Allied Irish Banks, plc

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB
Short-Term IDR	F2
Viability Rating	b-
Support Rating	2
Support Rating Floor	BBB

Sovereign Risk

Long-Term Foreign-Currency IDR	BBB+
Long-Term Local-Currency IDR	BBB+

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Allied Irish Banks, plc

	30 Jun 13	31 Dec 12
Total assets (USDm)	157,753	161,652
Total assets (EURm)	120,602	122,516
Total equity (EURm)	7,063	7,706
Operating profit (EURm)	-802	-3,694
Net income (EURm)	-758	-3,647
Comprehensive income (EURm)	-757	-3,222
Operating ROAA (%)	-1.3	-2.9
Operating ROAE (%)	-21.9	-39.1
Tier 1 ratio (%)	15.1	15.1
Fitch core capital ratio (%)	4.6	5.1
Fitch eligible capital ratio (%)	9.9	10.0

Related Research

2014 Outlook: Irish Banks (December 2013)

Analysts

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Key Rating Drivers

Support-Driven IDRs: The Long- and Short-Term IDRs and Support Ratings of Allied Irish Banks, plc (AIB) reflect Fitch Ratings' view that there would be a high probability of support from the authorities if required. Fitch considers support to be even stronger in the short-term resulting in the Short-term IDR being affirmed at 'F2', which is the higher of two potential short-term ratings mapping to its 'BBB' Long-term IDR.

Weak Intrinsic Strength: AIB's Viability Rating (VR) reflects its deteriorating asset quality, reliance on European Central Bank (ECB) liquidity for funding, and its structurally unprofitable operations, although prospects for profitability in the medium term have improved. The VR is also constrained by AIB capitalisation which provides a limited margin of safety, in light of its capital structure and high levels of net impaired loans relative to FCC.

Weak Underlying Profitability: At end-1H13 AIB was still loss-making as a result of a combination of weak earnings generation and high loan impairment charges. AIB aims to boost pre-impairment profitability by cutting operating costs, lowering funding costs and re-pricing loans. Fitch believes that AIB's earnings are on an upward trajectory which could see the bank return to month-on-month profitability by 2H14.

Asset Quality Still Deteriorating: Impaired loans increased to 34.3% of gross loans in 1H13 (end-1H12: 27.7%), with particular deterioration in the residential mortgage portfolio. Fitch expects a stabilisation of in asset quality in 2014. There have been signs of slowdown in the formation of arrears and AIB is working to find sustainable solutions to impaired loans but progress remains slow. Fitch expects further loan book deleveraging as redemptions outpace credit growth. Non-core deleveraging was completed in 2013.

Reliant on Funding Support: AIB's funding base includes a significant amount of cheap ECB, central bank and government related wholesale funding which Fitch expects to continue in the medium term. This should combined with deposit repricing should help support AIB improving its net interest margin (NIM). The bank's gross loans to customer deposits ratio remains high at 142% with customer deposits accounting for 60% of total funding excluding derivatives.

Weak Capital Structure: AIB's Fitch core capital ratio of 4.6%, (2012: 5.1%) reflects its weak capital structure and excludes DTA and preference shares. AIB's Fitch eligible capital ratio which includes preference shares was a healthier and stood at 9.9% at end-1H13. Fitch expects capitalisation to weaken due to further impairment charges, but considers there to be a sufficient buffer to maintain regulatory ratios above requirements without the need for further capital in our base case. AIB's core Tier 1 was stable at 15.1% at end-1H13.

Rating Sensitivities

Sovereign or Support Rating Action: Reducing support assumptions, and revisions of the SRFs of the Irish banks could impact the AIB's IDR, as outlined in *Bank Support: Likely Rating Paths* and *The Evolving Dynamics of Support for Banks* (both dated 11 September 2013). Any downgrade of the Irish sovereign or change to the view of support could result in a downgrade of AIB's IDR.

Higher Impairment Charges: Upside potential on the VR would require improving structural profitability, internal capital generation and higher quality of capital, reduced reliance on central bank and government related funding and an improvement in asset quality. AIB's VR is sensitive to asset quality deterioration requiring higher impairment charges which would further erode its capital buffer.

- One of the two pillar retail and corporate banks in Ireland
- Significant balance sheet reductions and restructuring since 2011
- Non-core deleveraging completed in 2013

Profile

Pillar Bank in Ireland

AIB is one of the two pillar banks in Ireland, offering a wide range of retail, commercial and corporate banking services. AIB has the largest Irish loan book and has a leading market share in a number of segments. The bank has a more concentrated exposure to the Irish economy due to its smaller proportion of foreign assets than peers. AIB's international exposure is mainly to the UK through its subsidiary, AIB Group (UK) PLC (AIB UK) (rated BBB/Stable), which operates as two distinct trading entities: AIB (GB) provides business and corporate banking, while First Trust Bank is a full-service retail bank in Northern Ireland. AIB is committed to new lending in Ireland. However, credit demand remains weak, constraining short term economic growth. Lending in the UK will continue, but more selectively.

AIB is 99.8% owned by the Irish government following a series of capital injections in recent years. The nationalisation of the bank was the result of the Irish property crash which AIB was heavily exposed. AIB acquired the Irish building society EBS Limited (BBB/Stable) in July 2011, as part of a rescue operation instigated by the Irish government.

Divisional Structure Simplified

AIB has moved from a model of separately run businesses to a more streamlined business model, with a centralised control function, IT systems and support functions. Operations in 2013 were split into: Domestic Core Bank (DCB) incorporating personal, business and corporate customers and wealth management, Financial Solutions Group (FSG) which covers customers in financial difficulties, and AIB (UK). The new simplified structure aims to improve risk-management oversight and operating efficiency across the group.

Balance Sheet Restructured

AIB completed its non-core deleveraging targets (mostly land and development loans, non-core UK and other international assets) set by the Central Bank of Ireland (CBoI) in 2013. Since 2010 the bank has significantly reduced and de-risked its balance sheet through a combination of loan transfers to the National Asset Management Agency (NAMA), asset disposals and redemptions. AIB completed the NAMA asset transfer process in October 2011, transferring EUR20.4bn of mainly illiquid commercial real estate assets at an average discount of 55%, in return for government-guaranteed NAMA bonds. AIB also sold its foreign subsidiaries Bank Zachodni WBK (Poland) and M&T Bank (US).

Performance

AIB reported a net loss of EUR758m in 1H13 (2012: EUR3.6bn) and Fitch expects the bank to remain loss making for the full year 2013. The reducing losses come from a combination of lower customer deposit cost, falling impairment charges and the drop in Eligible Liabilities Guarantee (ELG) scheme cost. The ELG scheme for new liabilities expired in March 2013. Financial performance is constrained by low-yielding mortgages, sluggish credit growth in a low interest rate environment and high loan impairment charges. AIB recorded a small Fitch-calculated pre-impairment operating loss of EUR64m during 1H13 (1H12: EUR159m). Loan impairment charges were 16% lower than 1H12 but continue to weigh on profitability while asset quality remains weak. The operating loss for 1H13 was EUR802m. Fitch believes the bank will achieve month-on-month profitability by 2H14 largely due to lower impairment charges and funding cost and general cost reductions.

Despite a contracting loan book, net interest income improved during 1H13 compared to 1H12 due to wider interest margins as a result of reduced interest expenses as Irish banks drove deposit pricing down and lower ELG fees. AIB's net interest margin improved to a Fitch-calculated 109bp during 1H13 (2012: 93bp). Excluding ELG-related costs, AIB estimated its NIM was 128bp at end-1H13. Fitch expects AIB's NIM to improve slowly in 2014 as loan re-pricing flows through but on moderate credit growth and the bank exits the ELG scheme but incurs new lower levy costs.

Related Criteria

Global Financial Institutions Rating Criteria (January 2014)

Figure 1

Peer Comparison – Profitability

	AIB				BoI			
	1H13	1H12	2012	2011	1H13	1H12	2012	2011
Net interest margin (%)	1.1	0.9	0.9	1.1	1.4	0.9	1.1	1.0
Cost of funds (%)	2.1	2.6	2.5	2.6	1.7	2.2	2.0	2.3
Cost/income ratio (%)	109.0	121.6	354.3	120.5	73.2	141.7	106.6	77.3
Pre-impairment operating profit (loss)(EURm)	-64.0	-159.0	-1,165	-330.0	296.0	-315.0	-70.0	521.0
Credit impairment charges (EURm)	-738.0	-973.0	-2,529.0	-7,728.0	-784.0	-978.0	-1,769.0	-1,960.0
Net int. inc less loan impairment charges/av. earning assets	-0.3	-0.5	-1.1	-5.3	0.1	-0.4	-0.2	-0.3
Operating return on average equity (%)	-21.9	-22.0	-39.1	-162.7	-15.3	-33.8	-24.9	-23.3
Operating return on average assets (%)	-1.3	-1.7	-2.9	-5.9	-0.7	-1.7	-1.2	-0.9
Net income/average total equity (%)	-20.7	-20.5	-38.6	-46.3	-14.3	-28.7	-24.7	0.7
Net income/average total assets (%)	-1.3	-1.6	-2.8	-1.7	-0.7	-1.4	-1.2	0.0
Tier 1 capital ratio (%)	15.1	17.3	15.1	17.9	14.3	14.1	14.4	14.4

Source: Company accounts, Fitch reclassification

Revenue

Net interest income was up by an annualised 7.5% during 1H13. Fitch expects a pick-up in revenue generation to be contingent on increasing lending volumes. Net fee and commission income was flat yoy and has been affected by deleveraging which has reduced the banks fee and commission sources. Fitch doesn't expect any significant improvement in fee and commission income in 2014.

Expenses

AIB has made substantial progress in reducing its costs and Fitch views this as a key component of a return to sustainable profitability in the medium term. Both personal expenses and general and administrative expenses fell during 1H13, down 15.9% and 10.1% compared to 1H12. Wage and salaries continue to decline due to branch closures and reduction in full time employees at end-1H13. This combined with increased automation and of services and outsourcing some activities should help cut expenses further.

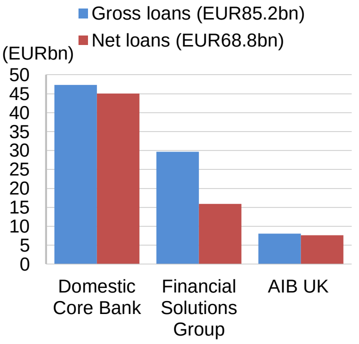
Impairments Charges

Impairment charges continue to weigh on AIB's performance but the overall trend is improving. Loan impairment charges declined to 1.73% of average gross loans at end-1H13 (2012: 2.61%). Impairment charges for AIB's DCB at end-1H13 declined marginally yoy. The main reason for the reduction in loan impairment charges was the decline in AIB's financial solutions group which deals with clients in financial difficulty, while impairments for AIB UK also recorded a significant decline. Impairments for DCB loans increase but were offset by a fall in provisions for AFS investments. Fitch expects continuing but smaller impairment charges in 2014 as impaired loan formation slows.

Fitch expects exceptional items to decline as the non-core deleveraging process has been completed and the bank normalises its activities. Loss on disposal of loans were EUR239m and related to non-core deleveraging, loss on transfers of financial instruments to NAMA, and restructuring cost associated with the closure of non-core international operations.

Figure 2

1H13 Loan Book



Source: AIB, Fitch

Risk Management

AIB has restructured its risk management function in recent years with more centralised control functions across the entire business. Risk management was updated it in 2013 to match the bank's restructuring. Risk oversight is provided by the Board Risk Committee, and internal audit provides an assessment of the effectiveness of risk management. In 2013 a capital committee was established to oversee the capital measurement and adequacy assessment process.

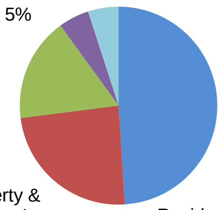
Credit Risk

Exposure to credit risk mainly arises from the bank's loan book (1H13: 57% of total assets, 2012: 60%) as impaired loans increased to 34.3% of gross loans, although the formation of new impaired loans is slowing. The remainder of the balance sheet poses less credit risk and is

Figure 3

Gross Loans

1H13 EUR85.2bn



Source: AIB, Fitch

mainly made up of available-for-sale (AFS) securities portfolio (16%) and NAMA bonds (14%). Fitch expects AIB's loans to continue to contract in the wake of sluggish domestic credit growth. However, improving economic conditions may support demand and sustainable credit growth opportunities in the longer-term.

Loan Book is Concentrated to Property

AIB's retail loan book consists largely of residential mortgages (49% of total gross loans at end-1H13). Residential mortgages are predominantly owner-occupier (80%), the rest is to the more challenged buy-to-let (BTL) segment, where arrears are significant. Consumer lending (mainly unsecured loans, overdrafts and credit cards) represented just 5% of total gross loans.

Exposure to property and construction (24% of gross loans) remains significant, with three quarters of this in the FSG group. Fitch expects continued weakness and further potential losses in AIB's property portfolio, because of the difficulties facing the Irish property market, but positive signs in certain sectors and regions are emerging. Investment property loans totalled EUR14.0bn, of which EUR10.8bn related to commercial real estate (CRE). The land and development portfolio totalled EUR6.8bn at end-1H13 with EUR5.4bn in FSG, most of which is criticised (see *Loan Loss Reserves and Experience* below).

Corporate and SME lending together accounted for 22% of total loans, with good diversification by borrower. However, there is some sector concentration, particularly in distribution (pubs and licensed premises and retail/wholesale EUR5.8bn) and "other services" (EUR4.7bn). The total loan book is well diversified by single-name exposures, with the largest 20 exposures representing just 5.8% of total gross loans at end-1H13, this was stable yoy.

The large corporate book has remained relatively resilient, with impaired loans significantly lower than the loan book average (14% of the corporate book at end-1H13). Conversely, there was on going pressure within AIB's SME and commercial portfolios (impaired loans represent 35% of the SME book), driven by the depressed economic conditions in Ireland and the UK, and stress on small and medium-sized trading entities.

Real Estate Exposure

Residential mortgage arrears are stabilising according to CBoI data although a two tier market between Dublin and the rest of Ireland has emerged. Residential property prices in Dublin showed strong growth during 2013 but the rest of the country continued to see moderate house price declines. Long term arrears over 180 days continue to increase and are likely to persist until sustainable solutions for borrowers are found. However, some improvement is visible, with less than 180 day arrears beginning to reduce as banks have increased collection activities.

AIB's residential mortgages in arrears (90 days and above) increased to a high 22.7% of the residential mortgage book at end-1H13 or 9.9% of total gross loans (2012: 8.9%). The pace of new impaired loan formation has slowed and Fitch expects NPLs to peak in 2014. LTV's of AIB's impaired loans compare favourably with domestic peers but provisions for residential impaired loans coverage ratios are lower reflecting lower LTV's. AIB's BTL mortgage book accounted for 9.5% of gross loans at end-1H13. BTL asset quality continued to deteriorate, with impaired BTL loans accounting for 46% of the BTL loans at end-1H13 (1H12: 42%), provisions cover 43% of impaired loans. Long term solutions may see Irish banks repossessing and managing sustainable BTL properties for several years.

Property and construction (24% of gross loans) asset quality remains weak with 65% of these loans classified as impaired loans at end-1H13 (2012: 62%). Gross property and construction loans declined 7% in 1H13, mainly due to redemptions. The outlook for the sector remains challenging due to pressure on cash flows but there are some signs of stabilisation.

Figure 4

Gross Loan Book

(%)	1H13	2012
Retail	**53.8**	**52.5**
Owner occupier mortgages	39.2	38.0
Buy-to-let mortgages	9.5	9.3
Consumer	5.1	5.2
Corporate	**5.3**	**5.8**
SME	**16.6**	**16.8**
Property and construction	**24.3**	**24.8**
Investment commercial	12.7	13.4
Investment residential	3.2	3.2
Land and development commercial	1.7	1.6
Land and development residential	5.7	5.6
Contractors and housing associations	1.0	1.0
Total (%)	**100.0**	**100.0**
Total (EURbn)	85.2	89.4

Source: AIB, Fitch

Figure 5

Loan Book Asset Quality 1H13

(EURm)	Gross loans	Defaulted loans	Impairment provisions	Defaulted loans (%)	Impairment provision/ defaulted loans (%)
Residential mortgages	41,519	8,751	3,385	21	39
- Retail Ireland	38,825	8,459	3,230	22	38
-- Owner occupied	31,091	4,892	1,630	16	33
-- Buy-to-let	7,734	3,567	1,600	46	45
- Retail UK	2,694	292	155	11	53
-- Owner occupied	2,321	238	125	10	52
-- Buy-to-let	373	54	30	14	55
Non-property SME and corporate	18,703	5,562	3,829	30	69
- ROI	11,124	4,662	3,223	42	69
- UK SME	3,045	280	168	9	60
- Corporate	4,534	620	438	14	71
Property and construction	20,747	13,491	8,130	65	60
- Investment property	13,982	-	-	-	-
- Land and development	6,765	-	-	-	-
Consumer	4,374	1,427	1,155	33	81
Total	85,343[a]	29,231	16,499	34	56

Source: AIB, Fitch. [a] Includes loans held for disposal of EUR94m

Figure 6

Residential Mortgages

(1H13: EUR41.5bn)

(%)	Owner Occupied	BTL
Variable	51	62
Tracker	37	36
Fixed	12	2

Source: AIB, Fitch

Figure 7

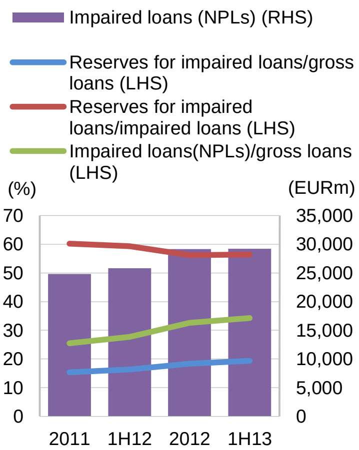
Forbearance not impaired

(1H13: EUR2.4bn)	(%)
Interest only	43
Arrears capitalisation	28
Term extension	14
Reduced payment	14
Payment moratorium	1

Source: AIB, Fitch

Figure 8

Impaired Loans and Reserves



Source: AIB, Fitch

Forborne Loans Remain Elevated

The extent of forborne loans signals continuing asset quality issues for AIB. Residential mortgage loans subject to forbearance stood at EUR5.4bn or 6.4% of gross loans split between owner occupied and BTL (60%/40%). While interest only loans remain high compared to peers AIB is seeing positive trends with the amount of interest only loans continue to fall as customer move to full capital and interest repayments. Impaired loans and over 90 days accounted for 57% of forborne loans. Forborne loans not impaired EUR2.4bn or 37% of Fitch core capital.

Past Due but not Impaired

Past due but not impaired loans were EUR3.7bn or 4.4% of AIB's gross loans with 1.5% over 90 days in arrears. This is in line with peers. AIB has been making progress on tackling early arrears which should limit further asset quality deterioration.

Loan Loss Reserves and Experience

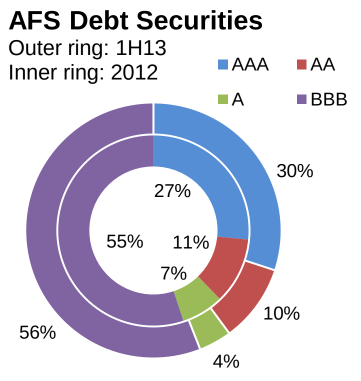
Impaired loans increased to 34% of total loans at end-1H13 (2012: 33%, 1H12: 28%). Impairment reserves (excluding assets held for sale) increased slightly to EUR16.5bn (EUR15.5bn specific/EUR1.0bn collective), covering 56% of AIB's total impaired loans which compares well with peers and reflects high provisions taken in 2010, 2011 and 2012.

The increase in provisions for 1H13 reflected new impaired loans (EUR605m) and increased provisions on existing impaired loans (EUR490m), while write-backs (EUR354m) reduced the IBNR provisions to EUR741m. Impaired loans are most pronounced in AIB's construction and property portfolio. At end-1H13 provisions covered 60% of these impaired property loans, with any unreserved exposures mitigated by collective reserves and collateral.

While AIB's provisions provide some cushion against indexed property values, they do not take account of the overall lack of liquidity in the Irish property market. Fitch considers that significant further impairment reserves would need to be raised if AIB were to try to realise a significant portion of its collateral in a short time frame. In the absence of a buoyant property market, the agency considers that the Irish banks will becomes long-term property managers, taking many of the current property exposures onto their own balance sheets.

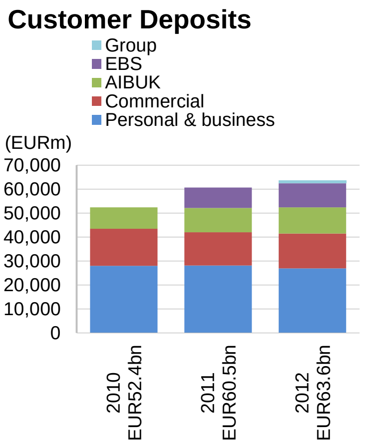
Following the CBoI's balance sheet assessment in 2H13 BOI indicated the CBoI would like BOI to increase provisions, which BOI disputed. In light of limited disclosure by AIB, Fitch has taken a conservative approach and assumed AIB will require increased provisions and impairment charges for 2013. Increasing impairment charges for 2013 would increase the loss but could improve impairment provision coverage ahead of the AQR and stress tests in 2014.

Figure 9



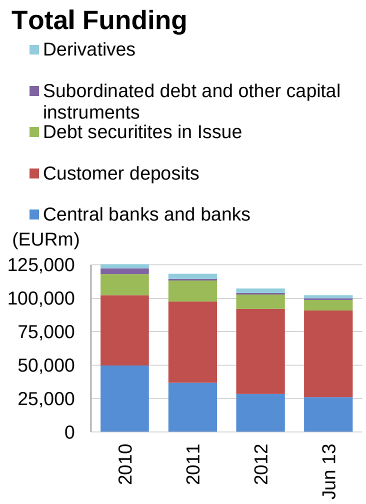
Source: AIB, Fitch

Figure 10



Source: AIB, Fitch

Figure 11



Source: AIB, Fitch

Other Earning Assets

Other earning assets largely consist of investment grade securities in line with the bank reducing its risk appetite. Government-guaranteed NAMA senior bonds totalled EUR16.4bn at end-1H13. NAMA bonds are included in the collateral pledged with the ECB to secure funding. AIB's AFS portfolio increased to EUR19.0bn at end-1H13 and it consists mainly of government and bank debt securities (51% Irish government, 13.5% other Government), while the rest is split supranational banks and government agencies and euro bank securities.

Market and Operational Risk

AIB has moderate exposure to market risk and its performance has been affected by the lower interest rate environment as well as its exposure to house prices for provisioning purposes. The bank's primary means of market risk measurement is value at risk (VAR), complemented by interest rate gapping analysis, analysis of open FX positions, stress testing and scenario analysis. At end-1H13 the highest VaR for interest rate movements was EUR7m (1H12: EUR6m, a manageable portion of Fitch core capital.

AIB operational risk management framework adopts a "three lines of defence" model. Identification, management and reporting of operational risk will lie within the business and support functions of the bank. At end-1H13 operational risk accounted for 4.9% of total RWAs.

Funding, Liquidity and Capital

Funding

AIB's funding base includes a significant amount of cheap ECB, central bank and government related wholesale funding which Fitch expects to continue in the medium term. The bank's gross loans to deposits ratio remains high at 142% with customer deposits accounting for 60% of total funding excluding derivatives. Wholesale funding from central banks and Irish government related entities (GRE) as well as other repo funding was the next largest source followed by senior debt. Interbank funding remains negligible. AIB made good progress in deleveraging and has seen expensive deposits decline with loan balances. Despite Irish banks lowering rates paid for deposits and the expiration of the ELG scheme deposits remained relatively stable.

Total central bank funding including the ECB's LTRO and government related funding declined to 17% of total funding at end-1H13 (2012: 21%). While the reduction in central bank funding is positive, it was replaced by funding from Irish GREs which was largely repo based. Reduced volatility of funding balances from central banks may indicate more stable funding conditions.

AIB's access to wholesale funding markets improved in 2H13 on the back of improved sentiment for the Irish banking sector. In November 2013 AIB issued senior unsecured debt for the first time since it was nationalised, raising EUR500m. AIB also issued secured debt, raising EUR1bn in two issues in October and November 2013. The new debt increased senior debt funding to around 9% of total funding compared to 7% at end-1H13 but marginally down from 10% at end-2012. Subordinated debt totalled just EUR1.3bn, most of which is Tier 2 contingent capital held by the Irish government after the recapitalisation of the bank.

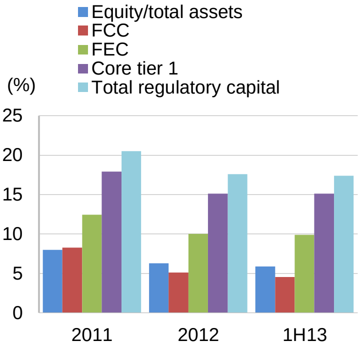
Debt maturities including covered bonds in 2014 are EUR2.8bn but AIB has demonstrated its ability to access wholesale market in 2H13. While continued market access is likely to remain sensitive to market sentiment AIB's secured funding from covered bonds should provide more stable source of wholesale funding, if required.

Liquidity

AIB's liquidity is supported by unencumbered liquid assets. At end-1H13 AIB held about EUR42bn of qualifying assets (after repo haircut) that it could use to obtain collateralised funding, of which EUR30bn was pledged in repo agreements.

Figure 12

Capital Ratios



Source: AIB, Fitch

- AIB applies both Basel III standardised and internal ratings based approaches to calculating its regulatory capital ratios
- The 2011 PCAR capital requirements were calculated based on a minimum core Tier 1 ratio of 10.5% in a base scenario and 6% in a stress scenario.
- AIB addressed its EUR14.8bn PCAR capital shortfall using a variety of capital-generating measures in 2011, including coercive tender offers for outstanding subordinated debt and the sale of overseas divisions.
- The outstanding capital requirement was provided by the Irish government in July 2011.

Capital

Core Tier 1 Ratio

At end-1H13 AIB's core Tier 1 was stable at 15.1% (2012: 15.1%, 1H12: 17.3%). The stable ratio reflects a EUR6bn reduction in risk-weighted assets that was largely due to deleveraging and offset net loss for the period. Fitch estimates AIB's transitional core Tier 1 ratio will be around 14% at end-2013 providing a buffer of around EUR2bn over regulatory requirement of 10.5%. The DTA currently included in core tier 1 will be phased out over 10 years from 2014 while preference shares will no longer qualify for regulatory capital purposes from January 2018. AIB's Tier 2 contingent convertibles are only included in total capital ratios and are already amortising for Tier 2 capital purposes as they mature in July 2016.

Fitch considers AIB capital should be sufficient to maintain core tier 1 regulatory ratios above requirement without the need for further capital but Fitch notes that the DTA EUR4bn does not have loss absorption capacity. Fitch expects AIB's capitalisation to weaken, because of AIB's still-deteriorating asset-quality and the likelihood of further impairment charges in 2014. AIB's Tier 2 capital of EUR1.6bn could be used to fill any additional requirements without the need for any new capital from shareholders.

AIB's Fitch core capital ratio (which excludes AIB's preference share (EUR3.5bn) and deferred tax assets (DTA) relating to losses (EUR3.9bn) declined to 4.6%, (2012: 5.1%) which the agency considers to be a weaker capital structure compared to peers. AIB's Fitch eligible capital ratio stands at a healthier 9.9% and includes the preference shares and assigns them 100% equity credit in line with our criteria. This provides more comfort for the bank's capital position but the bank will need to address its preference shares and DTA.

Capital Ratios for EBA AQR and 2014 Stress Tests Under CRD IV Transitional Rules

The AQR and stress tests will examine AIB's CET1 ratio on a CRD IV transitional basis, this will include the preference shares which make up 535bps of AIB capital ratio. Fitch's base case is that AIB will not fall below the 8% requirement.

Our stress case assumes high losses for 2013 and 2014 and increased RWAs for a possible CBoI add on following its review. Under our stress the bank's CET1 ratio remains above 8% but with only a moderate buffer. If the stress were more severe AIB's Tier 2 contingent convertible could be converted into equity if it core tier 1 ratio were to fall below 8.25%. The assumptions in the stress are sensitive to the performance of AIB's real estate exposure and a severe down turn in asset quality beyond current stress assumptions could breach capital buffers. Given the unknown parameters of the EBA stress tests there is more uncertainty about how the bank will perform against the EBA criteria.

Allied Irish Banks, plc
Income Statement

	30 Jun 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim USDm Unaudited	Months - Interim EURm Unaudited	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets
1. Interest Income on Loans	1,703.1	1,302.0	2.42	2,976.0	2.64	3,418.0	2.70	3,837.0	3.11
2. Other Interest Income	531.1	406.0	0.75	940.0	0.84	1,011.0	0.80	772.0	0.62
3. Dividend Income	n.a.	n.a.	-	1.0	0.00	4.0	0.00	1.0	0.00
4. Gross Interest and Dividend Income	**2,234.1**	**1,708.0**	**3.17**	**3,917.0**	**3.48**	**4,433.0**	**3.50**	**4,610.0**	**3.73**
5. Interest Expense on Customer Deposits	964.0	737.0	1.37	1,823.0	1.62	1,700.0	1.34	1,313.0	1.06
6. Other Interest Expense	491.8	376.0	0.70	987.0	0.88	1,379.0	1.09	1,452.0	1.18
7. Total Interest Expense	**1,455.9**	**1,113.0**	**2.07**	**2,810.0**	**2.50**	**3,079.0**	**2.43**	**2,765.0**	**2.24**
8. Net Interest Income	**778.3**	**595.0**	**1.11**	**1,107.0**	**0.98**	**1,354.0**	**1.07**	**1,845.0**	**1.49**
9. Net Gains (Losses) on Trading and Derivatives	94.2	72.0	0.13	(100.0)	(0.09)	(113.0)	(0.09)	(201.0)	(0.16)
10. Net Gains (Losses) on Other Securities	81.1	62.0	0.12	31.0	0.03	(28.0)	(0.02)	88.0	0.07
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	22.2	17.0	0.03	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	217.1	166.0	0.31	367.0	0.33	441.0	0.35	497.0	0.40
14. Other Operating Income	(257.7)	(197.0)	(0.37)	(943.0)	(0.84)	(227.0)	(0.18)	11.0	0.01
15. Total Non-Interest Operating Income	**157.0**	**120.0**	**0.22**	**(645.0)**	**(0.57)**	**73.0**	**0.06**	**395.0**	**0.32**
16. Personnel Expenses	586.0	448.0	0.83	809.0	0.72	935.0	0.74	921.0	0.75
17. Other Operating Expenses	433.0	331.0	0.61	828.0	0.74	785.0	0.62	728.0	0.59
18. Total Non-Interest Expenses	**1,019.0**	**779.0**	**1.45**	**1,637.0**	**1.45**	**1,720.0**	**1.36**	**1,649.0**	**1.33**
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	10.0	0.01	(37.0)	(0.03)	18.0	0.01
20. Pre-Impairment Operating Profit	**(83.7)**	**(64.0)**	**(0.12)**	**(1,165.0)**	**(1.04)**	**(330.0)**	**(0.26)**	**609.0**	**0.49**
21. Loan Impairment Charge	977.1	747.0	1.39	2,434.0	2.16	7,861.0	6.21	6,015.0	4.87
22. Securities and Other Credit Impairment Charges	(11.8)	(9.0)	(0.02)	95.0	0.08	(133.0)	(0.11)	1,103.0	0.89
23. Operating Profit	**(1,049.1)**	**(802.0)**	**(1.49)**	**(3,694.0)**	**(3.28)**	**(8,058.0)**	**(6.36)**	**(6,509.0)**	**(5.27)**
24. Equity-accounted Profit/ Loss - Non-operating	3.9	3.0	0.01	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	0.0	0.0	0.00	159.0	0.14	3,277.0	2.59	372.0	0.30
26. Non-recurring Expense	52.3	40.0	0.07	300.0	0.27	364.0	0.29	5,969.0	4.83
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	1.3	1.0	0.00	5.0	0.00	37.0	0.03	46.0	0.04
29. Pre-tax Profit	**(1,096.1)**	**(838.0)**	**(1.56)**	**(3,830.0)**	**(3.40)**	**(5,108.0)**	**(4.03)**	**(12,060.0)**	**(9.76)**
30. Tax expense	(104.6)	(80.0)	(0.15)	(183.0)	(0.16)	(1,188.0)	(0.94)	(1,710.0)	(1.38)
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	1,628.0	1.29	188.0	0.15
32. Net Income	**(991.5)**	**(758.0)**	**(1.41)**	**(3,647.0)**	**(3.24)**	**(2,292.0)**	**(1.81)**	**(10,162.0)**	**(8.22)**
33. Change in Value of AFS Investments	268.1	205.0	0.38	1,295.0	1.15	38.0	0.03	(813.0)	(0.66)
34. Revaluation of Fixed Assets	n.a.	n.a.	-	(2.0)	(0.00)	n.a.	-	n.a.	-
35. Currency Translation Differences	(23.5)	(18.0)	(0.03)	34.0	0.03	(145.0)	(0.11)	89.0	0.07
36. Remaining OCI Gains/(losses)	(243.3)	(186.0)	(0.35)	(902.0)	(0.80)	(668.0)	(0.53)	218.0	0.18
37. Fitch Comprehensive Income	**(990.2)**	**(757.0)**	**(1.41)**	**(3,222.0)**	**(2.86)**	**(3,067.0)**	**(2.42)**	**(10,668.0)**	**(8.63)**
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	20.0	0.02	70.0	0.06
39. Memo: Net Income after Allocation to Non-controlling Interests	(991.5)	(758.0)	(1.41)	(3,647.0)	(3.24)	(2,312.0)	(1.83)	(10,232.0)	(8.28)
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = EUR0.76450		USD1 = EUR0.75790		USD1 = EUR0.77290		USD1 = EUR0.74840	

Allied Irish Banks, plc
Balance Sheet

	30 Jun 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim USDm	onths - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	54,308.7	41,519.0	34.43	42,521.0	34.71	45,154.0	33.04	30,824.0	21.23
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	5,721.4	4,374.0	3.63	4,698.0	3.83	5,321.0	3.89	6,021.0	4.15
4. Corporate & Commercial Loans	51,470.2	39,349.0	32.63	42,159.0	34.41	46,997.0	34.39	56,792.0	39.11
5. Other Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Less: Reserves for Impaired Loans/ NPLs	21,581.4	16,499.0	13.68	16,406.0	13.39	14,932.0	10.93	7,287.0	5.02
7. Net Loans	**89,918.9**	**68,743.0**	**57.00**	**72,972.0**	**59.56**	**82,540.0**	**60.40**	**86,350.0**	**59.46**
8. Gross Loans	**111,500.3**	**85,242.0**	**70.68**	**89,378.0**	**72.95**	**97,472.0**	**71.33**	**93,637.0**	**64.48**
9. Memo: Impaired Loans included above	38,235.4	29,231.0	24.24	29,179.0	23.82	24,803.0	18.15	12,114.0	8.34
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	3,037.3	2,322.0	1.93	2,853.0	2.33	5,659.0	4.14	2,943.0	2.03
2. Reverse Repos and Cash Collateral	14.4	11.0	0.01	61.0	0.05	59.0	0.04	n.a.	-
3. Trading Securities and at FV through Income	22.2	17.0	0.01	24.0	0.02	56.0	0.04	33.0	0.02
4. Derivatives	2,623.9	2,006.0	1.66	2,835.0	2.31	3,046.0	2.23	3,315.0	2.28
5. Available for Sale Securities	24,797.9	18,958.0	15.72	16,344.0	13.34	15,389.0	11.26	20,825.0	14.34
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. At-equity Investments in Associates	69.3	53.0	0.04	52.0	0.04	50.0	0.04	283.0	0.19
8. Other Securities	21,510.8	16,445.0	13.64	17,387.0	14.19	19,856.0	14.53	7,869.0	5.42
9. Total Securities	**49,038.6**	**37,490.0**	**31.09**	**36,703.0**	**29.96**	**38,456.0**	**28.14**	**32,325.0**	**22.26**
10. Memo: Government Securities included Above	19,292.3	14,749.0	12.23	11,736.0	9.58	9,518.0	6.97	11,019.0	7.59
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	1,937.0	1.33
15. Total Earning Assets	**141,994.8**	**108,555.0**	**90.01**	**112,528.0**	**91.85**	**126,655.0**	**92.69**	**123,555.0**	**85.08**
C. Non-Earning Assets									
1. Cash and Due From Banks	5,135.4	3,926.0	3.26	4,239.0	3.46	3,136.0	2.29	3,959.0	2.73
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	397.6	304.0	0.25	333.0	0.27	360.0	0.26	348.0	0.24
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	193.0	0.13
6. Other Intangibles	235.4	180.0	0.15	187.0	0.15	176.0	0.13	n.a.	-
7. Current Tax Assets	10.5	8.0	0.01	9.0	0.01	49.0	0.04	30.0	0.02
8. Deferred Tax Assets	5,097.4	3,897.0	3.23	3,860.0	3.15	3,692.0	2.70	2,384.0	1.64
9. Discontinued Operations	3,835.2	2,932.0	2.43	562.0	0.46	1,422.0	1.04	13,911.0	9.58
10. Other Assets	1,046.4	800.0	0.66	798.0	0.65	1,161.0	0.85	842.0	0.58
11. Total Assets	**157,752.8**	**120,602.0**	**100.00**	**122,516.0**	**100.00**	**136,651.0**	**100.00**	**145,222.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	33,478.1	25,594.0	21.22	25,826.0	21.08	25,358.0	18.56	16,357.0	11.26
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	7,147.0	4.92
3. Customer Deposits - Term	45,008.5	34,409.0	28.53	37,784.0	30.84	35,316.0	25.84	28,885.0	19.89
4. Total Customer Deposits	**78,486.6**	**60,003.0**	**49.75**	**63,610.0**	**51.92**	**60,674.0**	**44.40**	**52,389.0**	**36.08**
5. Deposits from Banks	886.9	678.0	0.56	586.0	0.48	1,011.0	0.74	9,209.0	6.34
6. Repos and Cash Collateral	39,582.7	30,261.0	25.09	27,856.0	22.74	35,879.0	26.26	40,660.0	28.00
7. Other Deposits and Short-term Borrowings	102.0	78.0	0.06	35.0	0.03	271.0	0.20	n.a.	-
8. Total Deposits, Money Market and Short-term Funding	**119,058.2**	**91,020.0**	**75.47**	**92,087.0**	**75.16**	**97,835.0**	**71.59**	**102,258.0**	**70.41**
9. Senior Debt Maturing after 1 Year	10,130.8	7,745.0	6.42	10,631.0	8.68	15,383.0	11.26	15,664.0	10.79
10. Subordinated Borrowing	1,714.8	1,311.0	1.09	1,271.0	1.04	1,209.0	0.88	3,996.0	2.75
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	**11,845.7**	**9,056.0**	**7.51**	**11,902.0**	**9.71**	**16,592.0**	**12.14**	**19,660.0**	**13.54**
13. Derivatives	2,954.9	2,259.0	1.87	3,256.0	2.66	3,843.0	2.81	3,020.0	2.08
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	**133,858.7**	**102,335.0**	**84.85**	**107,245.0**	**87.54**	**118,270.0**	**86.55**	**124,938.0**	**86.03**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	1,537.0	1,175.0	0.97	1,141.0	0.93	1,277.0	0.93	1,541.0	1.06
4. Current Tax Liabilities	7.8	6.0	0.00	2.0	0.00	1.0	0.00	21.0	0.01
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	1,417.9	1,084.0	0.90	1,260.0	1.03	1,103.0	0.81	991.0	0.68
7. Discontinued Operations	5,016.4	3,835.0	3.18	n.a.	-	3.0	0.00	11,548.0	7.95
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	2,052.3	1,569.0	1.30	1,627.0	1.33	1,534.0	1.12	1,499.0	1.03
10. Total Liabilities	**143,890.1**	**110,004.0**	**91.21**	**111,275.0**	**90.82**	**122,188.0**	**89.42**	**140,538.0**	**96.77**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	335.0	0.23
2. Pref. Shares and Hybrid Capital accounted for as Equity	4,623.9	3,535.0	2.93	3,535.0	2.89	3,535.0	2.59	3,745.0	2.58
G. Equity									
1. Common Equity	9,076.5	6,939.0	5.75	7,756.0	6.33	12,143.0	8.89	1,013.0	0.70
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	501.0	0.34
3. Securities Revaluation Reserves	650.1	497.0	0.41	292.0	0.24	(1,003.0)	(0.73)	(1,044.0)	(0.72)
4. Foreign Exchange Revaluation Reserves	(589.9)	(451.0)	(0.37)	(433.0)	(0.35)	(467.0)	(0.34)	(327.0)	(0.23)
5. Fixed Asset Revaluations and Other Accumulated OCI	102.0	78.0	0.06	91.0	0.07	255.0	0.19	461.0	0.32
6. Total Equity	**9,238.7**	**7,063.0**	**5.86**	**7,706.0**	**6.29**	**10,928.0**	**8.00**	**604.0**	**0.42**
7. Total Liabilities and Equity	**157,752.8**	**120,602.0**	**100.00**	**122,516.0**	**100.00**	**136,651.0**	**100.00**	**145,222.0**	**100.00**
8. Memo: Fitch Core Capital	3,905.8	2,986.0	2.48	3,659.0	2.99	6,981.0	5.11	(2,218.0)	(1.53)
9. Memo: Fitch Eligible Capital	8,484.0	6,486.0	5.38	7,159.0	5.84	10,481.0	7.67	4,599.0	3.17
Exchange rate		USD1 = EUR0.76450		USD1 = EUR0.75790		USD1 = EUR0.77290		USD1 = EUR0.74840	

Allied Irish Banks, plc
Summary Analytics

	30 Jun 2013 6 Months - Interim	31 Dec 2012 Year End	31 Dec 2011 Year End	31 Dec 2010 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	2.98	3.19	3.74	4.10
2. Interest Expense on Customer Deposits/ Average Customer Deposits	2.40	2.91	3.07	2.01
3. Interest Income/ Average Earning Assets	3.12	3.29	3.63	3.34
4. Interest Expense/ Average Interest-bearing Liabilities	2.14	2.50	2.56	2.01
5. Net Interest Income/ Average Earning Assets	1.09	0.93	1.11	1.34
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	(0.28)	(1.11)	(5.32)	(3.02)
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.09	0.93	1.11	1.34
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	16.78	(139.61)	5.12	17.63
2. Non-Interest Expense/ Gross Revenues	108.95	354.33	120.53	73.62
3. Non-Interest Expense/ Average Assets	1.29	1.26	1.26	1.01
4. Pre-impairment Op. Profit/ Average Equity	(1.75)	(12.32)	(6.66)	10.79
5. Pre-impairment Op. Profit/ Average Total Assets	(0.11)	(0.90)	(0.24)	0.37
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	(1,153.13)	(217.08)	(2,341.82)	1,168.80
7. Operating Profit/ Average Equity	(21.90)	(39.07)	(162.70)	(115.33)
8. Operating Profit/ Average Total Assets	(1.33)	(2.85)	(5.91)	(4.00)
9. Taxes/ Pre-tax Profit	9.55	4.78	23.26	14.18
10. Pre-Impairment Operating Profit / Risk Weighted Assets	(0.20)	(1.63)	(0.39)	0.62
11. Operating Profit / Risk Weighted Assets	(2.47)	(5.17)	(9.56)	(6.59)
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	(20.70)	(38.57)	(46.28)	(180.05)
2. Net Income/ Average Total Assets	(1.26)	(2.81)	(1.68)	(6.24)
3. Fitch Comprehensive Income/ Average Total Equity	(20.67)	(34.08)	(61.93)	(189.01)
4. Fitch Comprehensive Income/ Average Total Assets	(1.26)	(2.48)	(2.25)	(6.55)
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	(2.34)	(5.11)	(2.72)	(10.29)
7. Fitch Comprehensive Income/ Risk Weighted Assets	(2.33)	(4.51)	(3.64)	(10.80)
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	4.56	5.12	8.28	(2.25)
2. Fitch Eligible Capital/ Weighted Risks	9.91	10.02	12.44	4.66
3. Tangible Common Equity/ Tangible Assets	2.56	3.09	5.32	0.28
4. Tier 1 Regulatory Capital Ratio	15.10	15.10	17.90	4.30
5. Total Regulatory Capital Ratio	17.40	17.60	20.50	9.20
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	4.00
7. Equity/ Total Assets	5.86	6.29	8.00	0.42
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	0.00
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	n.a.	0.00
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Internal Capital Generation	(21.64)	(47.33)	(20.97)	(1,682.45)
E. Loan Quality				
1. Growth of Total Assets	(1.56)	(10.34)	(5.90)	(16.69)
2. Growth of Gross Loans	(4.63)	(8.30)	4.10	(11.94)
3. Impaired Loans/ Total Gross Loans	34.29	32.65	25.45	12.94
4. Reserves for Impaired Loans/ Gross loans	19.36	18.36	15.32	7.78
5. Reserves for Impaired Loans/ Impaired Loans	56.44	56.23	60.20	60.15
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	426.39	349.08	141.40	(217.63)
7. Impaired Loans less Reserves for Imp Loans/ Equity	180.26	165.75	90.33	799.17
8. Loan Impairment Charges/ Average Gross Loans	1.73	2.61	8.61	6.43
9. Net Charge-offs/ Average Gross Loans	1.09	0.72	0.87	0.82
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	34.29	32.65	25.45	12.94
F. Funding				
1. Loans/ Customer Deposits	142.06	140.51	160.65	178.73
2. Interbank Assets/ Interbank Liabilities	342.48	486.86	559.74	31.96
3. Customer Deposits/ Total Funding (excluding derivatives)	59.96	61.17	53.02	42.97

Allied Irish Banks, plc
Reference Data

	30 Jun 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim USDm	onths - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	1,164.2	890.0	0.74	980.0	0.80	1,414.0	1.03	3,360.0	2.31
4. Acceptances and documentary credits reported off-balance sheet	20.9	16.0	0.01	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	10,944.4	8,367.0	6.94	8,974.0	7.32	9,862.0	7.22	14,444.0	9.95
6. Other Contingent Liabilities	718.1	549.0	0.46	581.0	0.47	595.0	0.44	732.0	0.50
7. Total Business Volume	170,600.4	130,424.0	108.14	133,051.0	108.60	148,522.0	108.69	163,758.0	112.76
8. Memo: Total Weighted Risks	85,573.6	65,421.0	54.25	71,417.0	58.29	84,279.0	61.67	98,768.0	68.01
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Weighted Risks	85,573.6	65,421.0	54.25	71,417.0	58.29	84,279.0	61.67	98,768.0	68.01
B. Average Balance Sheet									
Average Loans	114,205.4	87,310.0	72.40	93,384.3	76.22	91,278.7	66.80	93,520.0	64.40
Average Earning Assets	144,593.2	110,541.5	91.66	119,093.7	97.21	122,215.3	89.44	137,950.3	94.99
Average Assets	159,004.6	121,559.0	100.79	129,675.3	105.84	136,249.3	99.71	162,910.3	112.18
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	137,070.0	104,790.0	86.89	112,521.3	91.84	120,088.3	87.88	137,576.7	94.74
Average Common equity	9,610.9	7,347.5	6.09	10,173.0	8.30	6,004.0	4.39	5,615.7	3.87
Average Equity	9,659.3	7,384.5	6.12	9,454.7	7.72	4,952.7	3.62	5,644.0	3.89
Average Customer Deposits	80,845.7	61,806.5	51.25	62,616.0	51.11	55,325.0	40.49	65,390.7	45.03
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	1,775.0	1.22
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	2,772.0	1.91
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	7,791.0	5.36
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	8,173.0	5.63
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	2,830.0	1.95
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	117.0	0.08
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	43,451.0	29.92
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	6,280.0	4.32
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	2,326.0	1.60
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	332.0	0.23
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	640.0	0.44
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	2,284.0	1.57
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	10,975.0	7.56
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	1,765.0	1.22
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	15,664.0	10.79
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	1,714.8	1,311.0	1.09	1,271.0	1.04	1,209.0	0.88	3,996.0	2.75
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation									
1. Equity	9,238.7	7,063.0	5.86	7,706.0	6.29	10,928.0	8.00	604.0	0.42
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	4,623.9	3,535.0	2.93	3,535.0	2.89	3,535.0	2.59	3,745.0	2.58
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	13,862.7	10,598.0	8.79	11,241.0	9.18	14,463.0	10.58	4,349.0	2.99
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	9,238.7	7,063.0	5.86	7,706.0	6.29	10,928.0	8.00	604.0	0.42
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	193.0	0.13
5. Other intangibles	235.4	180.0	0.15	187.0	0.15	176.0	0.13	0.0	0.00
6. Deferred tax assets deduction	5,097.4	3,897.0	3.23	3,860.0	3.15	3,692.0	2.70	2,384.0	1.64
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	245.0	0.17
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	79.0	0.06	0.0	0.00
9. Fitch Core Capital	**3,905.8**	**2,986.0**	**2.48**	**3,659.0**	**2.99**	**6,981.0**	**5.11**	**(2,218.0)**	**(1.53)**
10. Eligible weighted Hybrid capital	4,578.2	3,500.0	2.90	3,500.0	2.86	3,500.0	2.56	3,500.0	2.41
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	3,317.0	2.28
12. Fitch Eligible Capital	**8,484.0**	**6,486.0**	**5.38**	**7,159.0**	**5.84**	**10,481.0**	**7.67**	**4,599.0**	**3.17**
Exchange Rate	USD1 = EUR0.76450			USD1 = EUR0.75790		USD1 = EUR0.77290		USD1 = EUR0.74840	

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.