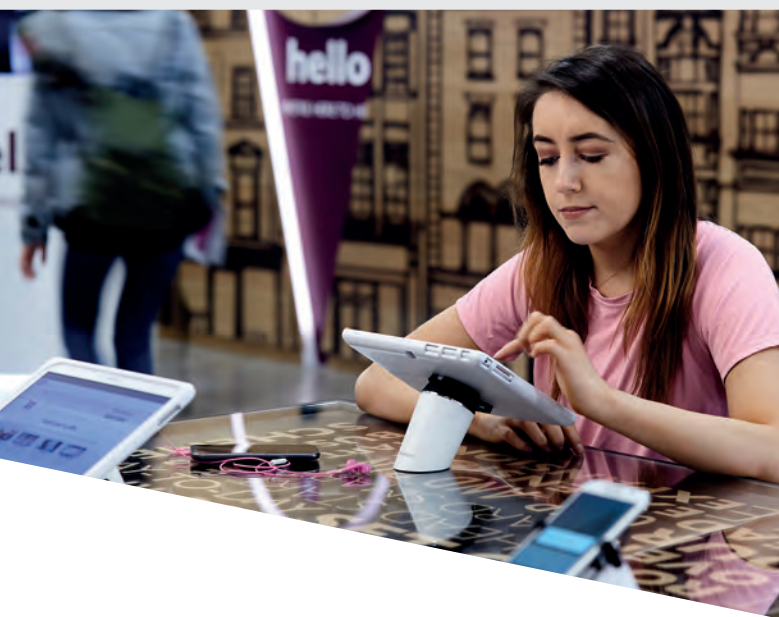




Country by Country Reporting

For the financial year ended 31 December 2017

AIB Group

Country by Country Reporting

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Country by Country Reporting

Basis of disclosure

The disclosures contained in this report have been prepared in accordance with Country by Country Reporting requirements under the Capital Requirements Directive ("CRD IV") which have been transposed into Irish legislation as Regulation 77 of Statutory Instrument 158 of 2014 as at 31 December 2017.

Regulation 77 requires each institution (credit institutions and investment firms) to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidation basis for the financial year.

(a) Name(s), nature of activities and geographical location;

This information is provided, based on locations of operations of the significant subsidiaries of the Group.

(b) Turnover;

Turnover is reported on a consolidated basis for each country. The geographical distribution of turnover is based primarily on the location of the office recording the transaction.

(c) Number of employees on a full time equivalent basis;

The number of employees on a full time equivalent basis is reported as an average number of employees, analysed as to geography.

(d) Profit or loss before tax;

Profit is reported on a consolidated basis for each country.

(e) Tax on profit or loss;

Tax on profit or loss, for the purposes of country-by-country reporting, is interpreted as the corporation tax paid/refunded in each geographical jurisdiction in the year.

(f) Public subsidies received;

The definition of 'public subsidies' has been interpreted as direct support by the Government. It does not include central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission.

The following AIB credit institutions in the Republic of Ireland, authorised by the Central Bank of Ireland / Single Supervisory Mechanism, are required to comply with Regulation 77:

- Allied Irish Banks, p.l.c.
- AIB Mortgage Bank
- EBS d.a.c.
- EBS Mortgage Finance

This report fulfils the obligation of these Irish credit institutions in relation to Regulation 77.

For the purposes of this disclosure, Allied Irish Banks, p.l.c. and its subsidiaries are collectively 'AIB Group'.

These Irish licensed entities are required to file regulatory returns with the Central Bank for the purposes of assessing, inter alia, their capital adequacy and their balance sheets. For AIB Group (UK), p.l.c., regulatory returns are filed with the Prudential Regulatory Authority ("PRA").

Consolidated financial statements are prepared under International Financial Reporting Standards ("IFRS"). All subsidiaries are consolidated for both statutory reporting purposes under IFRS and for regulatory reporting, and accordingly, for AIB Group, the regulatory returns and financial statements are similar, other than presentation.

AIB Group

Country by Country Reporting

Turnover, Profit before taxation, Taxation and Employees

AIB Group⁽¹⁾

	For the year ended 31 December 2017			
	Turnover ⁽²⁾ € m	Profit/(loss) before tax € m	Taxation (refund)/paid € m	Average FTEs ⁽⁴⁾
Country				
Republic of Ireland	2,648	1,146	(51)	8,840
United Kingdom	350	153	32	1,244
Rest of the World ⁽³⁾	3	7	–	53
Total	3,001	1,306	(19)	10,137

	For the year ended 31 December 2016			
	Turnover ⁽²⁾ € m	Profit/(loss) before tax € m	Taxation (refund)/paid € m	Average FTEs ⁽⁴⁾
Country				
Republic of Ireland	2,587	1,488	109	8,797
United Kingdom	324	194	(3)	1,376
Rest of the World ⁽³⁾	8	–	–	53
Total	2,919	1,682	106	10,226

Subsidiaries, based in the Republic of Ireland, which are Institutions

	For the year ended 31 December 2017			
	Turnover ⁽²⁾ € m	Profit/(loss) before tax € m	Taxation (refund)/paid € m	Average FTEs ⁽⁴⁾
AIB Mortgage Bank	367	98	–	2
EBS d.a.c. ⁽⁵⁾	310	111	2	1
EBS Mortgage Finance	168	30	–	–

	For the year ended 31 December 2016			
	Turnover ⁽²⁾ € m	Profit/(loss) before tax € m	Taxation (refund)/paid € m	Average FTEs ⁽⁴⁾
AIB Mortgage Bank	428	417	–	2
EBS d.a.c. ⁽⁵⁾	269	211	35	1
EBS Mortgage Finance	163	138	28	–

⁽¹⁾ Allied Irish Banks, p.l.c. and its subsidiaries on a group consolidated basis.

⁽²⁾ Turnover consists of net interest income and other income/loss (e.g. dividend income, net fee and commission income, net trading income, other financial income, other operating income and loss on disposal of loans and receivables).

In deriving 'turnover' by country, intercompany turnover arising within a country is eliminated but intercompany turnover between countries is reported in the above turnover by geography.

⁽³⁾ There are no principal subsidiaries operated in the Rest of the World. The turnover is derived from the operations of smaller branches and entities of Allied Irish Banks, p.l.c. primarily in North America. The turnover of € 3 million (31 December 2016: € 8 million) is not considered material in the context of the requirement to disclose country-by-country information.

⁽⁴⁾ In addition to the numbers presented, a small number of AIB Group employees maintain a parallel employment relationship with AIB Mortgage Bank, EBS d.a.c. and EBS Mortgage Finance in order to facilitate delivery of outsourced service activities under the Outsourcing and Agency Agreement with Allied Irish Banks, p.l.c.

⁽⁵⁾ EBS d.a.c. and its subsidiaries on a group consolidated basis.

Taxation – additional information

The taxation disclosed under CRD IV relates to corporation tax paid in the year. The tax refund in 2017 primarily relates to a refund by Revenue of a preliminary tax payment made by AIB Group in 2016 pending the resolution of the taxation treatment for certain income earned in 2016.

AIB Group

Country by Country Reporting

Parent company

Country	Parent company	Nature of activities
Republic of Ireland	AIB Group plc	The holding company of AIB Group.

Principal subsidiaries

Country	Principal subsidiary or branch	Nature of activities
Republic of Ireland	Allied Irish Banks, p.l.c.	A direct subsidiary of AIB Group plc and the principal operating company of the Group and holds the majority of the subsidiaries within the Group. Its activities include banking and financial services.
Republic of Ireland	AIB Mortgage Bank	Issue of mortgage covered securities.
Republic of Ireland	EBS d.a.c.	Mortgages and savings.
United Kingdom	AIB Group (UK) p.l.c.	Banking and financial services.
Rest of the World ⁽¹⁾	N/A	Banking and financial services.

⁽¹⁾ There are no principal subsidiaries operated in the Rest of the World. The turnover is derived from the operations of smaller branches and entities of the Parent Company primarily in North America. The turnover of € 3 million (31 December 2016: € 8 million) is not considered material in the context of the requirement to disclose country-by-country information.

AIB Group

Country by Country Reporting

Independent Auditors' Report to the Directors of Allied Irish Banks, p.l.c., AIB Mortgage Bank, EBS d.a.c. and EBS Mortgage Finance in connection with the Country by Country Report for the financial year ended 31 December 2017.

Opinion

We have audited the accompanying consolidated financial information of Allied Irish Banks, p.l.c., AIB Mortgage Bank, EBS d.a.c. and EBS Mortgage Finance (collectively "the institutions") for the financial year ended 31 December 2017 which comprises the Country by Country Reporting Schedule and the Basis of Disclosure (the "Country by Country Report") as at 31 December 2017. The Country by Country Report has been prepared by the directors in accordance with Regulation 77 of Statutory Instrument 158, European Union (Capital Requirements) Regulations 2014 (the "Regulations") as outlined in the Basis of Disclosure on page 2 of the Country by Country Report ("Basis of Disclosure").

In our opinion, the Country by Country Report for the financial year ended 31 December 2017 is prepared, in all material respects, in accordance with the Basis of Disclosure.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing Ireland (ISAs (Ireland)) including ISA (Ireland) 805. Our responsibilities under those standards are further described in the Auditor's Responsibility for the audit of the Country by Country Report section of our report. We are independent of the institutions in accordance with the ethical requirements that are relevant to our audit of the Country by Country Report in Ireland, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to the Basis of Disclosure included on page 2 to the Country by Country Report. The Country by Country Report is prepared to assist the institutions in meeting the requirements of the Regulations. As a result, the Country by Country Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is made solely to the directors of the institutions as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the institutions and the institution's directors as a body, for our audit work, for this report or for the opinions we have formed.

Directors' Responsibility for the Country by Country Report

The Directors are responsible for the preparation of the Country by Country Report in accordance with the Basis of Disclosure described in page 2 to the Country by Country Report, for determining the appropriateness of the Basis of Disclosure and for such internal controls as the Directors determine are necessary to enable the preparation of the Country by Country Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility for the audit of the Country by Country Report

Our objectives are to obtain reasonable assurance about whether the Country by Country Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Country by Country Report.

As part of an audit, of the Country by Country Report, in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Country by Country Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the Country by Country Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

AIB Group

Country by Country Reporting

Auditors' Responsibility for the audit of the Country by Country Report (*continued*)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Evaluate the overall presentation, structure and content of the Country by Country Report, including the disclosures, and whether the Country by Country Report represents the underlying transactions and events in a manner that achieves fair presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Dublin

3 July 2018