

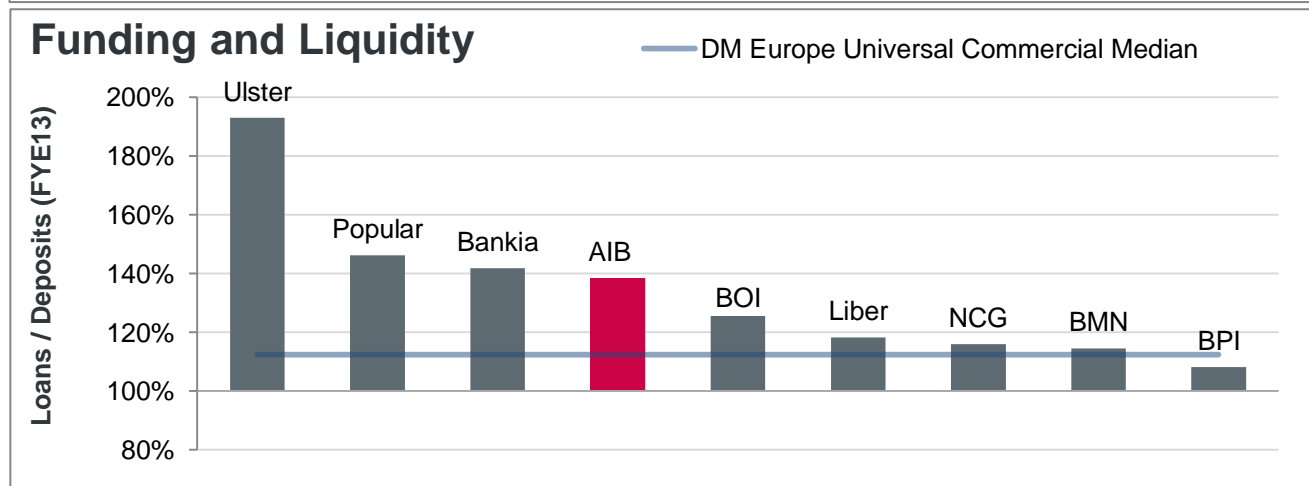
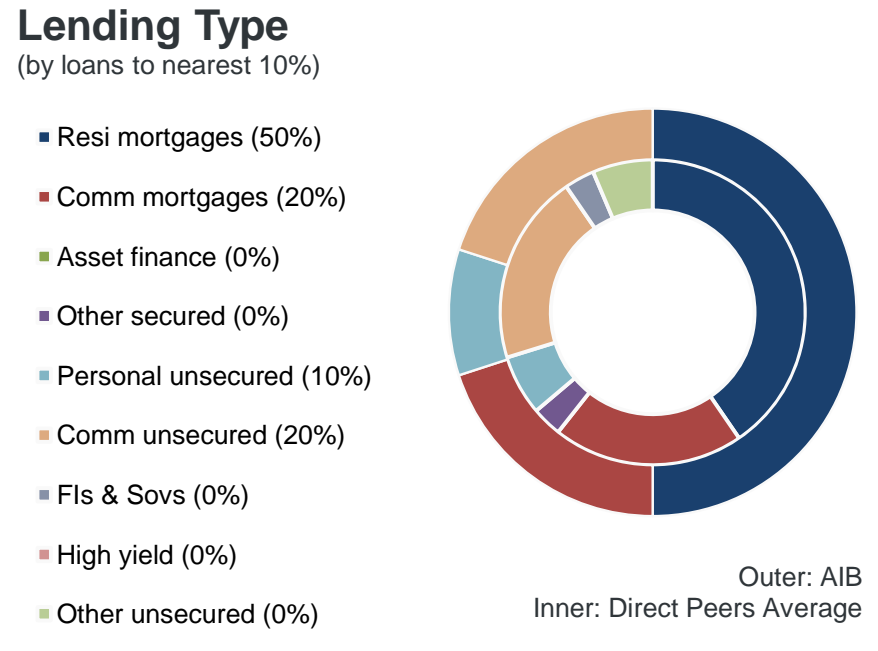
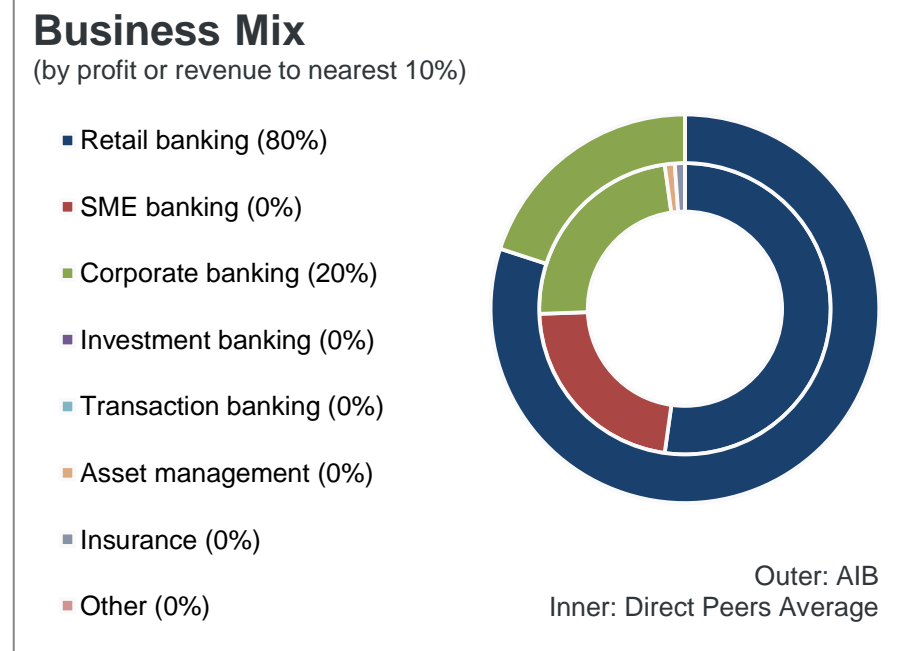
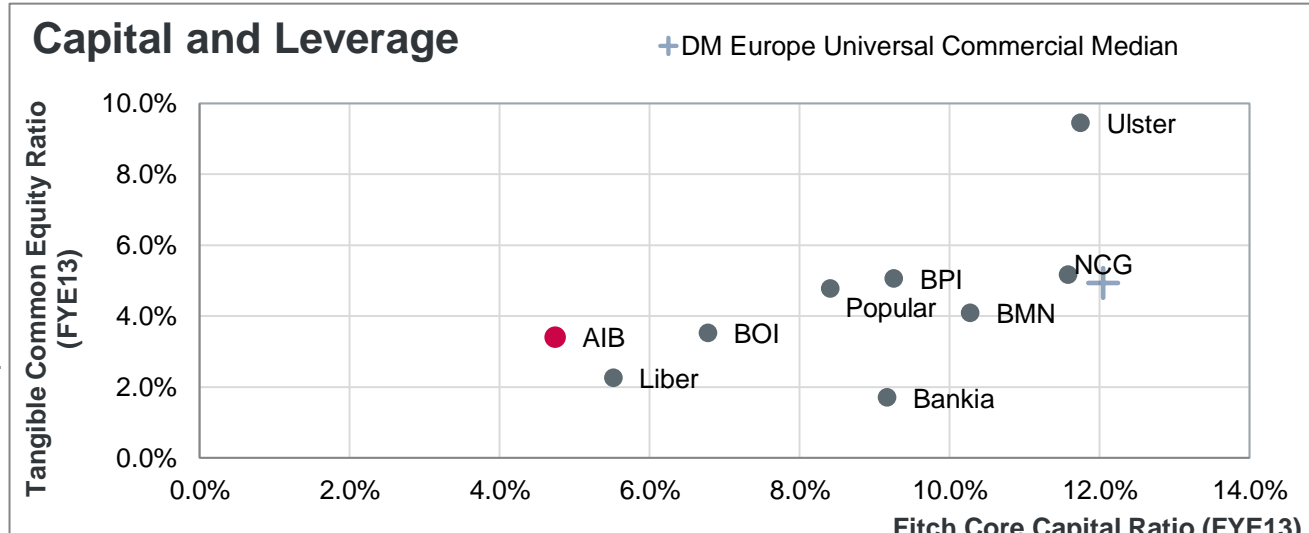
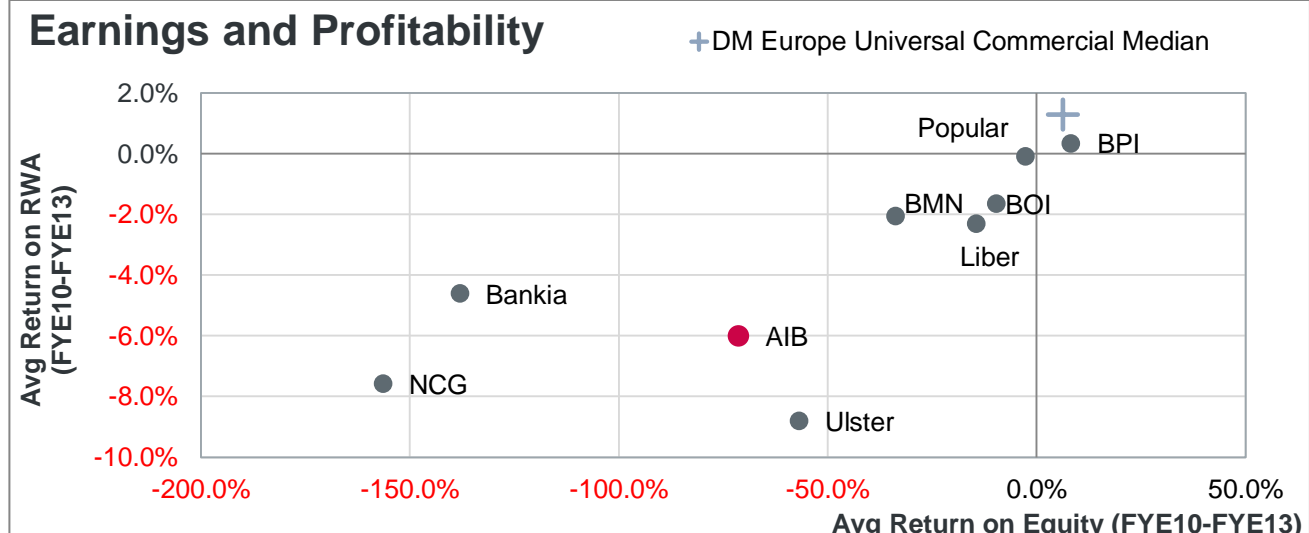
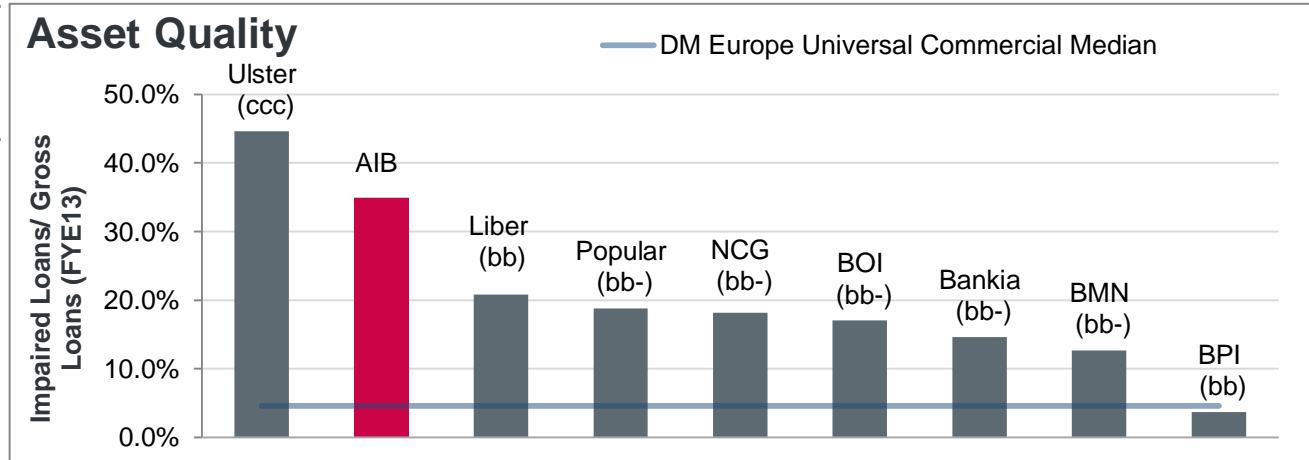
Bank Ratings Navigator		
Navigator date:	06 Aug 2014	
Last rating action:	29 Jul 2014	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	DM Europe	
Country:	Ireland	
Country IDR:	BBB+ Stable	
Last action:	21 Feb 14 Affirmed	
Country ceiling:	AA+	
Macro prudential indicator:	2	
Bank systemic indicator:	b	
Bank Rating History		
Viability Rating (VR)		
29 Jul 14	b+	Upgrade
16 Jan 14	b-	Affirmed
28 Jan 13	b-	Upgrade
Issuer Default Rating (IDR)		
29 Jul 14	BBB Negative	Affirmed
26 Mar 14	BBB Negative	Affirmed
16 Jan 14	BBB Stable	Affirmed
Support Rating Floor (SRF)		
29 Jul 14	BBB	Affirmed
26 Mar 14	BBB	Affirmed
16 Jan 14	BBB	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
■	Higher Influence	
■	Moderate Influence	
■	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	 Stable
Peer Ratings bars = Count of banks		
48	DM Europe Universal Commercial	
1	Ireland Universal Commercial	
Relevant Criteria & References		
Global Financial Institutions Rating Criteria		
All Master Criteria (Banks)		
Macro-Prudential Risk Monitor (June 2014)		

Rating	Peer Ratings	Operating Environment	Company Profile	Management	Risk Appetite	Financial Profile			Viability Rating	Support Rating Floor	Issuer Default Rating
						Asset Quality	Earnings & Profitability	Capitalisation & Leverage			
aaa									aaa	AAA	AAA
aa+									aa+	AA+	AA+
aa									aa	AA	AA
aa-									aa-	AA-	AA-
a+									a+	A+	A+
a									a	A	A
a-									a-	A-	A-
bbb+									bbb+	BBB+	BBB+
bbb									bbb	BBB	BBB Negative
bbb-									bbb-	BBB-	BBB-
bb+									bb+	BB+	BB+
bb									bb	BB	BB
bb-									bb-	BB-	BB-
b+									b+	B+	B+
b									b	B	B
b-									b-	B-	B-
ccc									ccc	CCC	CCC
cc									cc	CC	CC
c									c	C	C
f									f	NF	D or RD

Support Rating Floor	Value		
Typical D-SIFI SRF for country's rating level (assuming high propensity)	BBB+ to BBB-		
Actual country D-SIFI SRF	BBB		
Support Rating Floor:	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system			✓
Size of potential problem			✓
Structure of banking system			✓
Liability structure of banking system		✓	
Sovereign financial flexibility		✓	
Sovereign propensity to support system			
Track record of banking sector support		✓	
Resolution legislation			✓
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance		✓	
Ownership		✓	
Liability structure of bank		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Drivers & Sensitivities	
Support-Driven IDRs	Allied Irish Banks plc's (AIB) IDRs reflects Fitch's view that there would be a high probability of support from the Irish authorities if required. The Long-Term IDR is at its SRF.
State Support Reducing	Fitch expects to revise the SRF to 'No Floor' in late 2014 or early 2015 reflecting progress being made in implementing effective bank resolution frameworks. The Long-Term IDR will then be downgraded to the level of the bank's VR.
Asset Quality Tail Risk Remains	The VR considers a significant stock of NPLs that represent a large tail risk. Upward rating pressure could follow a material reduction of this tail risk, either through rehabilitation and curing or through the nonrecourse sale of portfolios of NPLs.
Sensitive to Internal Capital Generation	FCC ratio is low but supported on a transitional basis by preference shares, most of which Fitch expects to be converted. The VR considers and is sensitive to a return to profitability, stable and improving asset quality and capital ratios.
Addressing Capital Structure	VR is sensitive to the proportion of preference shares converted into equity being materially less than we expect. Fitch considers that additional external capital may be difficult to access after this has been used.
Improving Profitability	Fitch expects modest profitability due to lower funding cost and ongoing cost management. We expect lower impairment charges due to lower impaired loan formation and an improving operating environment.
Improving Operating Environment	Fitch considers the continued recovery of AIB as dependent on a supportive macro-environment and it may have a higher vulnerability to adverse changes in business or economic conditions over time.
Weak Asset Quality Constraint	Upward potential for the VR is limited in the near term due to the extremely large stock of NPLs and high unprovided impaired loans/ equity. Positive rating action could follow a material reduction of tail risk.
Analysts	
1st	Denzil De Bie denzil.debie@fitchratings.com +44(0)2035301592
2nd	Alan Milne alan.milne@fitchratings.com +44(0)2035301491

Key Financial Ratios (06 Aug 2014)	AIB				Direct Peers Median				Region Sector Median							
	Number of Banks:				9	9	9	8								
	Statement:				FYE13	FYE12	FYE11	FYE10	FYE13	FYE12	FYE11	FYE10	FYE13	FYE12	FYE11	FYE10
Size (USDbn)																
Total assets	162	162	177	194	73	84	93	134	394	451	407	465				
Risk weighted assets (incl. Basel floor/cap)	86	94	109	132	53	65	65	85	161	162	158	164				
Total equity	10	10	14	1	6	3	10	6	24	24	22	21				
Fitch core capital (FCC)	4	5	9	-3	4	2	7	4	20	17	17	15				
Asset Quality																
Growth of gross loans	-7.8%	-7.8%	4.1%	-11.9%	-7.4%	-7.8%	-5.3%	-2.5%	-2.0%	1.2%	0.9%	2.6%				
Impaired loans/gross loans	34.9%	32.7%	25.5%	12.9%	18.2%	13.9%	11.3%	7.8%	4.6%	4.6%	4.5%	4.6%				
Reserves for impaired loans/impaired loans	59.1%	56.2%	60.2%	60.2%	54.7%	59.1%	54.0%	60.8%	58.5%	54.3%	58.7%	57.7%				
Imp loans less reserves for imp Loans/FCC	400.3%	340.2%	141.4%	-217.6%	117.5%	109.7%	117.5%	41.9%	20.9%	19.9%	23.9%	21.9%				
Loan impairment charges/avg gross loans	2.2%	2.6%	8.6%	6.4%	1.4%	5.0%	1.0%	1.2%	0.5%	0.5%	0.5%	0.7%				
Earnings and Profitability																
Net interest income/average earning assets	1.2%	0.9%	1.1%	1.3%	1.3%	1.3%	1.2%	1.5%	1.3%	1.3%	1.4%	1.4%				
Non-interest expense/gross revenues	85.2%	293.9%	120.5%	73.6%	60.7%	72.2%	73.1%	60.9%	64.2%	62.8%	62.9%	60.6%				
Loans & secs imp charges/pre-imp op. profit	740.0%	-211.8%	-2341.8%	1168.8%	134.0%	731.5%	60.4%	100.8%	31.1%	31.3%	44.3%	35.1%				
Operating profit/average total assets	-1.4%	-2.9%	-5.9%	-4.0%	-0.3%	-3.5%	-0.7%	0.3%	0.4%	0.4%	0.3%	0.5%				
Operating profit/risk weighted assets	-2.7%	-5.2%	-9.6%	-6.6%	-0.7%	-5.2%	-1.3%	0.1%	1.4%	1.2%	1.1%	1.5%				
Net income/average total equity	-21.9%	-37.5%	-46.3%	-180.1%	1.6%	-37.5%	-9.5%	3.1%	6.3%	4.2%	5.6%	9.1%				
Capital and Leverage																
Fitch core capital/risk weighted assets	4.7%	5.3%	8.3%	-2.3%	9.2%	5.3%	7.5%	6.5%	12.0%	10.9%	9.3%	9.2%				
Fitch eligible capital/risk weighted assets	10.4%	10.2%	12.4%	4.7%	10.4%	7.7%	9.0%	5.5%	12.3%	11.3%	9.7%	9.2%				
Tangible common equity/tangible assets	3.4%	4.2%	5.3%	0.3%	4.1%	3.3%	4.4%	4.2%	4.9%	4.1%	4.4%	4.5%				
Core Tier 1 regulatory capital ratio	14.3%		4.0%		11.6%	7.6%	9.8%	8.4%	12.7%	11.4%	10.3%	10.1%				
Internal capital generation	-23.0%	-45.5%	-21.0%	-1682.5%	1.1%	-28.3%	-6.9%	3.3%	3.3%	2.5%	3.1%	5.6%				
Funding and Liquidity																
Loans/customer deposits	138.3%	141.5%	160.7%	178.7%	125.6%	133.3%	154.0%	165.8%	112.4%	122.5%	126.3%	131.3%				
Interbank assets/interbank liabilities	161.3%	486.9%	559.7%	32.0%	161.3%	210.0%	111.6%	63.0%	73.5%	62.8%	69.5%	70.6%				
Customer deposits/total funding excl derivs	60.6%	61.1%	53.0%	43.0%	59.0%	58.7%	54.4%	51.3%	62.3%	56.9%	55.1%	54.3%				



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

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2014 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.