Half-Yearly Financial Results 2015

For the six months ended 30 June 2015

Allied Irish Banks, p.l.c.

Important information and forward looking statement

Important Information

AIB has 523,438,445,437 (excluding 35,680,114 treasury shares) ordinary shares in issue, c. 99.8% of which are held by the Ireland Strategic Investment Fund (ISIF), mainly following the issue of 500 billion ordinary shares to the National Pensions Reserve Fund Commission (the predecessor to the ISIF) at €0.01 per share in July 2011. Based on the number of ordinary shares currently in issue and the closing share price of 4 August 2015, AIB trades on a valuation multiple of c. 5x (excluding the 2009 preference shares) the net asset value (NAV) of the Group as at 30 June 2015. The Group continues to note that the median for comparable European banks is c. 1.6x NAV.

This presentation should be considered with AIB's Half-Yearly Financial Report 2015, Interim Management Statement May 2015 and all other relevant market disclosures, copies of which can be found at the following link:

http://investorrelations.aib.ie

Forward-looking statement

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of AIB Group and certain of the plans and objectives of the 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. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, capital structure, Government shareholding in the Group, income growth, loan losses, business strategy, projected costs, capital ratios, estimates of capital expenditures, and plans and objectives for future operations. 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. These are set out in the Principal Risk and Uncertainties on pages 30 to 38 in the AIB Half-Yearly Financial Report 2015. In addition to matters relating to the Group's business, future performance will be impacted by Irish, UK and wider European and global economic and financial market considerations. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. The Group cautions that the list of important factors on pages 30 to 38 of the AIB Half-Yearly Financial Report 2015 is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward-looking statement.

H1 2015 highlights

✓ Profitable and well positioned to return capital to the Irish State

- Strong contribution from each business
- Additional gains positively impacting capital

✓ Improvement in asset quality with further progress in reducing arrears and impaired loans

- Significant progress and momentum in restructuring customers in financial difficulty

✓ Strong growth in new lending across key customer segments

✓ Delivering value to customers and focused on enhancing customer experience

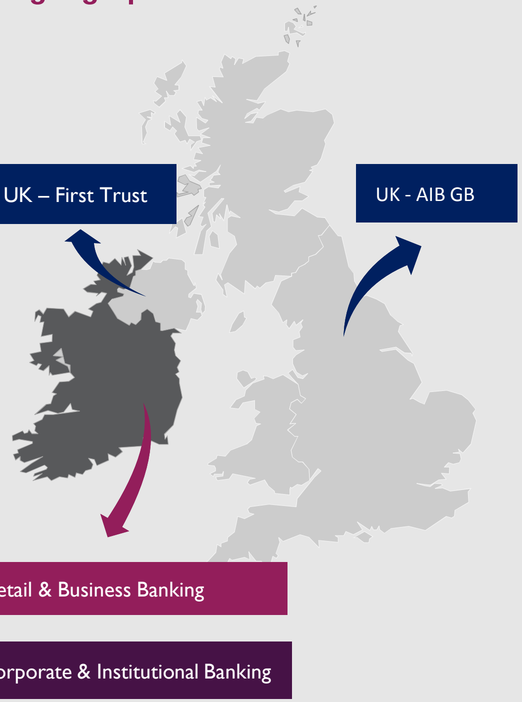
Momentum in operating and financial performance

Metric	Value	Change	Commentary
Total operating income	€1.3bn	+ €0.1bn year on year	Generated operating income of €1.3bn including c.€100m additional gains (c.€200m H1 2014). Income growth driven by 32bps improvement in net interest margin and increased fee and commission income
Net interest margin(1)	1.92%	+ 32bps year on year	Net interest margin of 1.92% reflecting reduced funding costs and growth in new lending
Pre-provision operating profit	€0.7bn	+ €0.1bn year on year	Pre-provision operating profit driven by strong income growth and disciplined cost management
Profit before tax	€1.2bn	+ €0.8bn year on year	Profit before tax benefiting from net provision writeback of €540m
Performing loan book	€55.3bn	+ €1.7bn since Dec 2014	New lending and focused restructuring activity resulting in growth in performing loan book
Impaired loan balances	€18.0bn	- €4.2bn since Dec 2014	Significant reduction in impaired loans from €22.2bn to €18.0bn reflecting strong execution of arrears management strategy
Fully loaded CET 1 ratio(2)	14.1%	+ 2.3% since Dec 2014	Robust fully loaded CET 1 ratio(2) of 14.1% significantly in excess of regulatory requirement and well positioned for capital reorganisation

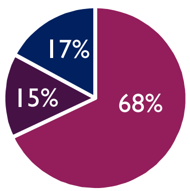
(1) Excluding Eligible Liabilities Guarantee (ELG) costs
(2) Based on full implementation of Basel III / CRD IV and includes 2009 Preference Shares. 8.3% excluding the 2009 Preference Shares.

Number 1 banking franchise in Ireland

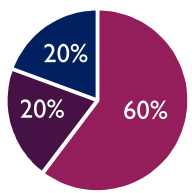
Core geographies



Net loans by segment



Deposits by segment



▪ RBB ▪ CIB ▪ UK

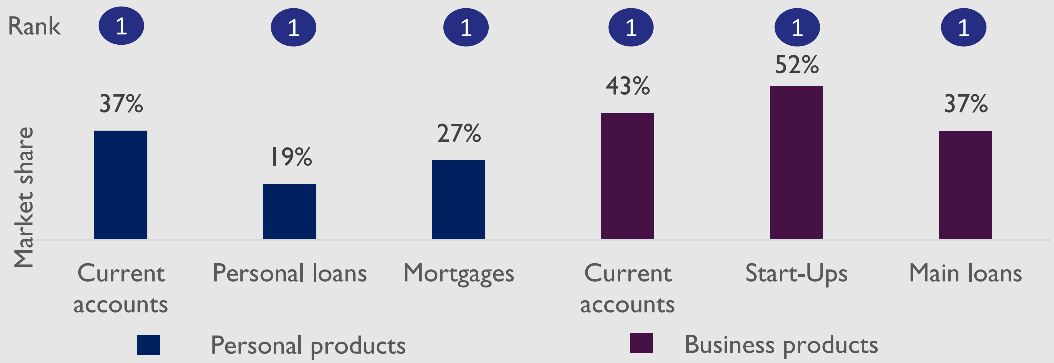
Significant scale

- 2.6m retail and business customers
- €63.8bn net customer loans
- €64.5bn customer deposits

Omni-channel strategy

Mobile Banking	Internet Banking	ATMs	Branches	Phone Banking	Tablet Banking	Community Bank
238k daily logins	**227k** daily logins	**132k** daily withdrawals via **765** ATM's	**105k** daily transactions via **270** branches	**19k** calls daily	**12k** daily logins	**4k** Customer served daily

Leading market shares across personal and business lines



Source: Ipsos MRBI Q1, 2015

Fundamental need to change

Banking industry challenges

- Past conduct & trust
- Customer engagement
- Disintermediation
- Commoditisation
- Profitability
- Regulation

New consumer behaviours

- Mobile & web usage
- Social media
- Personalisation
- Channel blending
- Demographics

Differentiated approach to evolving operating environment

Promoting a customer first culture

Customer led strategy focusing on value and reducing cost to serve

- Re-orient around distinct segments, sectors and treatment strategies
- Customer engagement
- Develop deeper customer insights around needs and economics
- Deliver superior customer experience supported by people, technology and innovation

Delivering through a complete omni channel experience

- **COMPLETE** Product and service offering on all channels
- **CONSISTENT** Presentation on all channels
- **CONNECTED** Customer perceives us as informed at all points on their journey

Listening to customer feedback to improve service and proposition

Customer experience programme → **Listening to feedback** → **Analytics and marketing** → **Customer insights and relationship management**

Improving Net Promoter Scores*

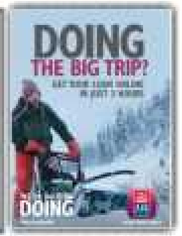
Mortgage Journey	+45 points
Personal Lending	+25 points
Branch Journey	+25 points

* Q2 2014 to Q2 2015

Supporting customer values

Putting customers first with personal and business propositions

Personal
"Backing doing"



3 hours	Approval for personal lending
First job loan	Product innovation
99.9% ATM availability	Market leading performance

Mortgages
"Backing putting down roots"

30 minutes	Online mortgage sanction in principle
Pricing management	SVR reductions to 3.65%(1) for new and existing customers from 4.4% in June 2014
Customised service	Dedicated mortgage advisors available outside business hours

Business
"Backing Brave"

48 hours	Approval for SME lending <€30,000
Support for start up business	Start-up package and academy
Range of business funds	€1.65bn in funds to support growth

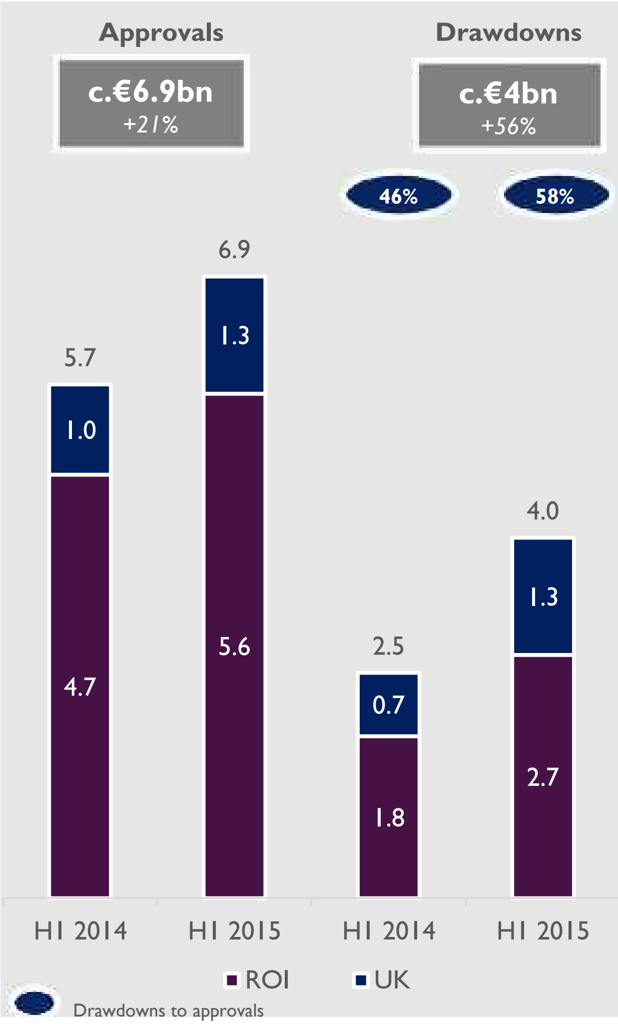
Customers in financial difficulty

€4.2bn decrease	Impaired loans lower across all portfolios
Reduced by 13%	Overall total mortgage arrears(2)
1.5% lower than industry average	Total mortgage arrears > than 90 days at 9.9%

(1) *AIB Bank SVR rate*
(2) *By number of accounts*

Strong growth in new lending

Strong growth in approvals and drawdowns



	Approvals	Drawdowns	
	% year on year		
Mortgages	c.€1.0bn *+42%*	c.€0.8bn *+61%*	• Market leading proposition with 39% of drawdowns in Q1 2015 (up from 33%)
Personal	c.€0.4bn *+42%*	c.€0.3bn *+56%*	• "Backing doing" campaign gaining traction • Over 1 million active online users - 49% of approvals completed online in H1 2015
Business	c.€2.5bn no change	c.€0.5bn *+48%*	• Compelling sector specialist proposition • 18,570 loan approvals to SMEs in H1 2015
Corporate	c.€1.7bn *+58%*	c.€1.1bn *+44%*	• Market leading Corporate Banking position
AIB UK	c.€1.3bn *+25%*	c.€1.3bn *+70%*	• Benefiting from position as niche business bank in GB • Well established retail and business bank in Northern Ireland

Financial highlights H1 2015

- ✓ Capital accretive and well positioned to return capital to the Irish State
- ✓ Improved financial performance across all metrics
- ✓ Sustainable underlying profitability
- ✓ Strong momentum in restructuring activity
- ✓ Normalisation of balance sheet

Key financial metrics

Summary income statement (€m)	HY 2015	HY 2014	Change %
Net interest income	**940**	807	16%
Other income	**409**	439	-7%
Total operating income	**1,349**	1,246	8%
Total operating expenses [1]	**(648)**	(686)	-6%
Operating profit before provisions	**701**	560	25%
Provisions	**543**	(92)	
Associated undertakings	**13**	9	
Profit on disposals	**4**	2	
Operating profit before exceptionals	**1,261**	479	
Exceptional items	**(26)**	(42)	
Profit before tax from continuing operations	**1,235**	437	

Metrics		
Net interest margin (excluding ELG)	**1.92%**	1.60%
Cost income ratio [1]	**48%**	55%
Return on average ordinary shareholders' equity [2]	**16.8%**	7.1%
Return on assets	**1.6%**	0.7%

- Operating profit before provisions €701m
- Profit before tax of €1.2bn, a €0.8bn improvement on H1 2014
  - higher levels of income, lower operating expenses and a significant net credit provision writeback
- Key financial metrics trending positive
  - NIM increasing primarily due to lower funding costs
  - strong underlying fee and commission income
  - operating costs reduced by 6%
  - net writeback of provisions reflecting restructuring activity, improved economic environment and lower new impairments

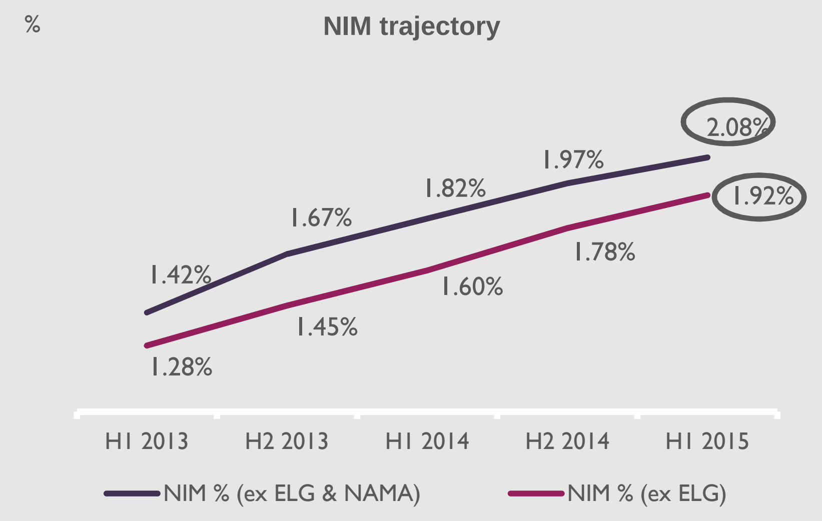
(1) Excludes exceptional items
(2) Profit attributable to ordinary shareholders after deduction of the annual dividend on the 2009 Preference Shares as a percentage of average ordinary shareholders' equity which excludes the €3.5bn in 2009 Preference Shares

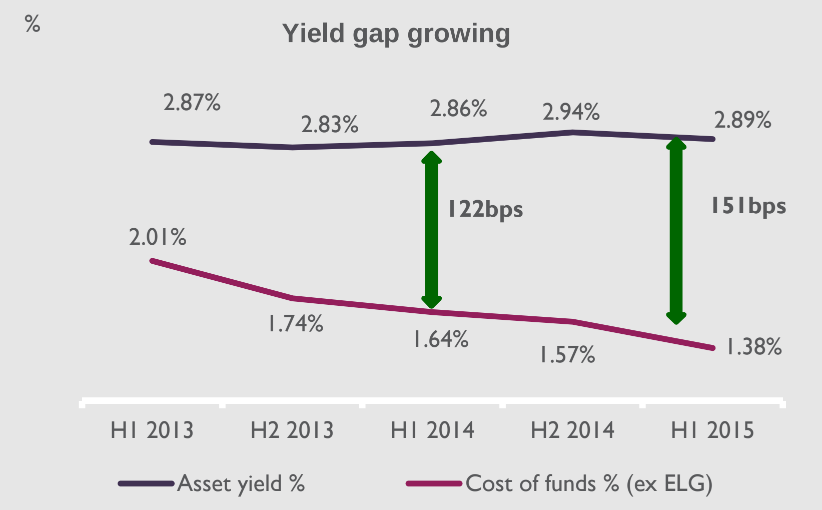
Improving net interest income

	Half year ended 30 June 15			Half-year ended 30 June 14		
	Average balance €m	Interest €m	Average Rate %	Average balance €m	Interest €m	Average Rate %
Assets						
Loans and receivables to customers	65,129	1,115	3.45	66,244	1,108	3.37
NAMA senior bonds	8,683	20	0.46	14,168	47	0.67
Financial investments AFS	19,625	258	2.65	19,517	300	3.10
Other interest earning assets	7,200	11	0.32	5,777	12	0.40
Net interest on swaps		38			33	
Average interest earning assets	100,637	1,442	2.89	105,706	1,500	2.86
Non interest earning assets	7,632			9,029		
Total assets	108,269	1,442		114,735	1,500	
Liabilities and shareholders' equity						
Deposits by banks	16,944	5	0.06	21,219	31	0.30
Customer accounts	44,808	236	1.06	49,486	342	1.39
Subordinated liabilities	1,480	136	18.54	1,376	128	18.69
Other debt issued	7,466	108	2.93	9,145	160	3.54
Average interest earning liabilities	70,698	485	1.38	81,226	661	1.64
Non interest earning liabilities	25,726			22,423		
Shareholders' equity	11,845			11,086		
Total liabilities and shareholders' equity	108,269	485		114,735	661	
Net interest income excluding ELG [1]		957	1.92		839	1.60
ELG		(17)	(0.04)		(32)	(0.06)
Net interest income including ELG		940	1.88		807	1.54

(1) Eligible Liabilities Guarantee

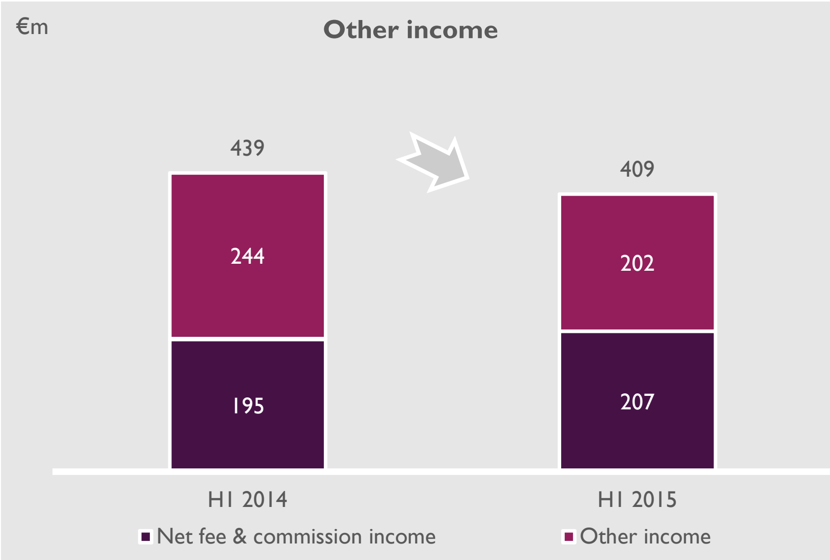
Net interest margin trajectory





- NIM (ex ELG) increased 32bps to 1.92%
  - excluding the impact of low yielding NAMA senior bonds, NIM increased to 2.08%
- Spread between asset yields and cost of funds widened from 122bps H1 2014 to 151bps
- Primary increase in NIM due to the continued reduction in deposit rates and lower wholesale market rates
- Asset yields increased marginally from 286bps to 289bps

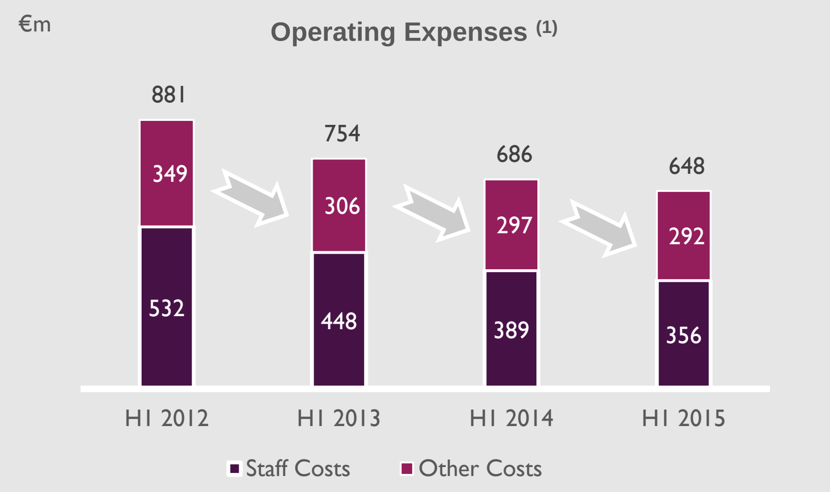
Other income



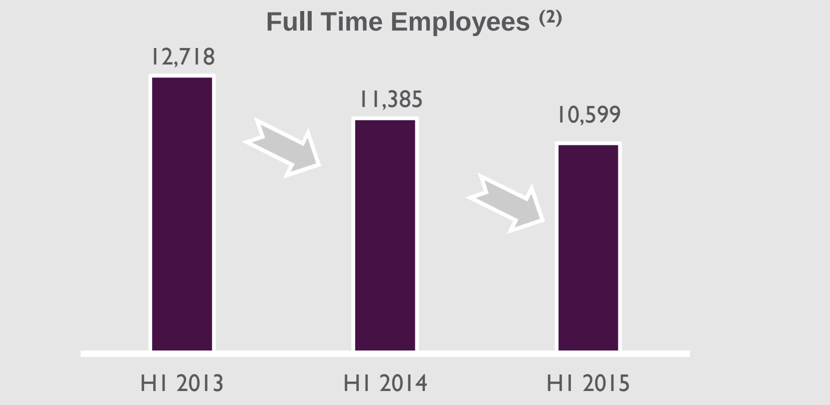
- Strong underlying net fee and commission income, up 6% year on year
  - increased customer activities
- Other down primarily due to
  - lower one-off AFS disposal gains of €51m versus €109m in H1 2014

Other income (€m)	**HY 2015**	HY 2014	Change %
Net fee and commission income	**207**	195	6%
Other	**202**	244	-17%
Total other income	**409**	439	-7%

Disciplined cost management



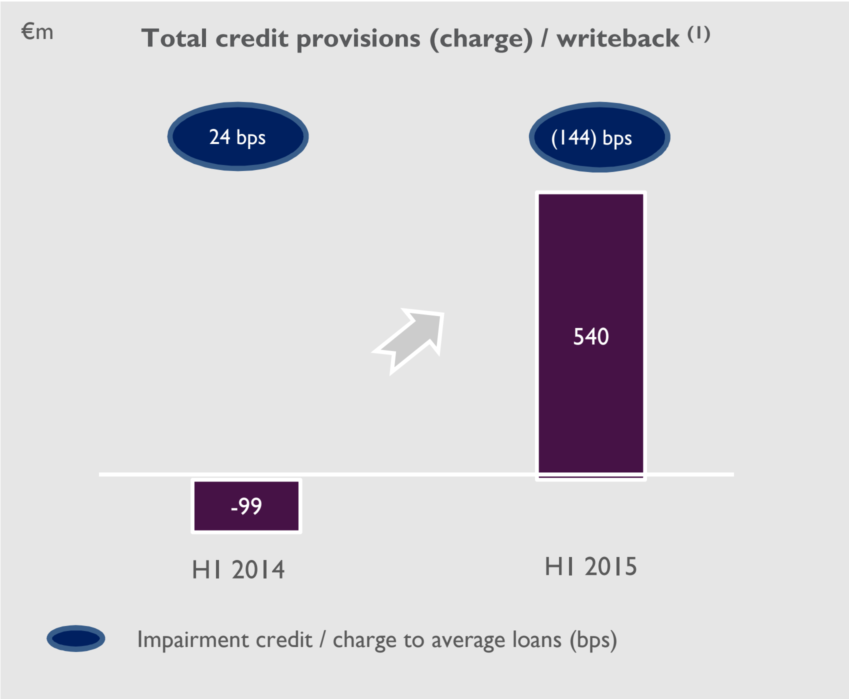
(1) Excluding exceptional items



(2) Period end FTEs

- Total operating expenses reduced by €38m (6%) year on year
- Lower staff costs driven by overall lower staff numbers, down €33m year on year
  - pay discussions at the Labour Relations Commission reaching conclusion
- Continued investment in customer, resilience and change agendas
  - further efficiencies expected from evolving simplified business model
  - incremental €300m investment planned over the medium term
    - delivering customer driven propositions
    - simplification
  - medium term cost income ratio target of 50%

Aggregate writeback of provisions



Credit provision (charge) / writeback (€m)	HY 2015	HY 2014
Residential mortgages	**323**	23
Other personal	**8**	(48)
Property & construction	**99**	(28)
Non-property business lending	**110**	(46)
Total credit provision (charge) / writeback [1]	**540**	(99)

(1) Relates to loans to customers; excludes €3m writeback of provision for liabilities & commitments in H1 2015 and €7m writeback relating to loans and receivables to banks in H1 2014

- Further improvement in credit quality reflecting a lower risk business
- Net provision writeback of €540m in the half year
  - €163m specific provisions charge for new impairments (43bps)
  - Improved economic environment and appropriately conservative credit underwriting process
  - IBNR release of €197m
  - €506m writeback of provisions across all portfolios of which 70% is in relation to the individually assessed cases
- Case by case restructuring activity impacted by
  - higher collateral values
  - unencumbered assets
  - additional cash flows and improved trading performance

Balance sheet strengthened and positioned for further growth

Balance Sheet €bn	Jun-15	Dec-14	% Change
Gross loans to customers	**73.3**	75.8	-3%
Provisions	**(9.5)**	(12.4)	-23%
Net loans to customers	**63.8**	63.4	1%
Financial investment AFS	**19.8**	20.2	-2%
NAMA senior bonds	**7.5**	9.4	-20%
Other assets	**15.6**	14.5	8%
Total assets	**106.7**	107.5	-1%
Customer accounts	**64.5**	64.0	1%
Monetary Authority funding	**3.3**	3.4	-3%
Other market funding	**12.8**	13.4	-4%
Debt securities in issue	**6.8**	7.9	-14%
Other liabilities	**7.0**	7.2	-3%
Total liabilities	**94.4**	95.9	-2%
Shareholders' equity	**12.3**	11.6	6%
Total liabilities & shareholders' equity	**106.7**	107.5	-1%

Key Metrics (%)			% Change
Loan deposit ratio	**99**	99	-
LCR	**117**	116	1%
NSFR	**111**	112	-1%
CRD IV transitional CET 1 ratio	**17.4**	16.4	1.0%
CRD IV fully loaded CET 1 ratio (1)	**14.1**	11.8	2.3%
€bn			% Change
Risk weighted assets	**60.4**	59.1	2.2%

(1) includes 2009 Preference Shares; CET1 ratio 8.3% (ex 2009 Preference Shares)
(2) reduction includes a decrease in repos of €0.9bn

Assets

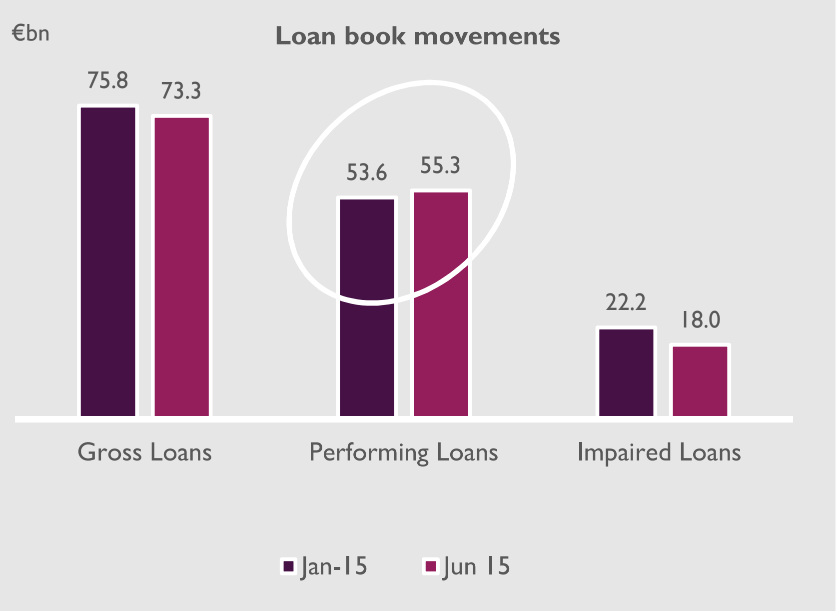
- Net loans to customers showing signs of growth
- AFS portfolio decreased by €0.4bn to €19.8bn
- NAMA senior bond redemptions of €1.9bn

Liabilities

- Customer accounts increased €0.5bn
  - strong growth in current accounts of €2.5bn
  - increase in demand deposits
  - offset by decrease in term deposits[2]
- Debt securities reduced €1.1bn
  - €2.2bn of maturities
  - offset by €1.25bn of new issuances in H1
  - additional Asset Covered Securities issuance of €750m in July 2015
- Other liabilities includes retirement benefit liabilities
  - Retirement benefit liabilities €0.6bn from €1.2bn at Dec '14 driven by changes in actuarial assumptions (2.2% at Dec '14 to 2.6% at Jun '15) used to value the Irish scheme's liabilities

Increase in performing loan book

Customer Loans (€bn)	Earning Loans	Impaired Loans	Gross Loans	Specific Provisions	IBNR Provisions	Net Loans
Opening balance (1 January 2015)	**53.6**	**22.2**	**75.8**	**(11.3)**	**(1.1)**	**63.4**
New lending volumes	4.0	0.0	4.0	0.0	0.0	4.0
New impaired loans	(0.4)	0.4	0.0	(0.2)	0.0	(0.2)
Restructures and writeoffs [(1)]	1.5	(4.1)	(2.6)	3.0	0.0	0.4
Redemptions of existing loans	(4.4)	(0.9)	(5.3)	0.0	0.0	(5.3)
Foreign exchange movements	1.2	0.2	1.4	(0.2)	0.0	1.2
Other movements	(0.2)	0.2	0.0	0.1	0.2	0.3
Closing balance (30 June 2015)	**55.3**	**18.0**	**73.3**	**(8.6)**	**(0.9)**	**63.8**



- Growth in performing loans in H1, 2015
  - increased new lending of €4bn
  - €1.5bn increase in performing loans as a result of restructuring activity
  - €1.2bn increase due to FX movements
  - offset by redemptions of €4.4bn and new to impaired loans of €0.4bn
- Repayments exceeding new lending by €0.4bn

(1) Includes non contractual writeoffs

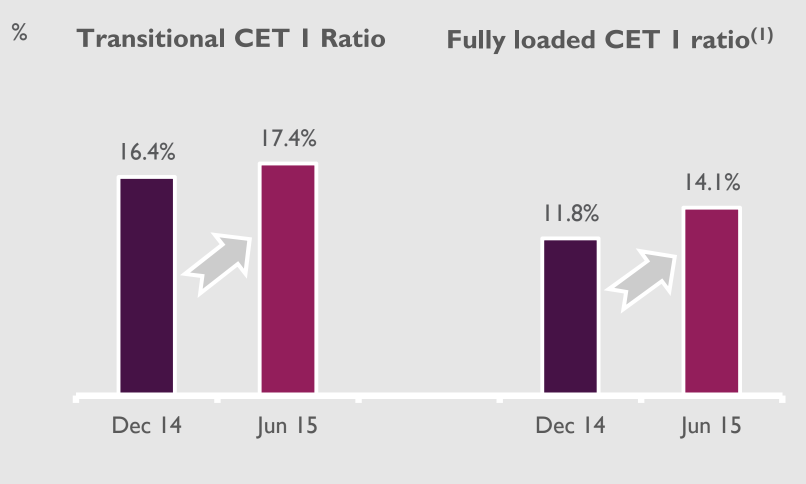
Reducing balance sheet provisions and impairments

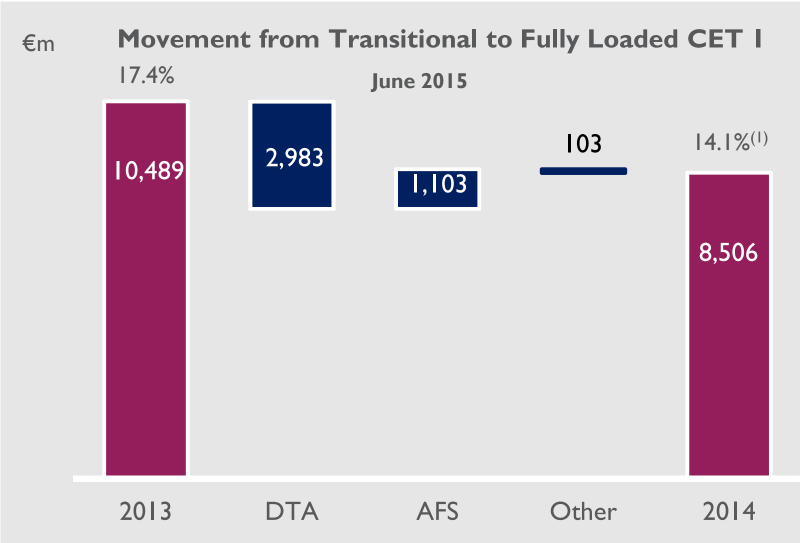
Balance Sheet Provisions Movements (€m)				
01-Jan-15	RBB	CIB	UK	Total
Specific	8,903	694	1,718	11,315
IBNR	853	153	85	1,091
Total	9,756	847	1,803	12,406
Income statement impairment charge in period				
Specific	-334	-10	1	-343
IBNR	-176	-16	-5	-197
Total	-510	-26	-4	-540
Impairment charge / avg loans	*197bps*	*50bps*	*7bps*	*144bps*
Amounts written off / other (1)				
Total	2,233	88	66	2,387
30-Jun-15	RBB	CIB	UK	Total
Specific	**6,336**	**596**	**1,645**	**8,577**
IBNR	**677**	**137**	**88**	**902**
Total	**7,013**	**733**	**1,733**	**9,479**

- Significant increase in provision write offs due to progress on case by case restructuring process
- Balance sheet provisions decreased by €2.9bn to €9.5bn
  - Specific provisions of €8.6bn down from €11.3bn
  - IBNR provisions of €0.9bn down from €1.1bn
- Specific provision / impaired loans cover reduced to 48% from 51% at Dec 2014 mainly driven by:
  - write off within portfolios with higher provision cover
  - write off where further recovery is considered unlikely

(1) Includes €172m in exchange related adjustments and €3m in recoveries on amounts written off in previous periods.

Robust capital ratios





(1) Fully loaded CET1 ratio includes 2009 Preference Shares, 8.3% excluding 2009 Preference Shares
(2) Other includes Pension, CCN Fair Value, Other

Capital structure considerations

- Capital accretive and well positioned for returning capital to the Irish State
  - Dividend payments of c. €440m on 2009 Preference Shares and €1.6bn Contingent Capital Notes
  - €3.5 billion 2009 Preference Shares, possible conversion into ordinary equity of a portion of the instruments and a redemption of the balance
  - Scheduled redemption of €1.6bn Contingent Capital Note in July 2016

CET 1 transitional ratio +1.0%

- Increase in CET1 capital of €0.8bn is driven primarily by retained profit of €0.8bn

CET 1 fully loaded ratio +2.3%

- Increase in CET1 capital of €1.5bn, includes
  - €0.8bn attributable profits in 2015
  - €0.5bn pension deficit reduction

Profitable across all segments

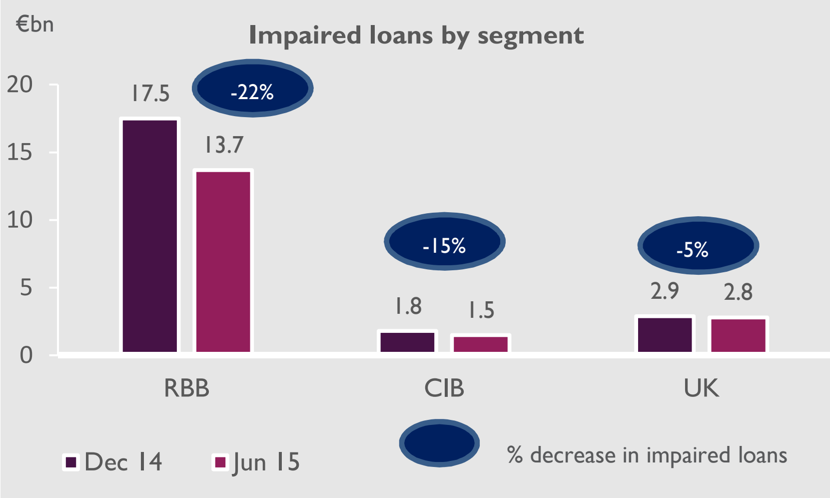
Segmental reporting

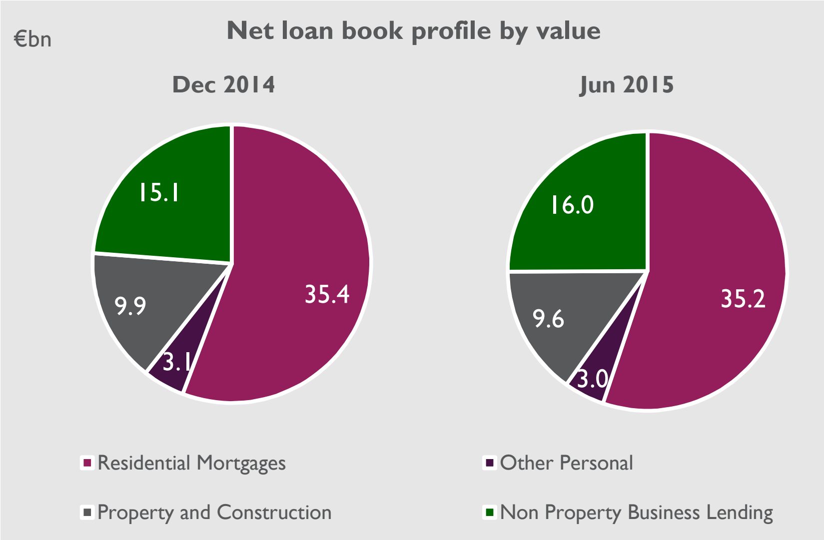
- New segmental reporting focuses on the needs of our customers, combining groups with similar needs into franchises to deliver co-ordinated services
- Loan restructuring activity previously reported in Financial Solutions Group (FSG) now reported in new segments
  - Arrears support unit and customer restructuring continue to be managed within dedicated unit
- Reduction in impaired loans through customer restructuring remains a key focus

	Retail & Business Banking			Corporate & Institutional Banking			UK		
Contribution statement (€m)	**HY 2015**	HY 2014	Change %	**HY 2015**	HY 2014	Change %	**HY 2015**	HY 2014	Change %
Net interest income	**619**	568	9%	**174**	125	39%	**148**	112	32%
Other income	**176**	147	20%	**176**	243	-28%	**50**	43	16%
Total operating income	**795**	715	11%	**350**	368	-5%	**198**	155	28%
Total operating expenses	**(338)**	(353)	-4%	**(58)**	(60)	-3%	**(76)**	(82)	-7%
Operating profit before provisions	**457**	362	26%	**292**	308	-5%	**122**	73	67%
Provisions	**510**	(10)		**29**	(16)		**4**	(66)	
Operating profit before exceptionals	**967**	352		**321**	292		**126**	7	
Balance sheet metrics (€bn)	**Jun-15**	Dec-14	%	**Jun-15**	Dec-14	%	**Jun-15**	Dec-14	%
Gross loans	**50.3**	53.4	-6%	**10.2**	10.2	0%	**12.7**	12.2	4%
Net loans	**43.3**	43.6	-1%	**9.5**	9.4	1%	**11.0**	10.4	6%
Customer accounts	**38.9**	37.7	3%	**13.1**	14.8	-11%	**12.5**	11.5	9%
LDR (%)	**111%**	116%	-5%	**73%**	64%	9%	**87%**	90%	-3%

All businesses profitable with significant improvement in financial performance

Improvement in asset quality





- Improvement in asset quality across all loan sectors
- Significant progress and momentum in restructuring customers in financial difficulty
- Impaired loans reduced by €4.2bn to €18bn
  - extensive engagement with customers to restructure facilities, redemptions and provision write offs
- Lower new impaired loans reflecting improved economic conditions and appropriately conservative credit underwriting process
- €4bn of new lending in H1 2015
- Performing loan book increased by €1.7bn to €55.4bn
- Residential mortgages remains the largest component of loan book at 55% of net loans
  - total mortgage arrears decreased by 13%[1]
  - reduction of c. 14,800 from peak of c 52,000 in Dec 2013
  - owner occupier arrears decreased by 13%[1]
  - reduction of c. 12,400 from peak of c 38,900 in Dec 2013

(1) number of accounts

Impaired balances lower in all major loan books

Jun-15 €m	Residential Mortgages	Other Personal	Property and Construction	Non-property business lending	Total
Loans and receivables to customers	**37,937**	**3,690**	**13,799**	**17,909**	**73,335**
Impaired	**7,388**	**860**	**6,713**	**3,014**	**17,975**
Balance sheet provisions (specific + IBNR)	**2,756**	**641**	**4,169**	**1,913**	**9,479**
Specific provisions / impaired loans (%)	**32%**	**69%**	**60%**	**54%**	**48%**
Total provisions / total loans (%)	**7%**	**17%**	**30%**	**11%**	**13%**

Dec-14 €m	Residential Mortgages	Other Personal	Property and Construction	Non-property business lending	Total
Loans and receivables to customers	38,846	3,837	15,537	17,612	75,832
Impaired	8,509	1,044	8,836	3,773	22,162
Balance sheet provisions (specific + IBNR)	3,427	768	5,652	2,559	12,406
Specific provisions / impaired loans (%)	34%	69%	62%	59%	51%
Total provisions / total loans (%)	9%	20%	36%	15%	16%

Movements €m	Residential Mortgages	Other Personal	Property and Construction	Non-property business lending	Total
Impaired	**(1,121)**	**(184)**	**(2,123)**	**(759)**	**(4,187)**
Balance sheet provisions (specific + IBNR)	**(671)**	**(127)**	**(1,483)**	**(646)**	**(2,927)**

- Specific provision / impaired loans cover reduced to 48% from 51% at Dec 2014 mainly driven by write-off of provisions:
  - due to case by case customer restructuring activity
  - within portfolios with higher provision cover
  - where further recovery is considered unlikely

Key priorities and growth drivers

Strong position to deliver future returns

Strategic ambitions → Achieving targets → Attractive returns

	Medium Term Targets	H1 2013	H1 2015
Franchise growth	No. 1 Irish Bank	No. 1 market shares	**No. 1 market shares**
New lending	€7bn-€10bn p.a	€1.9bn	**€4.0bn**
Net interest margin (ex ELG)	>2%	1.28%	**1.92%**
Cost / income ratio	<50%	82%	**48% / 52%(1)**
Credit impairment charge	<65bps	169bps	**(144bps) / 43bps(2)**
Loan / deposit ratio	100%-120%	106%	**99%**
Fully loaded CET 1 capital ratio	>10%	9.5%	**14.1% / 8.3%(3)**

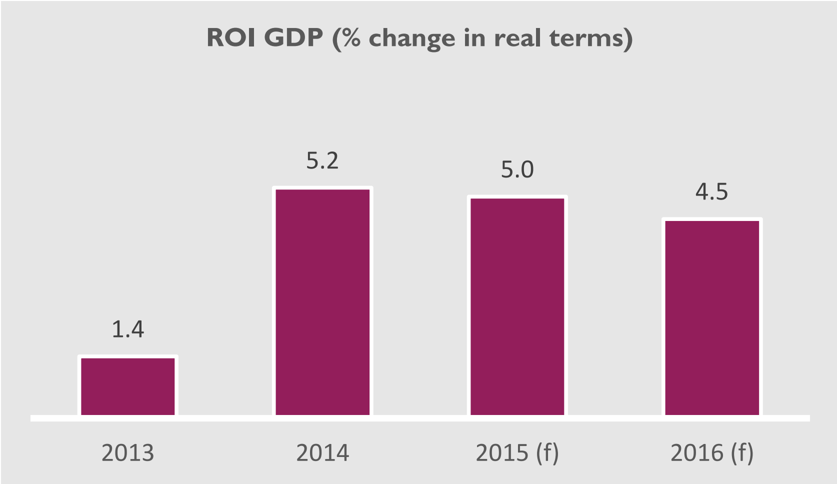
(1) 52% excluding one off benefits
(2) 43 bps excluding impact of provision writebacks
(3) 8.3% ex €3.5bn 2009 preference shares

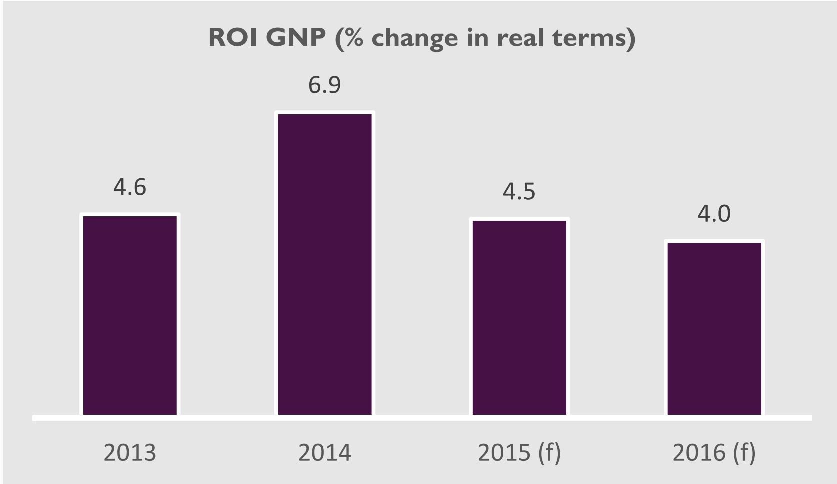
Focused on returning capital to the Irish State

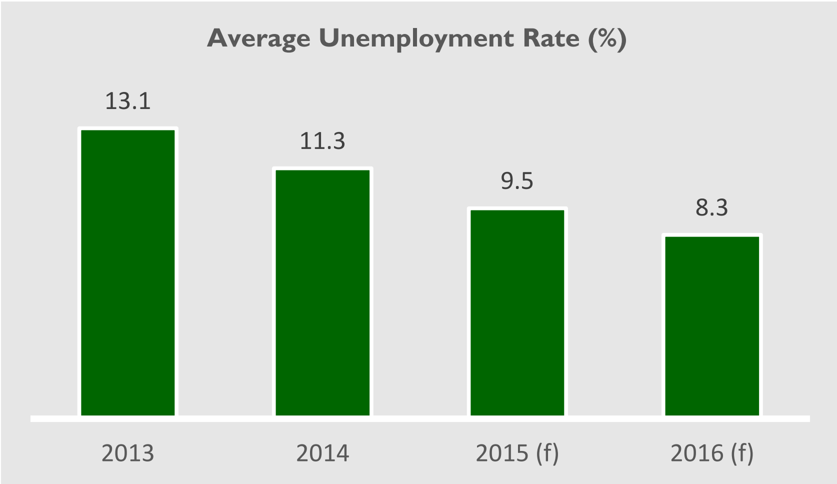
- ✓ Delivering strong and sustainable financial performance in a growing macro-economic environment
- ✓ Leading franchise with customer led strategy focused on delivering value and enhanced experience
- ✓ Improving risk model with ongoing proactive credit quality management
- ✓ Well positioned to return capital to the Irish State

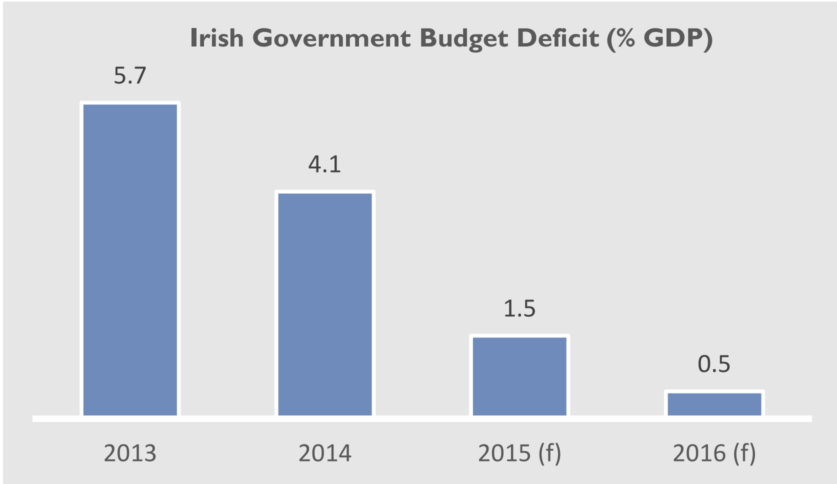
Appendices

Positive domestic economic conditions and outlook









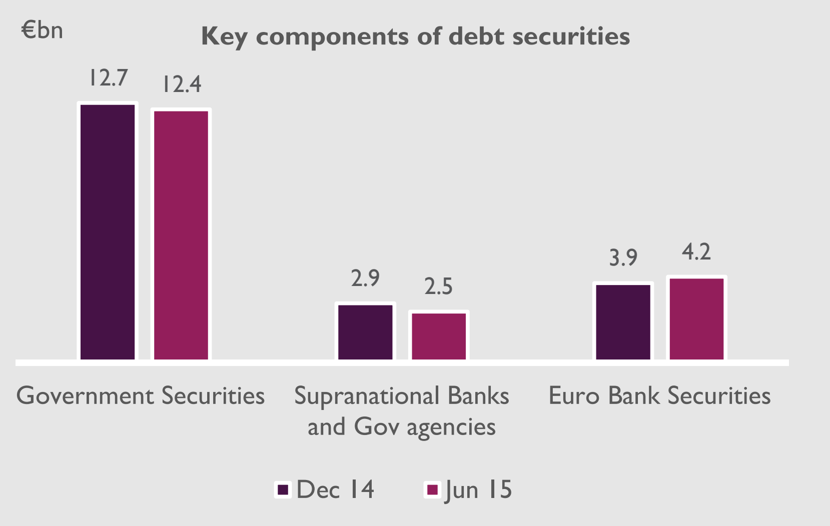
Sources: Central statistics office, AIB economic research unit.

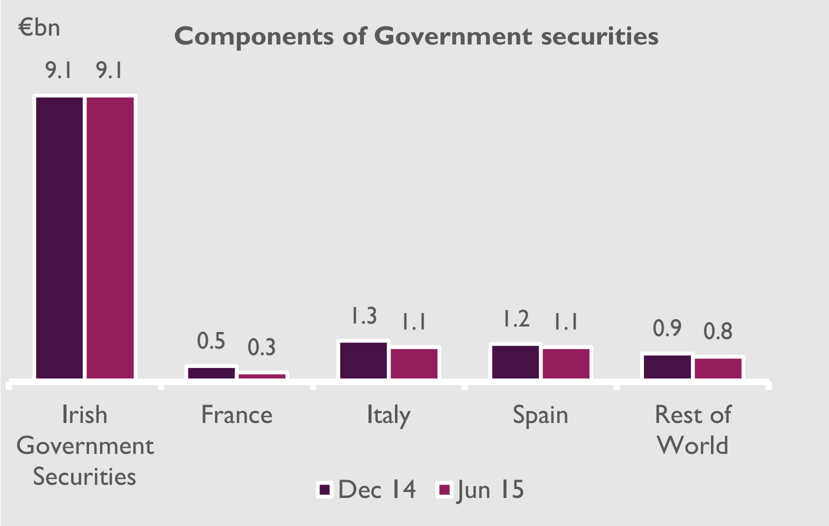
Measured and balanced return to funding markets

Funding transactions since regaining market access

	2012	2013				2014		2015		
	ACS Issuance November 2012	ACS Issuance January 2013	ACS Issuance September 2013	Cr. Card Secured Funding	Senior Unsecured	ACS Issuance March 2014	Senior Unsecured April 2014	ACS Issuance January 2015	Senior Unsecured March 2015	ACS Issuance July 2015
Issuer	AIB Mortgage Bank	AIB Mortgage Bank	AIB Mortgage Bank	AIB	AIB	AIB Mortgage Bank	AIB	AIB Mortgage Bank	AIB	AIB Mortgage Bank
Ratings	Baa1/A/A	Baa1/A/A	Baa1/A/A	N/A	B1/BB/BBB	Baa1/A/A	B1/BB/BBB	A3 / A+ / A	Ba3/BB/BBB	Aa2/AA-/A+
Pricing Date	28-Nov-12	22-Jan-13	03-Sep-13	31-Oct-13	20-Nov-13	19-Mar-14	08-Apr-14	27-Jan-15	09-Mar-15	20-Jul-15
Tenor	3-year	3.5-year	5-year	2-year	3-year	7-year	5-year	7-year	5-year	5-year
Size	€500m	€500m	€500m	€500m	€500m	€500m	€500m	€750m	€500m	€750m
Reoffer Spread	MS + 270bps	MS + 185bps	MS + 180bps	Not disclosed	MS +235bps	MS +95bps	MS +180bps	MS+27bps	MS+108bps	MS+22bps
Coupon	3.125% annually	2.625% annually	3.125% annually	Not disclosed	2.875% annually	2.33% annually	2.75% annually	0.625% annually	1.375% annually	0.625% annually

Available for sale portfolio





Debt Securities

- AFS portfolio of €19.8bn of which 99% is investment grade
  - Dec 2014: €20.2bn
- Total debt securities portfolio* decreased to €19.4bn
  - Dec 2014: €19.8bn
- Sales and maturities of c. €2.8bn partially offset by purchases of €2.7bn
  - Irish Government securities holding broadly the same
  - Decrease in Italian & Spanish sovereign bonds €0.3bn
  - Decrease in French sovereign bonds €0.2bn

- Decrease in fair value of debt securities €0.3bn is due to a widening of Irish, Italian and Spanish sovereign spreads and the impact of higher interest rates on fixed rate security holdings.
- Excludes NAMA senior bonds of c. €7.5bn
- Net AFS disposal gains in 2015 of €51m

Equity Securities

- Equity securities of €0.5bn includes NAMA subordinated bonds
  - Increase in fair value of €0.04bn during 2015

* *excludes equity securities*

Components of regulatory capital structure

AIB Group		
	CRD IV Transitional	
Capital Adequacy Information (€m)	**30-Jun-15**	31-Dec-14
Common equity tier 1 after preference dividend	**12,323**	11,292
Regulatory adjustments	**(1,834)**	(1,575)
Common Equity Tier 1 Capital	**10,489**	9,717
Subordinated debt	**384**	538
Credit provisions	**418**	453
Regulatory adjustments	**9**	17
Total Tier 2 Capital	**811**	1,008
Total Capital	**11,300**	10,725
Risk Weighted Assets		
Credit risk	**54,916**	54,348
Market risk	**833**	471
Operational Risk	**3,139**	2,822
CVA/Other	**1,507**	1,473
Total Risk Weighted Assets	**60,395**	59,114
Capital Ratios		
Common Equity Tier 1 Ratio	**17.4%**	16.4%
Total Ratio	**18.7%**	18.1%

2009 Preference Shares

- €3.5bn perpetual, non-cumulative Preference Shares
- 8% fixed non-cumulative annual coupon, no coupon step up, payable either by cash or an issue of bonus ordinary shares
- Qualifying as CET 1 until 31 December 2017
- May be purchased or redeemed at the option of AIB, in whole or in part, from distributable profits and/or proceeds of an issue of shares constituting CET 1 capital
- 25% redemption step up applied from May 2014

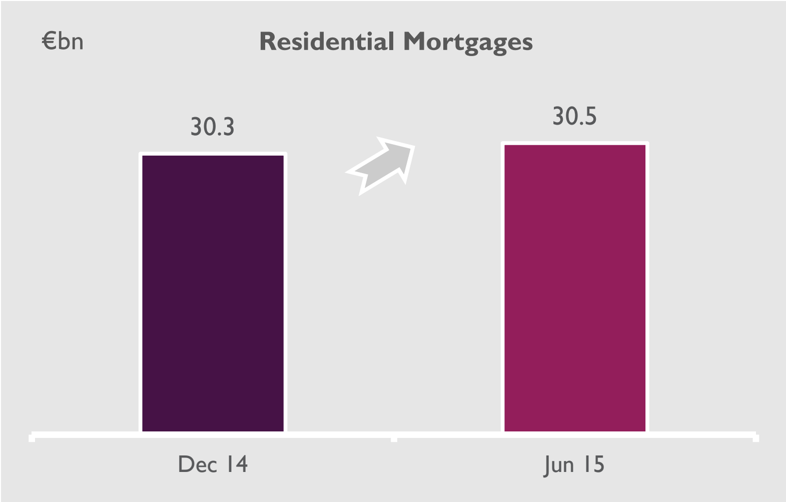
State Equity Investments

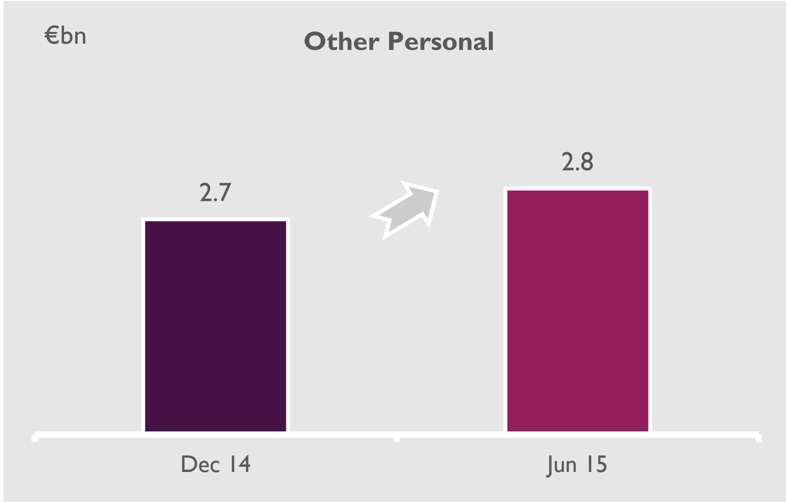
- €3.8bn of equity received in December 2010
- €5bn of equity received in July 2011 – 500 billion of ordinary shares issued at €0.01 per share
- State ownership is 99.8%
  - Total number of ordinary shares in issue is 523,438,445,437 (excluding treasury shares)
  - €6.05bn capital contribution received in July 2011

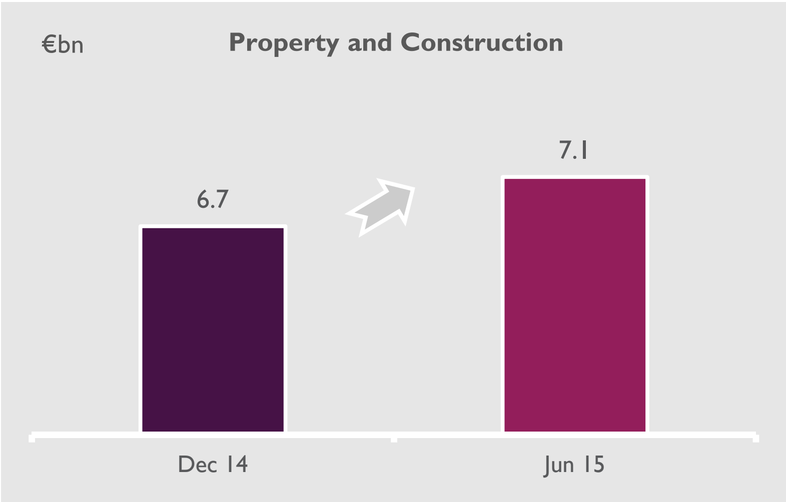
Contingent Capital Notes

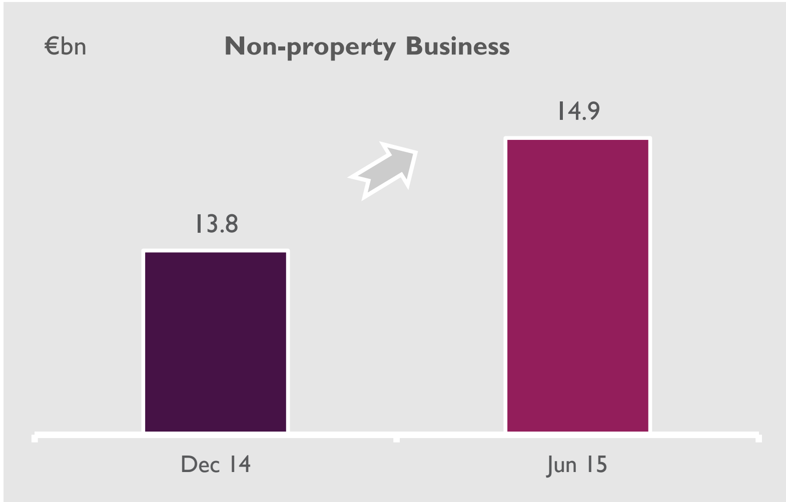
- €1.6bn Contingent Capital Notes issued to the State in July 2011
- 10% fixed annual coupon
- €0.4bn qualifying as Tier 2 capital at 30 June 2015
- Mandatorily convertible into equity upon trigger of 8.25% CET 1 ratio
- Maturing July 2016

Growth in performing loans across all portfolios









Criticised loans and definitions

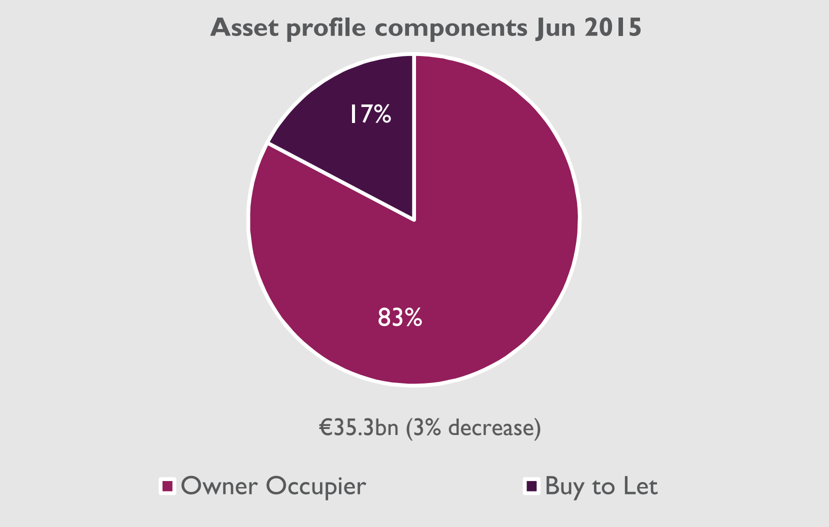
Watch	The credit is exhibiting weakness but with the expectation that existing debt can be fully repaid from normal cash flows.
Vulnerable	Credit where repayment is in jeopardy from normal cash flows and may be dependent on other sources.
Impaired	A loan is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact such that the present value of future cash flows is less than the current carrying value of the financial asset or group of assets and requires an impairment provision to be recognised in the income statement.

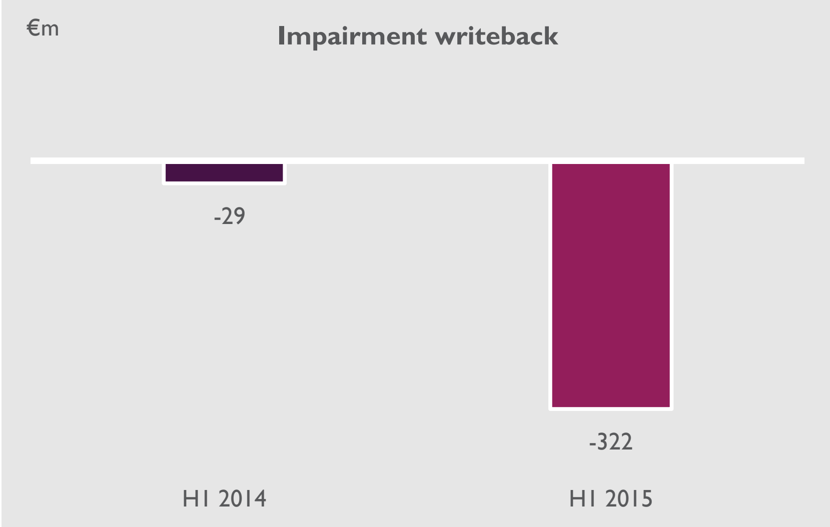
Improving asset quality

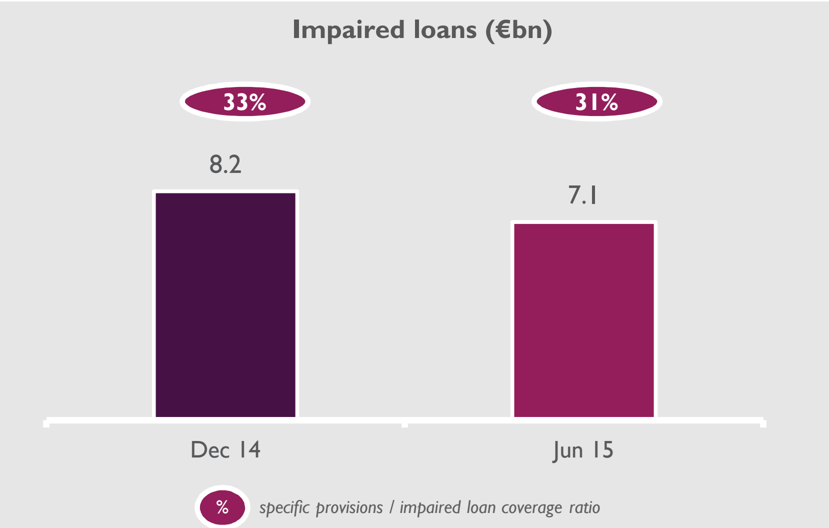
€m	Jun-15 RBB	Jun-15 CIB	Jun-15 AIB UK	Jun-15 Total	Dec-14 RBB	Dec-14 CIB	Dec-14 AIB UK	Dec-14 Total
Residential mortgages	**35,180**	**146**	**2,611**	**37,937**	36,155	169	2,522	38,846
of which: owner-occupier	**29,177**	**38**	**2,260**	**31,475**	29,580	51	2,177	31,808
of which: buy-to-let	**6,003**	**108**	**351**	**6,462**	6,575	118	345	7,038
Other personal	**2,990**	**287**	**413**	**3,690**	3,141	289	407	3,837
Property and onstruction	**5,812**	**3,586**	**4,401**	**13,799**	7,348	3,794	4,395	15,537
Non-property business lending	**6,368**	**6,209**	**5,332**	**17,909**	6,771	5,957	4,884	17,612
Total	**50,350**	**10,228**	**12,757**	**73,335**	53,415	10,209	12,208	75,832
Impaired loans	**13,679**	**1,544**	**2,752**	**17,975**	17,462	1,814	2,886	22,162
Imparied provisions	**7,013**	**733**	**1,733**	**9,479**	9,756	847	1,803	12,406
of which: Specific	**6,336**	**596**	**1,645**	**8,577**	8,903	694	1,718	11,315
of which: IBNR	**677**	**137**	**88**	**902**	853	153	85	1,091
Specific provisions / impaired loans	**46%**	**39%**	**60%**	**48%**	51%	38%	60%	51%
Net Loans	**43,337**	**9,495**	**11,024**	**63,856**	43,659	9,362	10,405	63,426

Impaired loans and provisions reducing across all segments

ROI residential mortgages



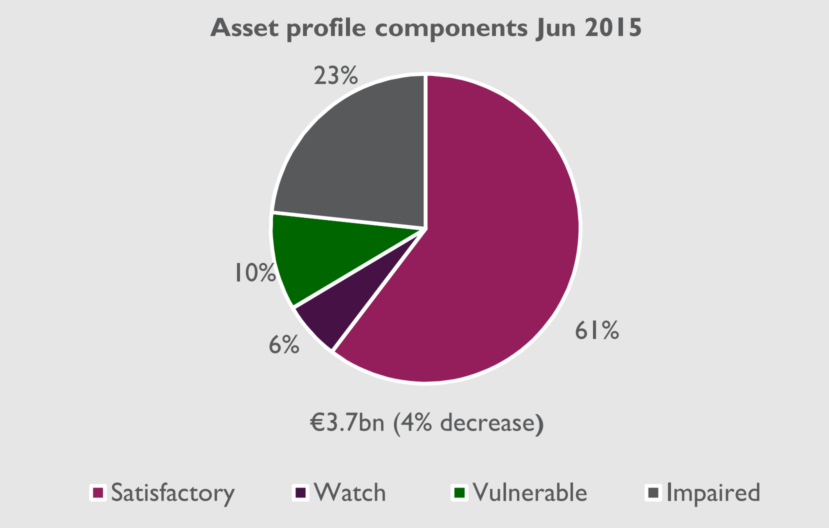


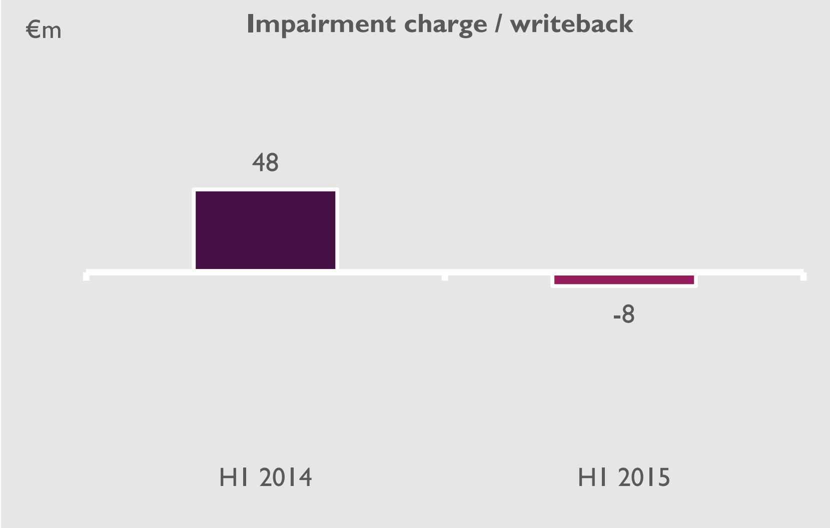


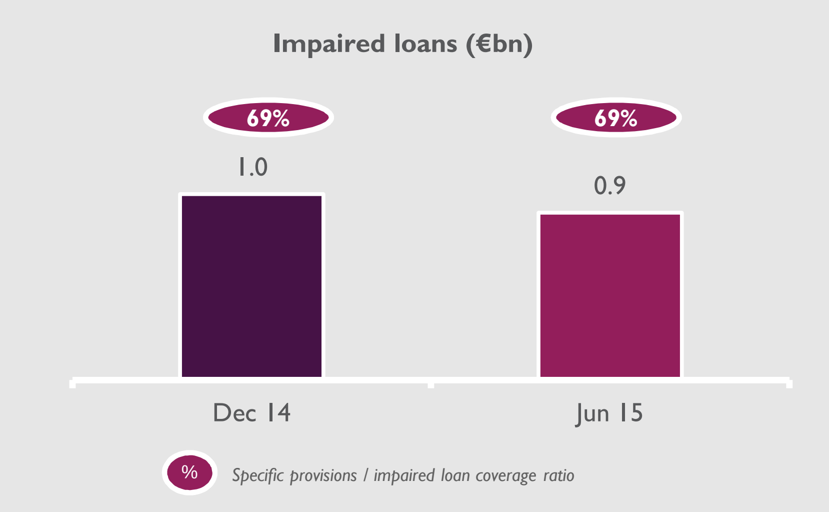
- ROI mortgage portfolio comprises 38% tracker rate, 52% variable rate and 10% fixed rate mortgages
- Total loans in arrears in the ROI mortgage portfolio decreased by 13% in the 6 months to June 2015 (1)
- Provisions writeback as a result of loans curing from impaired and also reflects a number of changes in provisions assumptions based on underlying economic and observed customer performance data

(1) number of accounts

Other personal lending



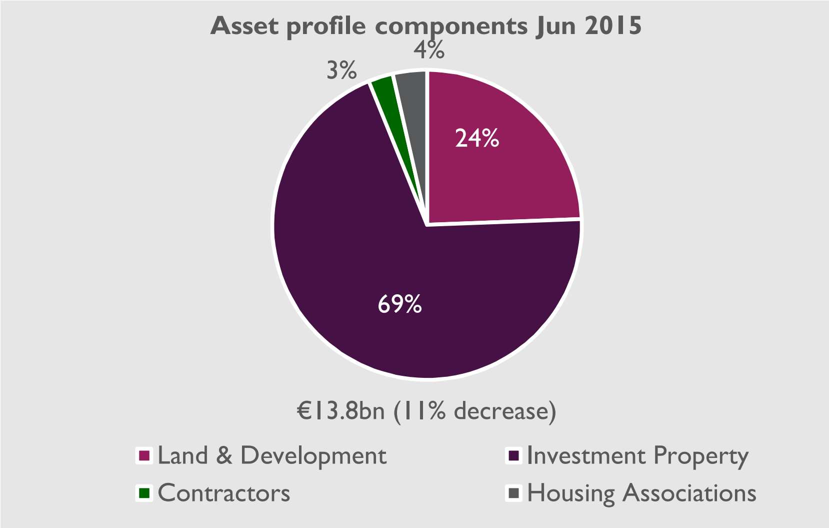


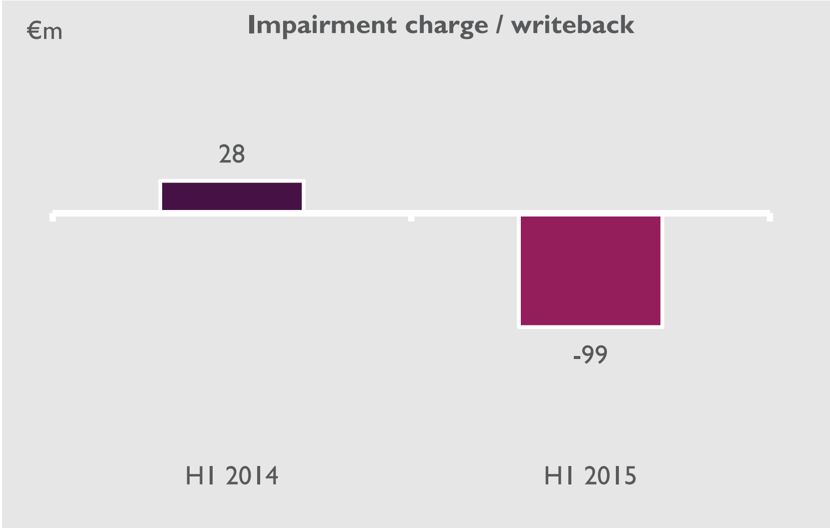


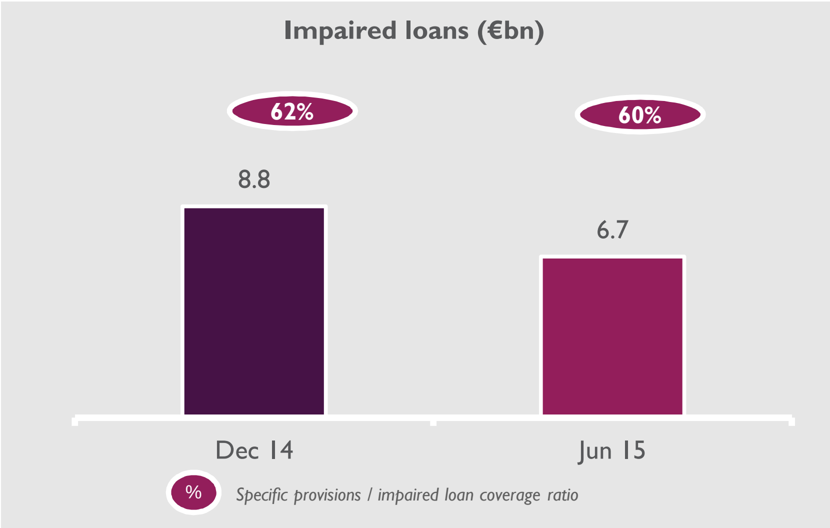
- Overall portfolio has reduced by 4% since Dec 14; an 18% reduction in the impaired category and no change in the satisfactory category

- Increase in demand for personal lending has continued in H1 2015 due to both improved economic environment and an improved service offering e.g. immediate decisions online

Property and construction

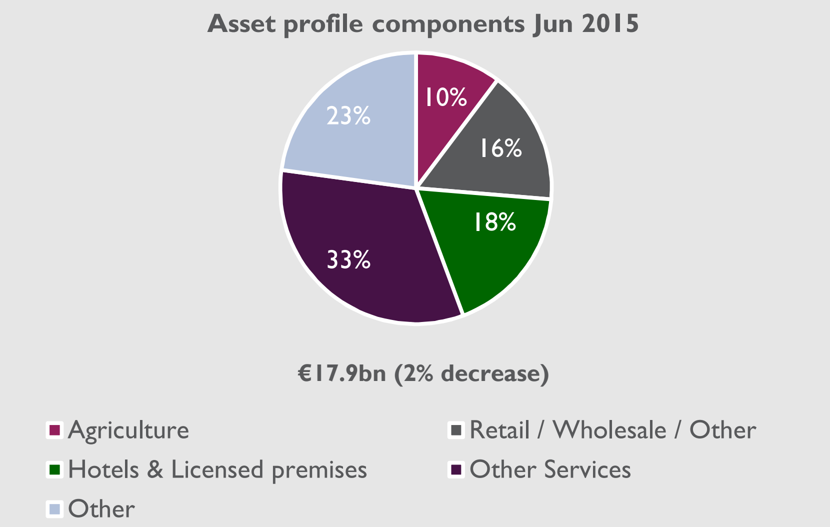


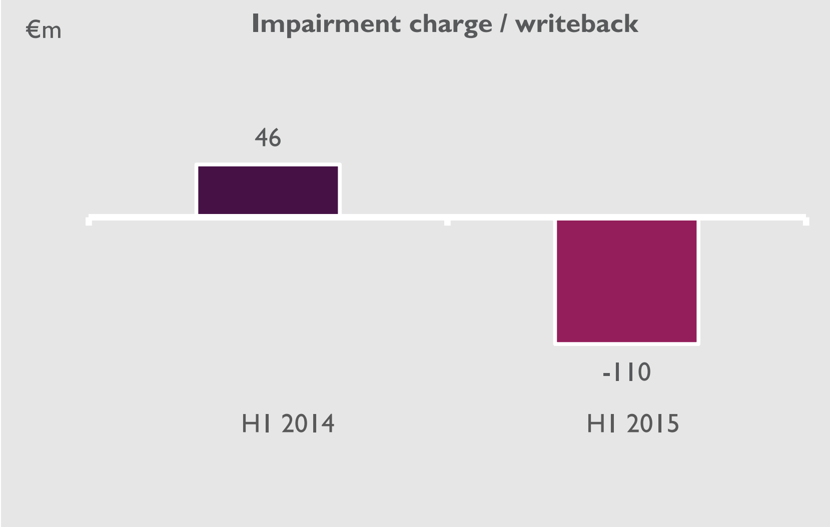


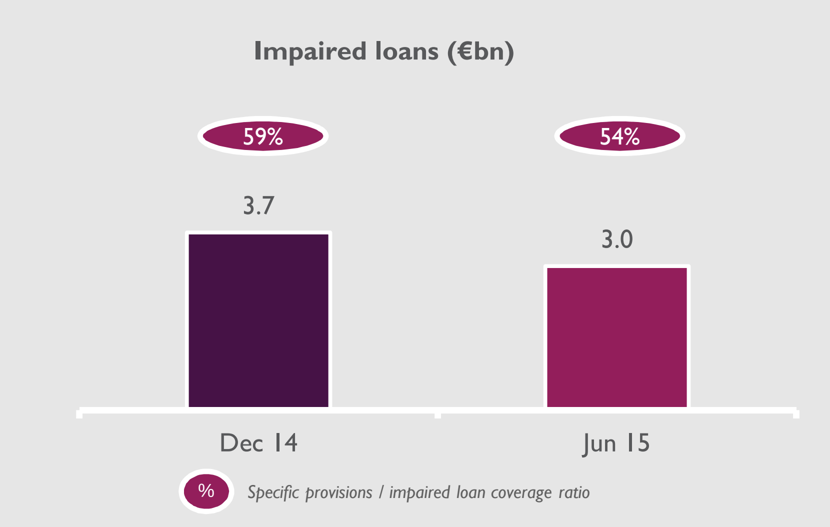


- Overall portfolio has reduced by 11% since Dec 14 mainly due to restructuring and repayments from asset sales
- Impaired loans reduced by €2.1bn to €6.7bn
  - Rate of new impairments continuing to decrease
- Investment property portfolio reduced by €1.0bn to €9.6bn in the six months due to restructuring, asset sales and repayment of debt
- Land and development portfolio of €3.4bn, 68% of which is in Ireland

Non-property business lending







- 70% of portfolio is from ROI and 30% from the UK
- Increased activity across all sub-sectors in the portfolio due to increased credit demand, improved grade migration offset by continued restructuring activity, write-offs, amortisations and repayments.
- €0.9bn reduction in criticised loans to €5.4bn as a result of restructure and repayments
- €0.8bn reduction in impaired loans to €3.0bn

ROI Mortgages - stock of forbearance measures

Forbearance type by mortgage	June 2015 - Total		of which: loans > 90 days in arrears and/or impaired		Dec 2014 - Total		of which: loans > 90 days in arrears and/or impaired	
	Number	Balance (€m)	Number	Balance (€m)	Number	Balance (€m)	Number	Balance (€m)
Interest only	**3,936**	**740**	**1,901**	**380**	5,626	1,034	2,923	583
Reduced payment (greater than interest only)	**1,708**	**367**	**999**	**221**	2,162	446	1,320	298
Payment moratorium	**671**	**104**	**275**	**41**	862	127	335	49
Fundamental restructure	**808**	**126**	**126**	**20**	x	x	x	x
Arrears capitalisation	**18,174**	**2,781**	**10,593**	**1,778**	17,050	2,741	11,088	1,962
Term extension	**6,064**	**674**	**646**	**86**	6,378	710	814	107
Split mortgages	**2,684**	**422**	**1,777**	**264**	2,399	372	2,319	351
Voluntary sale for loss	**616**	**48**	**346**	**38**	550	53	382	45
Low fixed interest rate	**842**	**135**	**572**	**89**	377	59	261	40
Positive equity solution	**771**	**82**	**368**	**34**	228	23	115	11
Other	**18**	**4**	**4**	**1**	18	5	4	1
Total	**36,292**	**€5,483**	**17,607**	**€2,952**	35,650	€5,570	19,561	€3,447

Forbearance – mortgage

- Delivering sustainable long term solutions to mortgage customers
  - ongoing reduction in interest only forbearance
- Following restructure, loans are reported as impaired for a further 12 months (probationary period)
  - c. €0.5bn reduction in forborne >90 days in arrears and/or impaired loans in the period

Non-mortgage - stock of forbearance measures

Forbearance Type by Non-Mortgage	Jun-15 Other Personal Balance €m	Jun-15 Property and construction Balance €m	Jun-15 Non-property business lending Balance €m	Jun-15 Total €m	Dec-14 Other Personal Balance €m	Dec-14 Property and construction Balance €m	Dec-14 Non-property business lending Balance €m	Dec-14 Total €m
Interest only	**74**	**353**	**207**	**634**	67	455	198	720
Reduced payment (greater than interest only)	**11**	**28**	**41**	**80**	7	29	39	75
Payment moratorium	**29**	**12**	**33**	**74**	4	18	22	44
Arrears capitalisation	**29**	**37**	**50**	**116**	36	60	54	150
Term extension	**129**	**253**	**167**	**549**	105	294	172	571
Fundamental restructure	**32**	**958**	**284**	**1274**	17	722	197	936
Restructure	**326**	**625**	**702**	**1653**	462	663	874	1999
Other	**11**	**120**	**139**	**270**	10	109	120	239
Total	**641**	**2,386**	**1,623**	**4,650**	708	2,350	1,676	4,734

Forbearance – non-mortgage

- Non-mortgage forborne loans of €4.6bn at June 2015
  - c. €1.8bn of impaired with specific provision cover of 53%
  - majority of forborne loans in property and construction sector
- €1.3bn of 'fundamental restructures'
  - new facilities (main and secondary) recognised at fair value at inception
  - main facilities reflects the estimated sustainable cashflows such that the main facility is repaid in full
  - carrying value of main facilities of €1.3bn with associated contractual secondary facilities of €1.8bn
  - additional cashflows* of €17m, cash realisations only, received on secondary facilities

** could occur due to disposal of collateral at a higher value than originally expected, stronger trading performance or new sources of income*