was the Commercial Director for International Investments. In 1998, he took up the post of Finance Director with IWP International plc. He moved to ESB in 2004 where he held the post of Group Finance and Commercial Director until he left to join AIB. Mr Byrne joined the Board in June 2011. He was appointed Non-Executive Director of EBS Limited in July 2011. (Age 45)



David Duffy* B.B.S., MA

Chief Executive Officer

Mr Duffy joined AIB in December 2011 as Chief Executive Officer and Chair of the Leadership Team. He has held a number of senior roles in the international banking industry including, most recently, the position of Chief Executive Officer at Standard Bank International covering Asia, Latin America, the UK and Europe. He was previously Head of Global Wholesale Banking Network of ING Group and President and Chief Executive Officer of the ING franchises in the US and Latin America. He worked with Goldman Sachs International in various senior positions including Head of Human Resources Europe. Mr Duffy joined the Board in December 2011. (Age 52)

* Executive Directors



Peter Hagan BSc, Dip BA
Non-Executive Director

Mr Hagan is former Chairman and CEO of Merrill Lynch's US commercial banking subsidiaries, he was also a director of Merrill Lynch International Bank (London), Merrill Lynch Bank (Swiss), ML Business Financial Services and FDS Inc. Over a period of 35 years he has held senior positions in the international banking industry, including as Vice Chairman and Representative Director of the Aozora Bank (Tokyo, Japan). During 2011 and until Sept 2012, he was a director of each of the US subsidiaries of IBRC. He is presently a consultant in the fields of financial service litigation and regulatory change. He is currently a Director and Treasurer of 170 East 70th Corp. and a Director of the Thomas Edison State College Foundation. Mr Hagan joined the Board in July 2012 and is a member of the Board Risk Committee, Nomination and Corporate Governance Committee and the Remuneration Committee. (Age 65)



Tom Foley BComm, FCA
Non-Executive Director

Mr Foley is a former Executive Director of KBC Bank Ireland and has held a variety of senior management and board positions with KBC, including in Corporate Finance, Treasury, Business Banking, Private and Mortgage Banking as well as KBC's UK Division. He was a member of the Nyberg Commission of Investigation into the Banking Sector during 2010 and 2011 and the Department of Finance (Cooney) Expert Group on Mortgage Arrears and Personal Debt during 2010. He qualified as a Chartered Accountant with PricewaterhouseCoopers (PwC) and is a former senior executive with Ulster Investment Bank and is a Non-Executive Director of BPV Finance (International) plc, and IntesaSanPaolo Life Limited. Mr Foley joined the Board in September 2012 and is a member of the Audit Committee and Remuneration Committee. He was appointed Non-Executive Director of EBS Limited in November 2012. (Age 60)



Jim O'Hara
Non-Executive Director and Remuneration Committee Chairman

Mr O'Hara is a former Vice President of Intel Corporation and General Manager of Intel Ireland, where he was responsible for Intel's technology and manufacturing group in Ireland. He is a Non-Executive Director of Fyffes plc, a board member of Enterprise Ireland, and Chairman of a number of indigenous technology start up companies. He is a past President of the American Chamber of Commerce in Ireland. Mr O'Hara joined the Board in October 2010 and has been a member of the Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee since January 2011, and was appointed Chairman of the Remuneration Committee in July 2012. He was appointed Non-Executive Director of EBS Limited in June 2012. (Age 62)



Dr Michael Somers BComm, M.Econ.Sc, Ph.D
Non-Executive Director, Deputy Chairman and Board Risk Committee Chairman

Dr Somers is former Chief Executive of the National Treasury Management Agency. He is Chairman of Goodbody Stockbrokers, a Non-Executive Director of Fexco Holdings Limited, Willis Group Holdings plc, Hewlett-Packard International Bank plc, the Institute of Directors, St. Vincent's Healthcare Group Ltd, and President of the Ireland Chapter of the Ireland-US Council. He has previously held the posts of Secretary, National Debt Management, in the Department of Finance, and Secretary, Department of Defence. He is a former Chairman of the Audit Committee of the European Investment Bank and Director of the European Investment Bank and former Member of the EC Monetary Committee. Dr Somers was Chairman of the group that drafted the National Development Plan 1989-1993 and of the European Community group that established the European Bank for Reconstruction and Development. He was formerly a member of the Council of the Dublin Chamber of Commerce. He joined the Board in January 2010 as a nominee of the Minister for Finance under the Government's National Pensions Reserve Fund Act 2000 (as amended) and has been Chairman of the Board Risk Committee since November 2010. (Age 71)

AIB Board *(continued)*



Dick Spring BA, BL
Non-Executive Director

Mr Spring is a former Tánaiste (Deputy Prime Minister) of the Republic of Ireland, Minister for Foreign Affairs and leader of the Labour Party. He is a Non-Executive Director of Fexco Holdings Ltd., Repak Ltd, The Realta Global Aids Foundation Ltd and Chairman of the Diversification Strategy Fund p.l.c.. He is Chairman of International Development Ireland Ltd., Altobridge Ltd. and Alder Capital Ltd.

Mr Spring joined the Board in January 2009 as a nominee of the Minister for Finance under the CIFS Scheme. He has been a member of the Nomination and Corporate Governance Committee since April 2009 and the Board Risk Committee since November 2010. (Age 63)



Thomas Wacker MBA (International Business and Finance)
Non-Executive Director

Mr Wacker was a Non-Executive Director of the USA Rugby Board and is a former Chief Executive Officer of the International Rugby Board. He was a Non-Executive Director and Chief Executive Officer of Belmont Advisors (UK) Limited and is a former Chief Executive of IFG Group plc's offshore business and Non-Executive Director of the parent company. Prior to this, Mr Wacker held senior management roles with Royal Trust Company of Canada, Bank of Montreal, Citibank, and Citigroup Investment Banking Group.

Mr Wacker joined the Board in October 2011 and has been a member of the Audit Committee since November 2011. (Age 70)



Catherine Woods BA, Mod (Econ)
Non-Executive Director and Audit Committee Chairman

Ms Woods is a Non-Executive Director of AIB Mortgage Bank, and Chairman of EBS Limited (from 12 February 2013). She is the Finance Expert on the adjudication panel established by the Government to oversee the rollout of the National Broadband scheme and is a former Vice President and Head of the European Banks Equity Research Team, JP Morgan, where her mandates included the recapitalisation of Lloyds' of London and the reprivatization of Scandinavian banks. Ms Woods is a former director of An Post, and a former member of the Electronic Communications Appeals Panel. She joined the Board in October 2010, has been a member of the Audit Committee and Board Risk Committee since January 2011, and was appointed Chairman of the Audit Committee in July 2011. (Age 51)



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

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