

Allied Irish Banks, p.l.c.

1 August 2013



Interim Results Presentation

For the half year ended 30 June 2013



Forward Looking Statements

Important Notice

This presentation should be considered in parallel with AIB's Half Year Financial Report for 2013, a copy of which including full disclosures and notes to the financial statements can be found at the following link:

www.aibgroup.com/investorrelations

A number of statements we will be making in our presentation and in the accompanying slides will not be based on historical fact but will be "forward-looking statements" within the meaning of Section 27A of the US Securities Act of 1933 (as amended) and Section 21E of the US Securities Exchange Act of 1934 (as amended), with respect to the financial condition, results of operations and business of the Group and certain of the plans and objectives of the Group. In particular, among other statements in this presentation, with regard to management objectives, trends in results of operations, margins, risk management, competition and the impact of changes in International Financial Reporting Standards are forward-looking in nature. 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, 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 'Risk factors' include, but are not limited to the Group's access to funding and liquidity which is adversely affected by the financial instability within the Eurozone, contagion risks disrupting the financial markets, constraints on liquidity and market reaction to factors affecting Ireland and the Irish economy, the Group's markets, particularly for retail deposits, at risk from more intense competition, the Group's business being adversely affected by a further deterioration in economic and market conditions, general economic conditions being very challenging for our mortgage and other lending customers and increase the risk of payment default, the depressed Irish property prices may give rise to increased losses experienced by the Group, the Group faces market risks, including non-trading interest rate risk, the Group is subject to rigorous and demanding Government supervision and oversight, the Group may be subject to the risk of having insufficient capital to meet increased regulatory requirements, the Group's business activities must comply with increasing levels of regulation, the Group's participation in the NAMA Programme gives rise to certain residual financial risks, the Group may be adversely affected by further austerity and budget measures introduced by the Irish Government, the value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time, or may ultimately not turn out to be accurate, the Group's deferred tax assets depend substantially on the generation of future profits over an extended number of years, adverse changes to tax legislation, regulatory requirements or accounting standards could impact capital ratios, the Group is subject to inherent credit risks in respect of customers, the Group faces heightened operational and reputational risks, the restructuring of the Group entails risk, the Group's risk management strategies and techniques may be unsuccessful, risk of litigation arising from the Group's activities. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. AIB cautions that the foregoing list of important factors 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. In light of these risks, uncertainties and assumptions, the forward-looking events referenced in this presentation may not occur. The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

David Duffy
Chief Executive Officer

Group Performance

Paul Stanley
Acting Chief Financial Officer

Financial Performance, Funding Position and Capital

Peter Rossiter
Chief Risk Officer

Asset Quality

David Duffy
Chief Executive Officer

Summary and Near-term Strategic Objectives



Group Performance

David Duffy
Chief Executive Officer

Improving Operating Performance

- Returned to pre-provision operating profit
- Positive momentum in NIM
- Total operating costs down significantly
- Impairments trending lower in line with expectations
- Reduction in loss before tax

Balance Sheet Strengthening Continues

- Loan to deposit ratio further reduced
- Achieved year end 2013 non core deleveraging target ahead of schedule
- Overall capital position remains robust

Supporting our Customers & Economic Growth

- Focused on Mortgage, SME and Corporate lending
- Exceeded Q2 2013 targets for mortgage arrears offers

H1 2013 Financial Highlights

Operating Metrics

	H1 2012	H1 2013	
Operating Profit / (loss) before provisions	(€ 110m)	€162m	19% increase in operating income and 14% reduction in costs year on year excluding exceptional items
NIM (ex ELG) ⁽¹⁾	1.24%	1.28%	Up 4bps year on year and 8bps from H2 2012, primarily driven by deposit and asset re-pricing
NIM (ex ELG, ex NAMA Senior Bonds) ⁽²⁾	1.27%	1.42%	Sustainable and economic pricing model performing well
Cost : Income Ratio ⁽³⁾	114%	82%	Downward movement reflecting strong progress on strategic cost reductions and improvement in income generation
Impairment Charges / Provisions	€ 973m	€738m	Down 24% vs. H1 2012 and 53% vs. H2 2012

Balance Sheet

	Dec 2012	June 2013	
Loan: Deposit Ratio ⁽⁴⁾	115%	106%	Reduction driven by increased customer accounts and deleveraging
Monetary Authority Funding	€22bn	€18bn	Down a further 20% in H1 2013
Core Tier 1 Ratio	15.1%	15.1%	Robust position unchanged from year end
Basel III Tier 1 (Fully Loaded) ⁽⁵⁾	9.7%	9.5%	Includes preference shares; reduction driven by regulatory requirements in relation to insurance undertakings
RWA	€71bn	€65bn	Down 8%, driven by non-core deleveraging and amortisation

1. ELG costs will largely phase out during 2013 & 2014

2. €16.4bn of NAMA senior bonds held at 30 June 2013

3. Cost income ratio excludes exceptional items

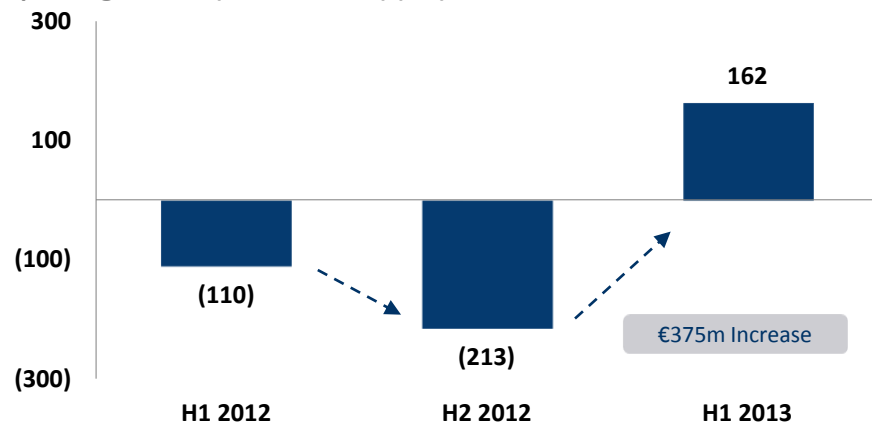
4. H1 2013 figure includes Repos

5. Includes Preference Shares and based on current CRD IV guidelines

Rebuilding Underlying Earnings Power

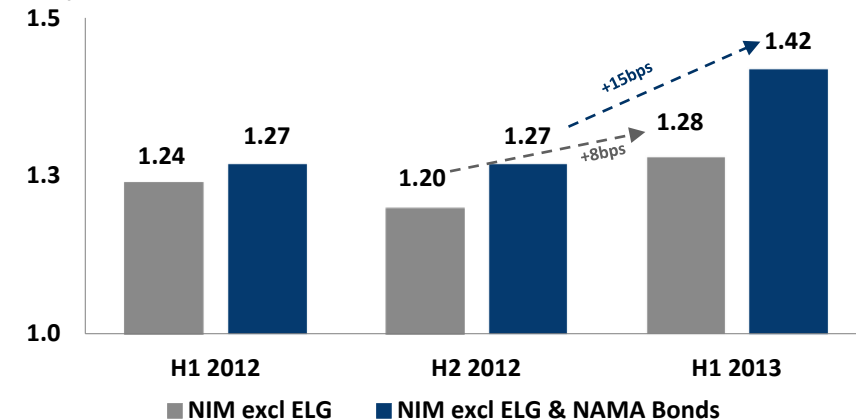
Return to Positive Operating Profit

Operating Profit ⁽¹⁾ (Pre-Provisions) (€m)



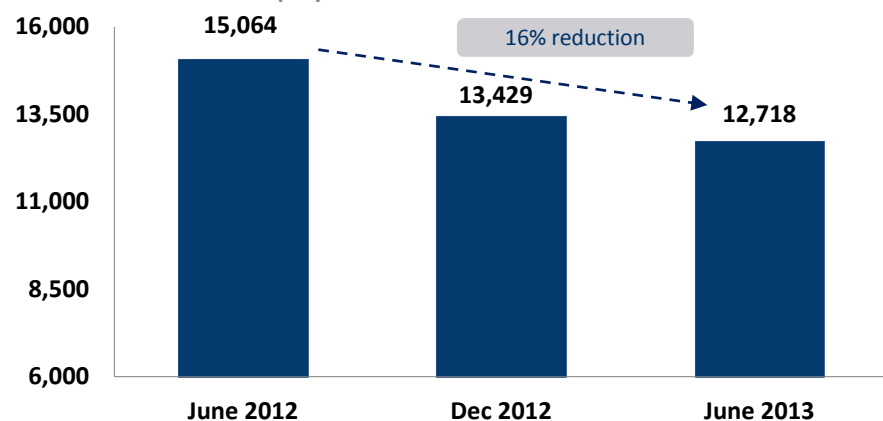
Margin Growth

NIM %



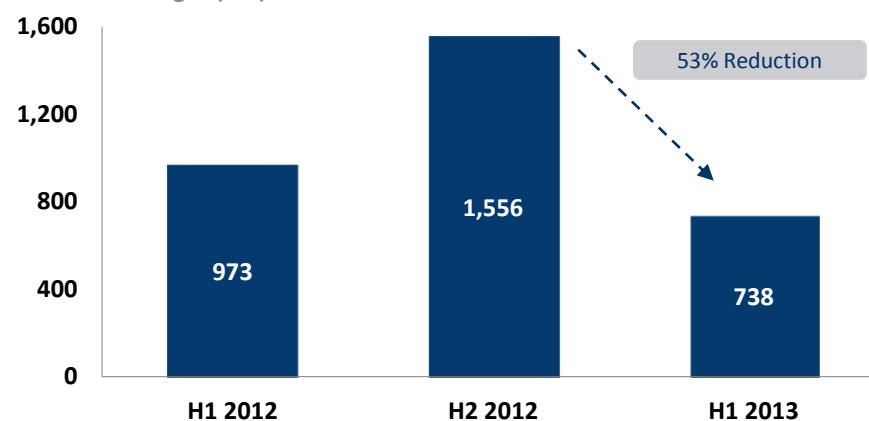
Strong Cost Control

Number of Full Time Employees



Asset Quality Trends Improving

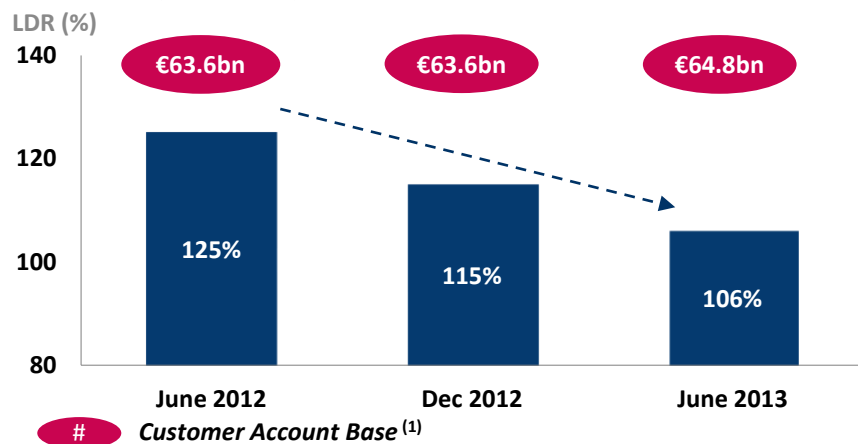
Provision Charges (€m)



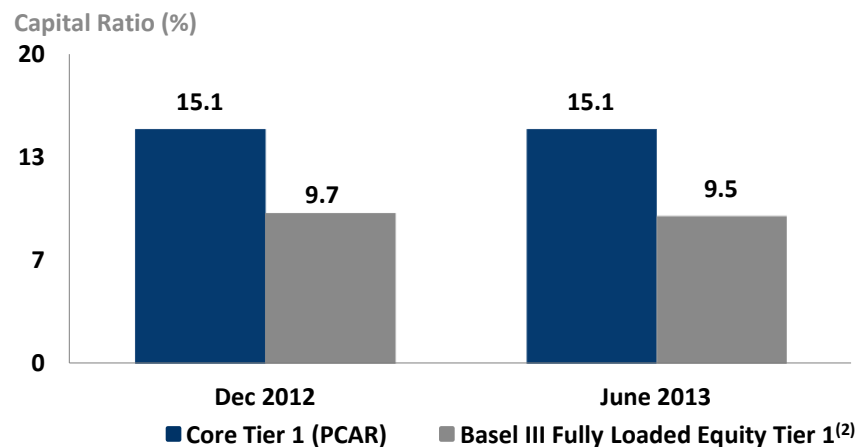
1. Excludes Exceptional items

Strengthening the Balance Sheet

Stabilising Funding Profile ⁽¹⁾

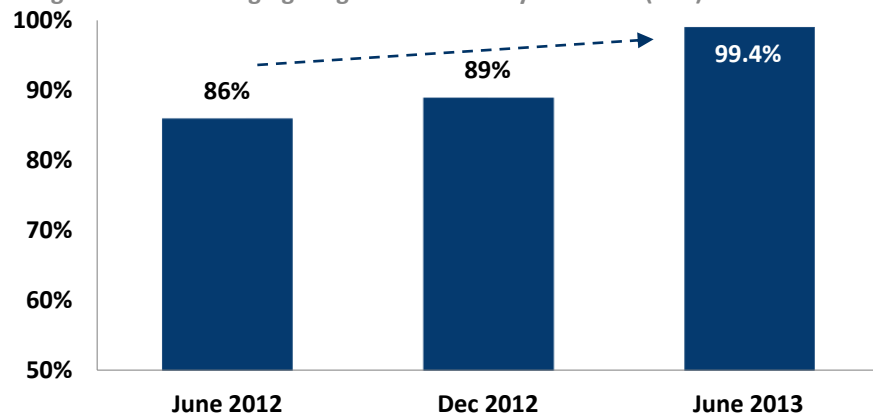


Capital Ratios Remain Robust

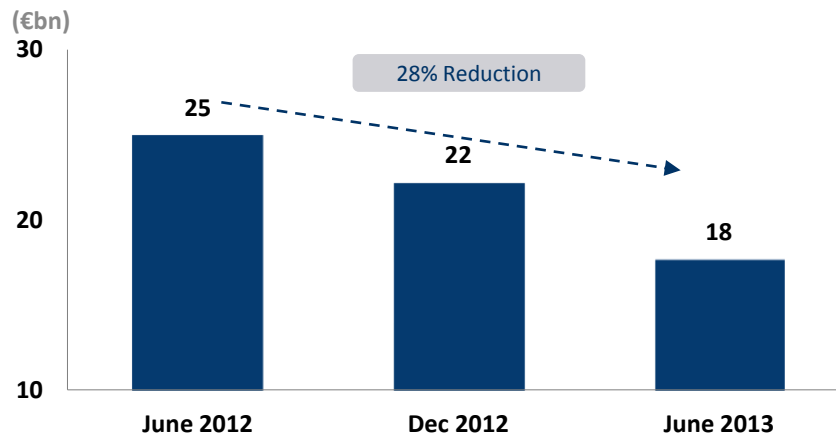


Non Core Deleveraging Programme Achieved

Progress vs. Deleveraging Target of €20.5bn by end 2013 (€bn)



Reducing Reliance on Monetary Authority Funding



1. Includes Repos

2. Includes Preference Shares and based on current CRD IV guidelines

Supporting Economic Growth – over €3 bn in Lending Approvals June YTD

Focused on SME & Corporate Customers

- Sectoral approach to SME lending
 - Research reports and increased relationship management activity
- SME lending approval YTD June increased 3% to c.16,300 customers
 - Approvals for new facilities to SMEs up 11% year on year
 - 39% market share of Agri sector⁽¹⁾
- Corporate lending supporting indigenous companies and FDI sector
- Approved €2.2bn billion in SME and Corporate lending June YTD
- Largest pipeline of lending in several years

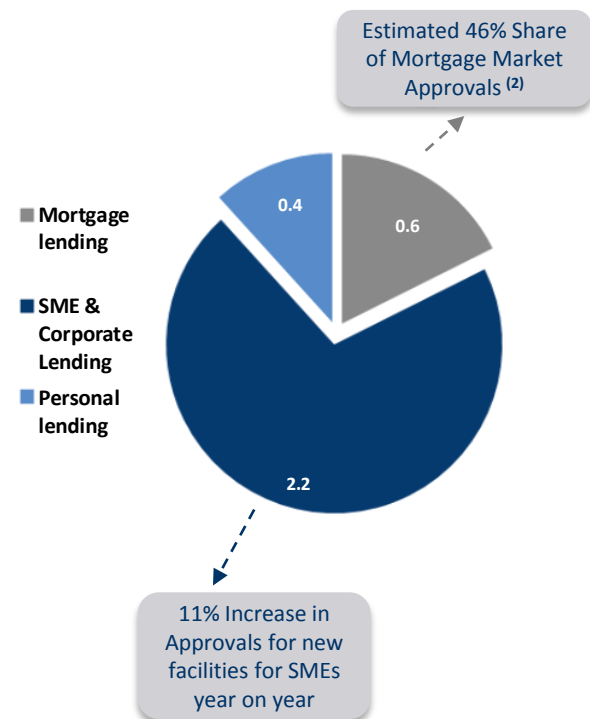
Largest Mortgage Provider in the Country

- Estimated 46% market share of approvals June YTD⁽²⁾
- €0.6 billion in approvals, €2.1billion in approvals since the beginning of 2012
- 2013; €2billion available for mortgage lending subject to demand
- Seminars for EBS and AIB customers
- 70% approval rate for mortgage applications YTD

Supporting New Business/Farmers

- Committed to 2 Seed Capital Funds totalling €75m which have invested in c.85 companies
- Launched €200m loan fund for SMEs in partnership with EIB – April 2013
- €50m million support package for the Agri Sector announced in April 2013
 - Follows launch of €250m Agri fund in 2012

Over €3bn in Lending Approvals June YTD (€bn)



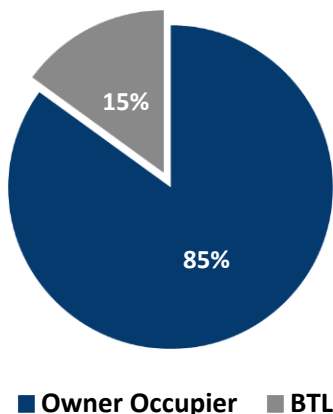
1. Source : AIB and Central Bank of Ireland – Outstanding loan balances data Q1 2013

2. Source : Management estimate based on industry data as at June 2013

Mortgage Customers in Financial Difficulty

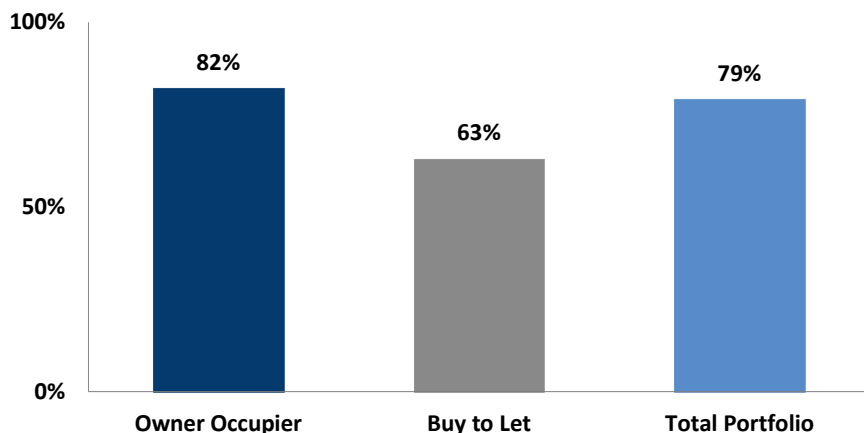
ROI Mortgage Portfolio Overview by Number of Accounts

June 2013



ROI Performing Mortgage Portfolio by Number of Accounts

June 2013



Summary – ROI Mortgages

- 8 out of 10 mortgage accounts fully performing
 - 85% of portfolio is owner occupier mortgages
- Exceeded Mortgage Arrears Resolution Target offers for Q2 2013⁽¹⁾
- Portfolio continues to perform better than the comparable March 2013 industry data⁽²⁾
- Target customer engagement prior to potential arrears
 - Number of accounts in pre-arrears has been declining since January 2013⁽³⁾
- Focused on management of early arrears
 - Customer contact levels and cash collection has increased significantly YTD⁽³⁾
- Replacing short term forbearance measures with sustainable solutions including legal options for non co-operating customers
 - Continued evidence of strategic default within the arrears portfolio

ROI Residential Mortgages >90 Days Past Due

Owner Occupier + BTL Portfolios	By Number of Accounts		
	AIB	Industry ⁽³⁾	Industry Ex AIB ⁽³⁾
Residential Mortgages Mortgages >90 days past due	11.6%	13.5%	14.7%

1. Subject to CBI confirmation.

2. CBI Industry data as at March 2013.

3. Reflects activity within the arrears support unit of the Financial Solutions Group which manages the majority of mortgage arrears cases.



Financial Performance, Funding & Capital

Paul Stanley
Acting Chief Financial Officer

Operating Performance: H1 2013

Income Statement €m	H1 2012	H1 2013
Net Interest Income (Before ELG)	783	718
ELG Fees	(215)	(123)
Net Other Income	203	321
Total Operating Income	771	916
Operating Expenses ⁽¹⁾	(881)	(754)
Operating Profit / (Loss)	(110)	162
Provisions	(973)	(738)
Assoc Undertakings / Business Disposals	(1)	4
Operating Loss (Before Exceptionals)	(1,084)	(572)
Exceptional Items	(57)	(266)
(Loss) Before Tax <i>(including restatement)</i>	(1,141)	(838)
Net Interest Margin (Excluding ELG)	1.24%	1.28%
Net Interest Margin (Excluding ELG, NAMA bonds)	1.27%	1.42%

Other Key Metrics	Dec 2012	June 2013
Loans/ Customer Accounts	115%	106%
Customer Accounts / Total Funding	55%	58%
Wholesale Funding with Maturity > 1 Year	48%	56%
RWAs	€71bn	€65bn
Core Tier 1 Capital Ratio	15.1%	15.1%
Total Capital Ratio	17.6%	17.4%
Basel III fully loaded Equity Tier 1 ⁽²⁾	9.7%	9.5%

1. Including IAS 19 pension adjustment /Excluding exceptional items

2. Includes Preference Shares

Operating Metrics

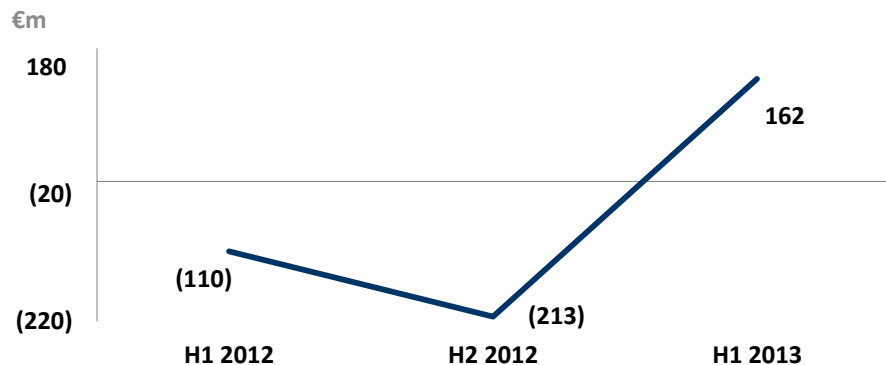
- 5% increase yoy in net interest income from €568m to €595m including ELG costs
 - €92m reduction in ELG costs
 - Product repricing offset by lower gross loan volumes
- Other income increased to €321m due to higher banking fees and trading income
- 19% increase in total operating income
- Total operating expenses reduced by €127m or 14% reflecting staff exits and other cost control initiatives
- 24% reduction in total provisions year on year
 - 53% reduction compared to H2 2012
- 47% improvement in operating loss before tax and exceptionals
 - Exceptional items include:
 - Loss and disposal of loans
 - NAMA revaluation
 - Restructuring and restitution expenses
- Loss before tax reduced to €838m from €1,141m

Balance Sheet

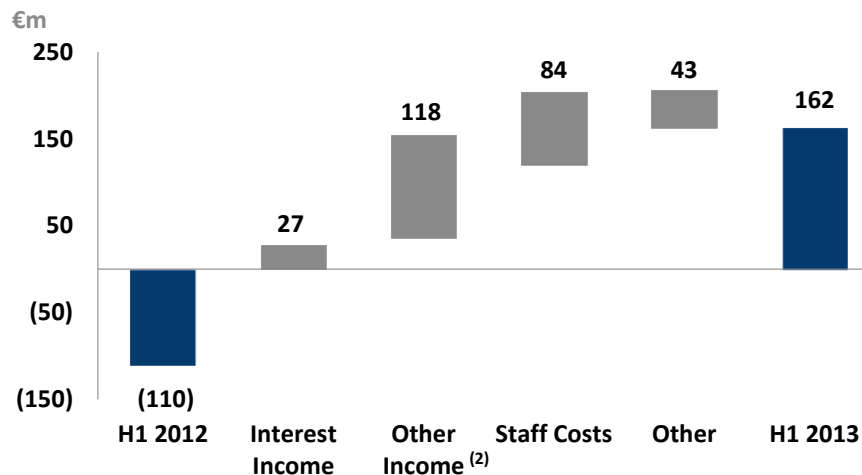
- LDR reduced to 106% from 115%
- Core Tier 1 capital ratio of 15.1%, unchanged from Dec 2012
- Customer Accounts as % of total funding increased to 58% from 55%
- RWA's reduced to €65bn from €71bn

Improving Profitability and Margin Growth.....

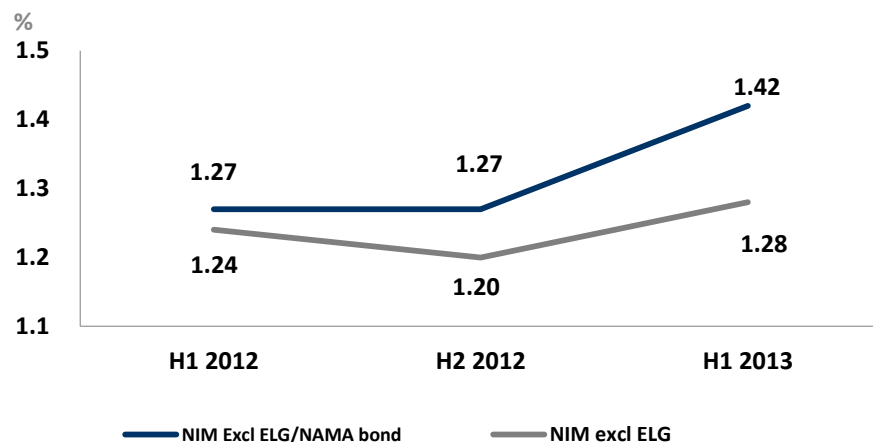
Operating Profit



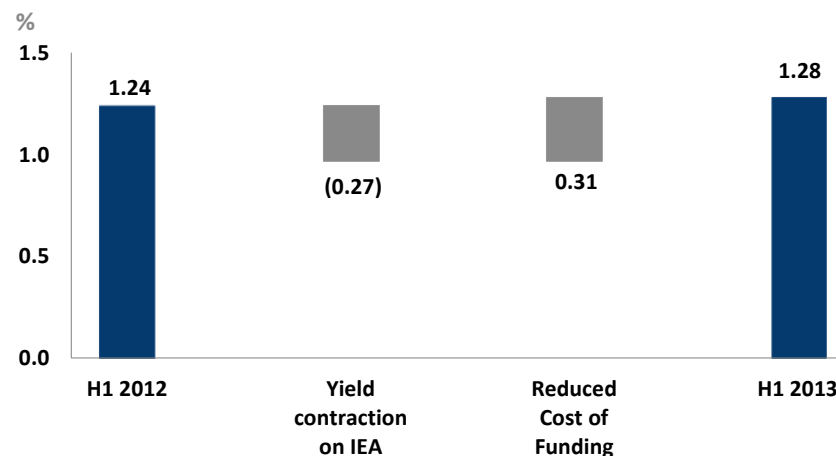
Components of Return to Operating Profit



Net Interest Margin



Components of Net Interest Margin ⁽¹⁾ - Expansion

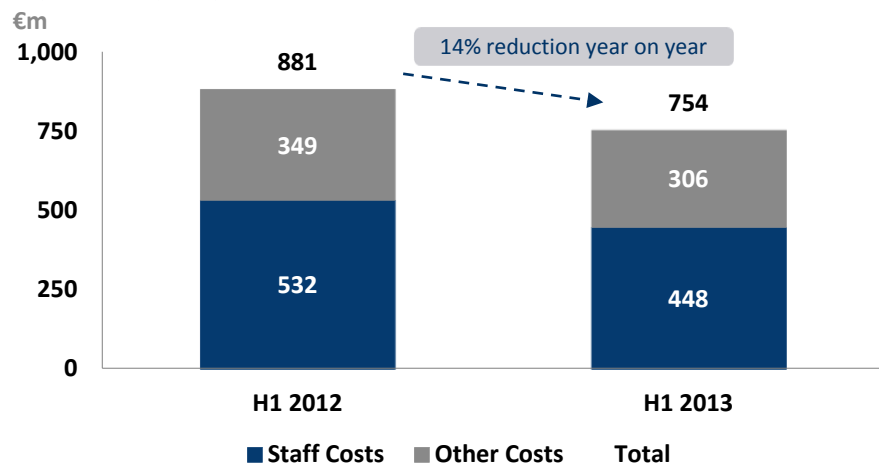


1. Excluding ELG

2. Primarily due to higher banking fees and trading income

.....Supported by Significant Cost Reduction

Operating Expenses ⁽¹⁾



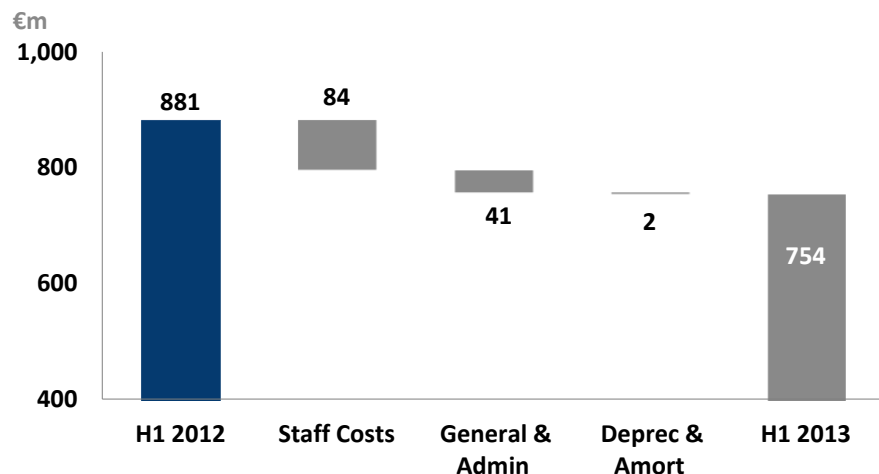
Operating Expenses

- Total operating expenses reduced by €127m
- Staff costs reduced by €84m or 16%
 - c. 2,300 (16%) reduction in staff numbers since June 2012
- General and administrative expenses reduced by €41m or 14%
 - lower occupancy fees and external provider fees

Business Focus

- Investment in core business and digital strategy
 - Branch and Direct Channel investments
- Built capability to support customers in difficulty

Operating Expenses ⁽¹⁾



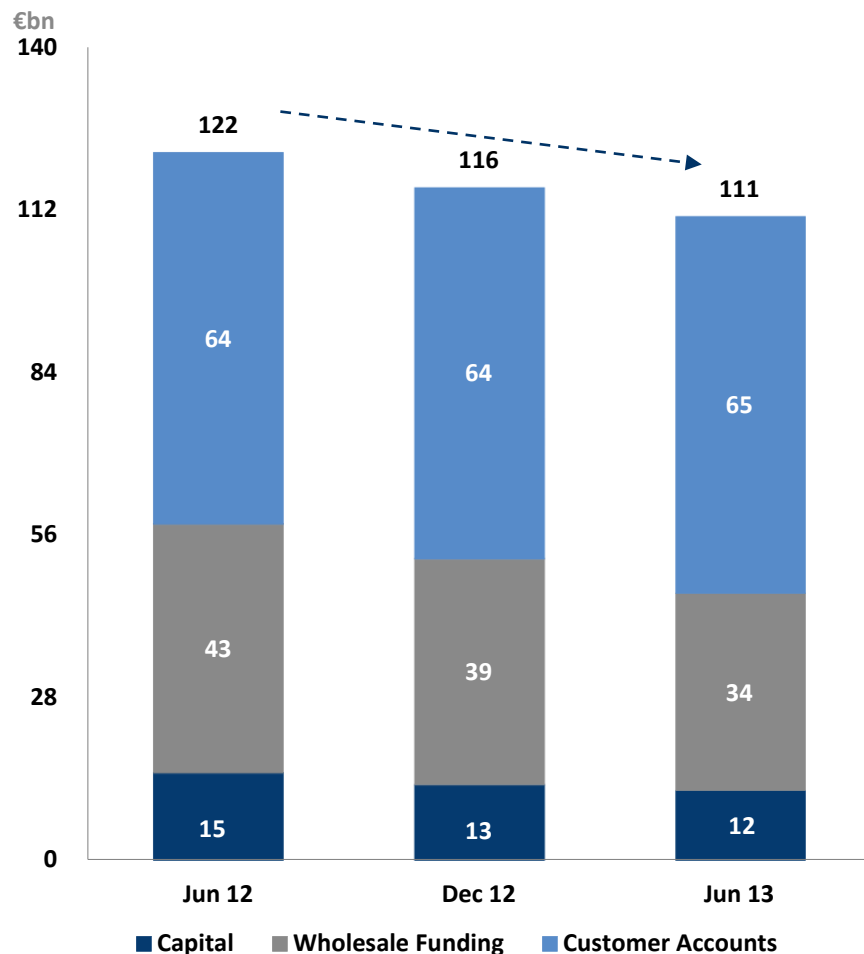
Future Cost Reductions

- Ongoing severance program
- Planned closure of DB Scheme to future accrual
- Announced changes to staff pay and conditions
- Ongoing outsourcing considerations
- Operational and process efficiency improvements
- Continued focus on delivering cost effective model right sized to current market

1. Excluding Exceptionals

Funding Position Continues to Normalise and Improve

Funding Sources



Customer Accounts

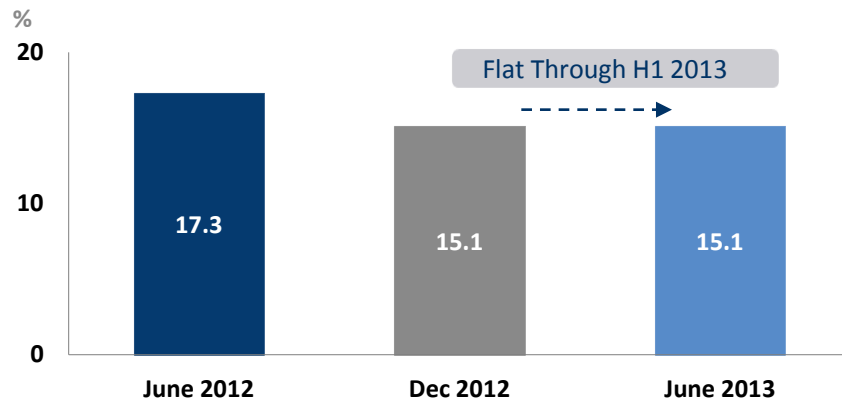
- Customer accounts ⁽¹⁾ increased by €1.2bn since Dec 12 to €64.8bn at June 2013
- Customer accounts, 58% of the total funding requirement
 - Increased 6% year on year
 - Underlying customer deposits decreased by c.€2bn reflecting managed and targeted reduction in high price deposits
 - Continued focus on reduction in overall cost of deposits
 - No material impact from withdrawal of ELG

Wholesale Funding

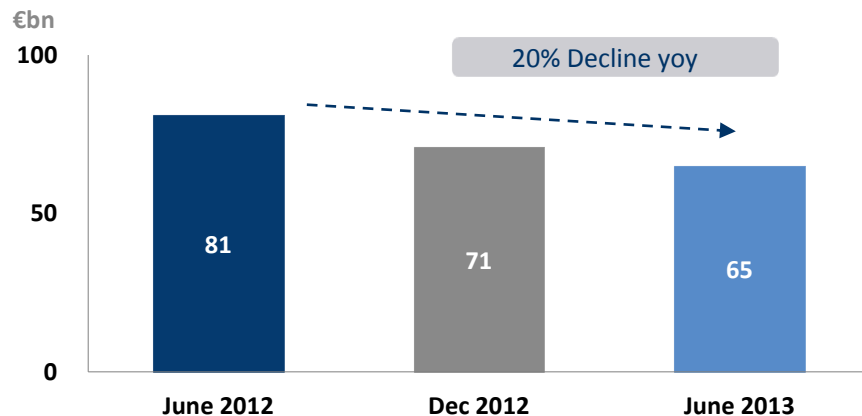
- Wholesale funding reduced reflecting lower loan volume
 - 31% of total funding requirement
- Funding from Monetary Authorities reduced by c.20% or €4bn to €18bn since Dec 2012
 - €11bn of 3 year LTRO
- Issuance of €500m covered bond in January 2013 and increased bilateral repo activity in H1 2013
- Further market issuances planned in H2 2013 as part of a balanced and measured engagement over time

1. Includes Repos

Core Tier One Ratio



RWAs Significantly Reduced



Capital

- Capital ratios largely unchanged
- Total Capital of 17.4% at June 2013 vs. 17.6% at Dec 2012
- Core Tier 1 ratio of 15.1%
- Basel III fully loaded equity ratio of 9.5% ⁽¹⁾
 - 0.2% decrease Vs. year end 2012 position of 9.7%

Risk Weighted Assets

- Reduction of €6bn since Dec 2012, (20% reduction year on year) driven by
 - Credit Risk reduction of €4.4bn driven by decreasing balances, deleveraging and provisions
 - Operational Risk decrease of €1.3bn
 - Market Risk €0.3bn lower

Forward Looking

- Continued focus on Basel III deduction mitigants
 - Pension deficit, Deferred Tax Assets
- Migration to IRB models on-going

1. Includes Preference Shares and based on current CRD IV guidelines



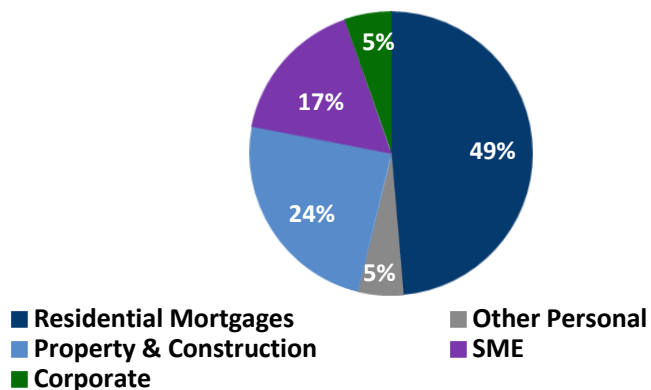
Asset Quality

Peter Rossiter
Chief Risk Officer

Loan Book Composition and Credit Profile – Evidence of Stabilisation

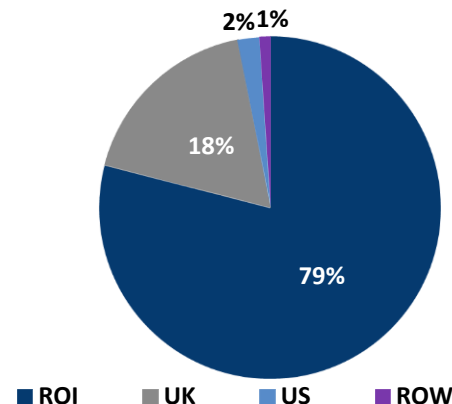
Total Loan Portfolio Profile by Value

%



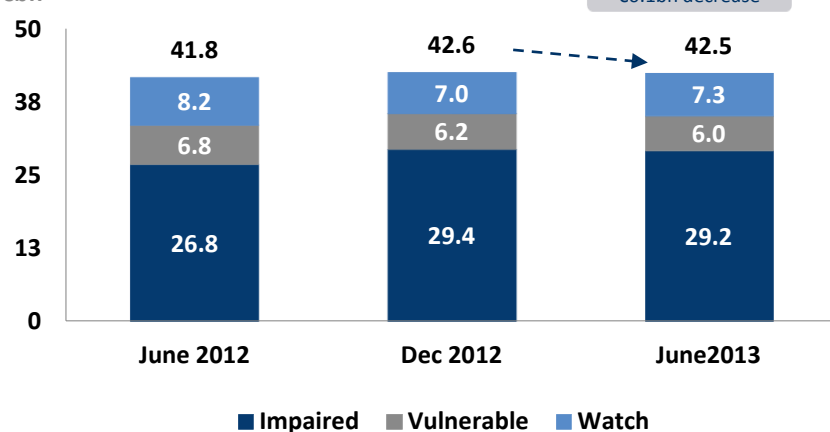
Total Loan Portfolio -- Geographic Profile by Value ⁽¹⁾

%



Credit Profile – Criticised Portfolio

€bn



Summary

- Gross loans reduced by €4.6bn to €85.3bn due to non-core deleveraging and amortisation
- Non Core deleveraging now effectively complete
- Residential mortgages remains the largest component of overall loan book at 49%
- 79% of loan book in ROI with a further 18% in UK
- Decrease of €0.1bn in total criticised loans to €42.5bn
 - Impaired loans reduced by €0.2bn June 2013 Vs. Dec 2012

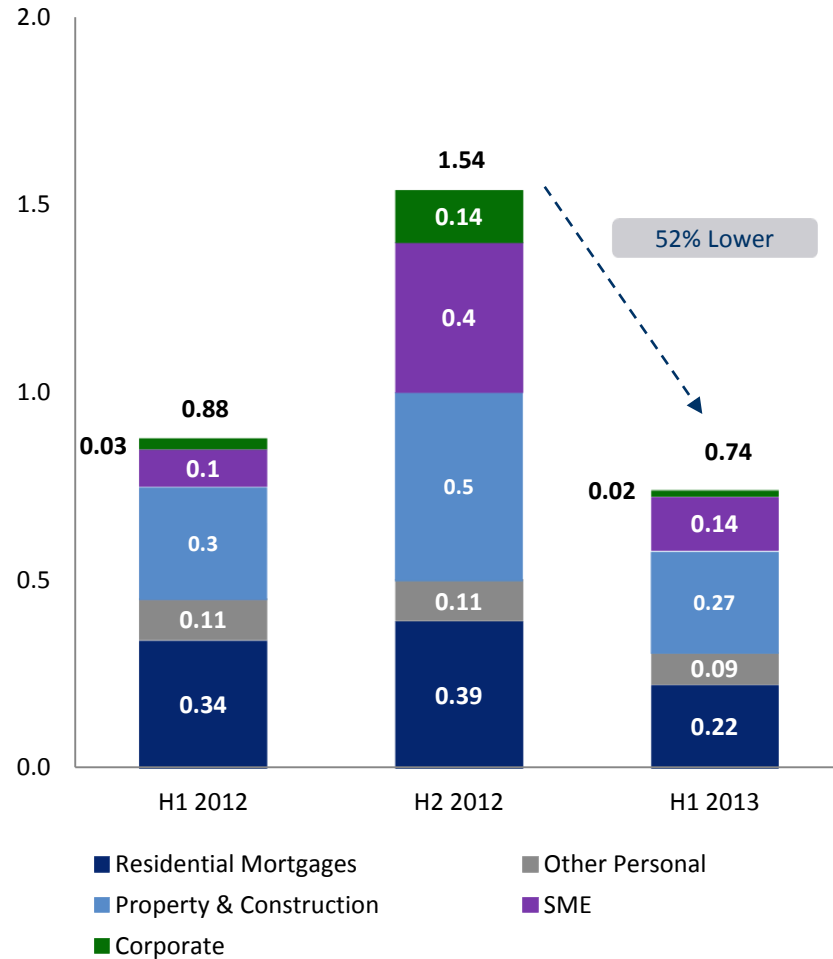
1. Geographical split by country of risk

2. Definitions of criticised loans contained on Appendix slide No.34

Credit Impairments Significantly Reduced with Total Stock of Provisions Stable

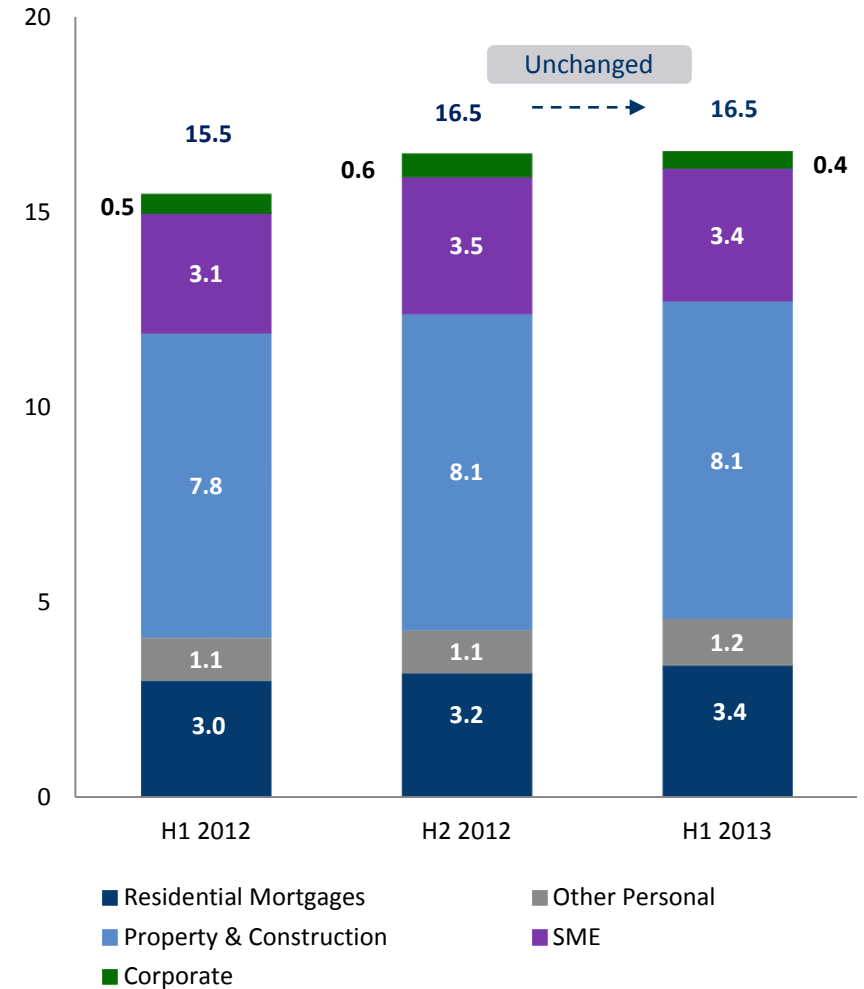
Credit Impairment Charge

€bn



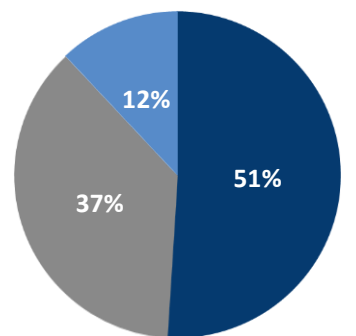
Credit Profile – Balance Sheet provisions

€bn



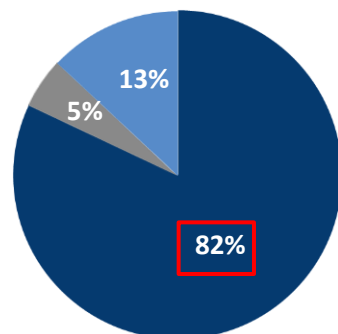
ROI Owner Occupied Mortgages: €31.1bn

Asset Profile Components by Value (€m)



■ Variable ■ Tracker ■ Fixed

Asset Quality Profile by Number of Accounts



■ Neither Past Due nor Impaired ■ Past Due but not Impaired ■ Impaired

1. By number of accounts
2. Source : Central Statistics Office

Arrears Profile & Provisions (€m)

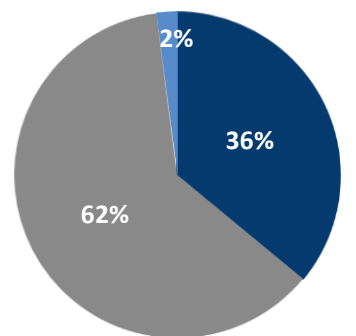
6 Month Period Ending	June 2012	Dec 2012	June 2013
1-90 days Past Due	1,704	1,863	1,994
of which Impaired	390	496	554
90+ days past Due	3,090	3,424	3,771
of which Impaired	2,904	3,245	3,568
Impaired Loans not Past Due	612	782	770
Total Impaired Loans	3,906	4,523	4,892
Impairment Charge (Total)	140	316	96
Impairment Charge (bps)	88bps	198bps	62bps
Total Specific Provisions	935	1,224	1,409
Specific Provisions / Impaired Loans	24%	27%	29%

Summary

- 85% of ROI Mortgage portfolio is owner occupier ⁽¹⁾
 - 3% of the portfolio is interest only ⁽¹⁾
- 82% of portfolio is neither past due or impaired ⁽¹⁾
- Environment :
 - Evidence of residential property price stabilisation
 - Average fall of 50% from peak values ⁽²⁾
 - Unemployment remains elevated but declining
- Provision assumptions include 55% peak to trough fall in prices, forced sale discount, disposal costs
- Pace of increase in total impaired loans slowed in H1 2013 vs. H2 2012
- Impairment charge for H1 2013 down 70% from H2 2012
- Specific coverage increased to 29% at June 2013 from 27% at Dec 2012

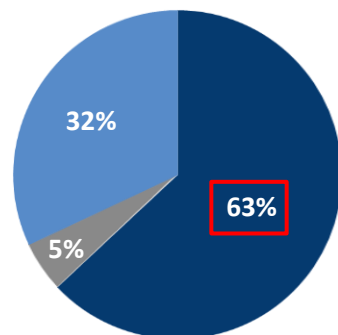
ROI Buy to Let Mortgages: €7.7bn

Asset Profile Components by Value (€m)



■ Variable ■ Tracker ■ Fixed

Asset Quality Profile by Number of Accounts



■ Neither Past Due nor Impaired ■ Past Due but not Impaired ■ Impaired

1. By number of accounts
2. Source : Central Statistics Office

Arrears Profile & Provisions (€m)

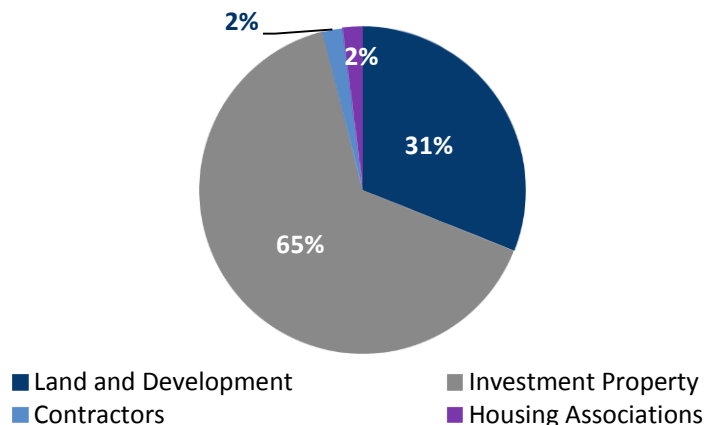
6 Month Period Ending	June 2012	Dec 2012	June 2013
1-90 Days Past Due	804	681	677
of which Impaired	410	425	448
90+ Days Past Due	2,114	2,013	2,302
of which Impaired	1,874	1,883	2,163
Impaired Loans not Past Due	966	1,025	956
Total Impaired Loans	3,250	3,333	3,567
Impairment Charge (Total)	201	74	141
Impairment Charge (bps)	429bps	170bps	354bps
Total Specific Provisions	1,180	1,365	1,540
Specific Provisions / Impaired Loans	36%	41%	43%

Summary

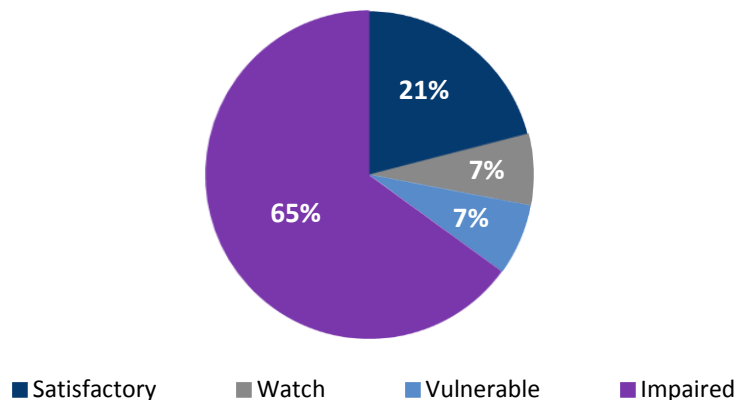
- 15% of ROI Mortgage portfolio is buy-to-let⁽¹⁾
 - 14% of the portfolio is interest only⁽¹⁾
- 63% of portfolio is neither past due or impaired⁽¹⁾
- Evidence of property price stabilisation
 - Average fall of 50% from peak values⁽²⁾
- Provision assumptions include 55% peak to trough fall in prices, forced sale discount, disposal costs
- Impairment charge for H1 2013 increased to €141 from €74m in H2 2012
- Specific Coverage Increased to 43% at June 2013 from 41% at Dec 2012

Property and Construction: €20.7bn

Asset Profile (€20.7bn)



Asset Quality Profile (€20.7bn)



Impairment Charge & Provisions (€m)

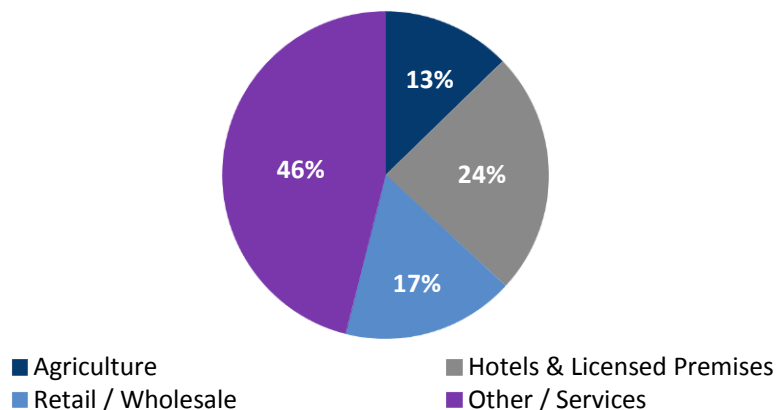
6 Month Period Ending	June 2012	Dec 2012	June 2013
Impaired Loans	12,421	13,830	13,491
Impairment Charge	290	491	272
Impairment Charge (bps)	242bps	426bps	253bps
Total Specific Provisions	6,935	7,707	7,824
Specific Provisions / Impaired Loans	56%	56%	58%

Summary

- Indication of stabilisation reported by some sectors in prime rents and yields
 - Rents for secondary properties or properties in provincial locations continue to come under pressure
- Total gross loans reduced by €1.6bn since Dec 2012 reflecting the sale of assets and amortisation
- Impaired loans have reduced by €0.3bn
 - Specific provision cover increased to 58%
 - Impairment charge down 45%
- €1.3bn reduction in property investment portfolio to €13.6bn at June 2013 primarily due to deleveraging
 - c. 58% of property investment portfolio is impaired with specific provision cover of 45%
- Land & Development portfolio of €6.3bn at June 2013, 72% of which is in Ireland
 - 85% of L&D portfolio is impaired with 77% specific provision cover

SME / Other Commercial Lending: €14.2bn

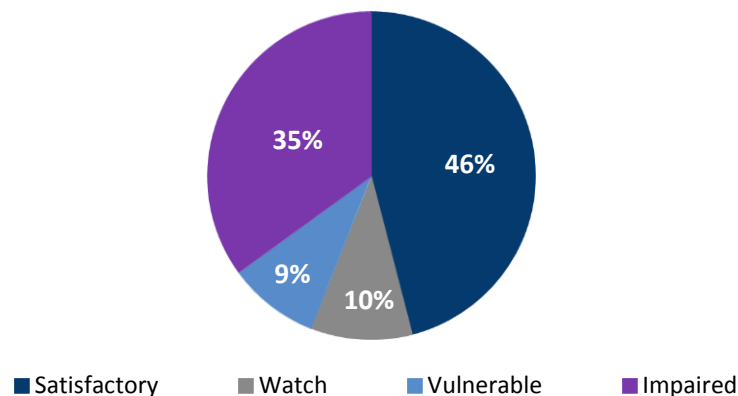
Asset Profile (€14.2bn)



Impairment Charge & Provisions (€m)

6 Month Period Ending	June 2012	Dec 2012	June 2013
Impaired Loans	4,896	5,221	4,942
Impairment Charge	110	408	144
Impairment Charge (bps)	138bps	526bps	196bps
Total Specific Provisions	2,822	3,230	3,180
Specific Provisions / Impaired Loans	58%	62%	64%

Asset Quality Profile (€14.2bn)



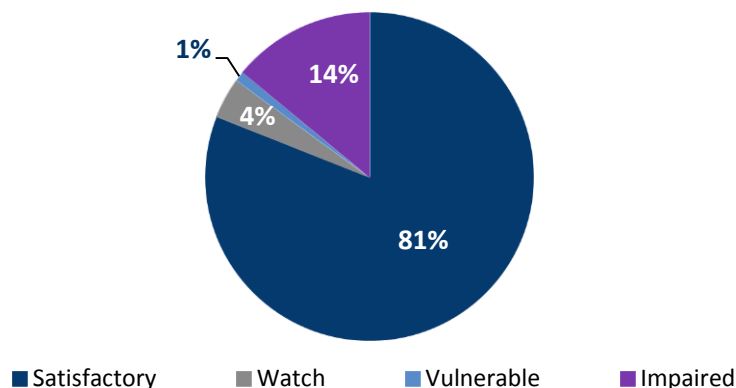
Summary

- Overall portfolio has reduced by €0.9bn YTD
- 69% of exposure is to SMEs in Ireland who are dependent on the challenged domestic economy
- Reduction in criticised and impaired loans of €0.5bn and €0.3bn respectively
 - Total impaired loans of €4.9bn with specific provision cover of 64%
 - Impairment charge down 65%

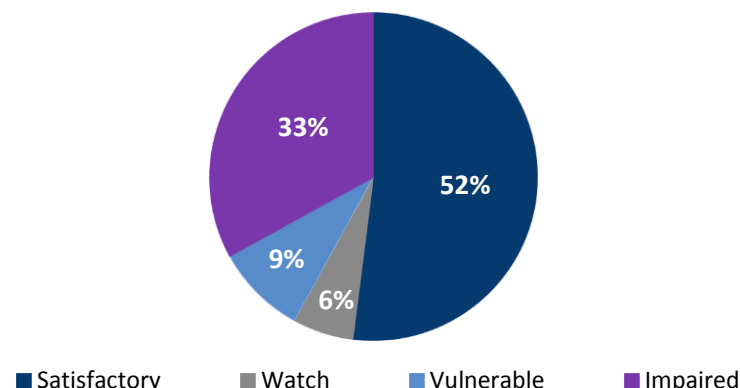
Corporate Lending: €4.5bn

Personal Lending: €4.4bn

Asset Quality Profile (€4.5bn)



Asset Quality Profile (€4.4bn)



Impairment Charge & Provisions (€m)

6 Month Period Ending	June 2012	Dec 2012	June 2013
Impaired Loans	596	803	620
Impairment Charge	26	141	18
Impairment Charge (bps)	75bps	484bps	74bps
Total Specific Provisions	383	485	355
Specific Provisions / Impaired Loans	64%	60%	57%

Summary

- Portfolio reduction of €0.7bn reflecting deleveraging and amortisation
- Criticised and impaired loans have both decreased by €0.2bn
 - Impaired loans of €0.6bn at June 2013 with specific provision cover of 57%
 - Impairment charge down c.87% in H1 2013

Impairment Charge & Provisions (€m)

6 Month Period Ending	June 2012	Dec 2012	June 2013
Impaired Loans	1,404	1,432	1,427
Impairment Charge	112	107	85
Impairment Charge (bps)	433bps	440bps	375bps
Total Specific Provisions	980	1,064	1,091
Specific Provisions / Impaired Loans	70%	74%	76%

Summary

- Overall portfolio reduction of €0.3bn
 - €3.5bn in loans and overdrafts; €0.9bn in credit card facilities
- Criticised loans have decreased by €0.1bn since Dec 2012
 - Impaired loans of €1.4bn at June 2013 with specific provision cover of 76%
 - Impairment Charge down 21% in H1 2013



Summary & Near Term Strategic Priorities

David Duffy
Chief Executive Officer

Improving Operating Performance

- Returned to pre-provision operating profit
- Positive momentum in NIM
- Total operating costs down significantly
- Impairments trending lower in line with expectations
- Reduction in loss before tax

Balance Sheet Strengthening Continues

- Loan to deposit ratio further reduced
- Achieved year end 2013 non core deleveraging target ahead of schedule
- Overall capital position remains robust

Supporting our Customers & Economic Growth

- Focused on Mortgage, SME and Corporate lending
- Exceeded Q2 2013 targets for mortgage arrears offers

Leading Position in the Irish Banking Market



aib.ie
78m visits p.a. ⁽³⁾

POS
348m transactions in 2012

Mobile Banking
383k Active Customers ⁽⁴⁾

Internet Banking
739k Active Customers ⁽⁴⁾

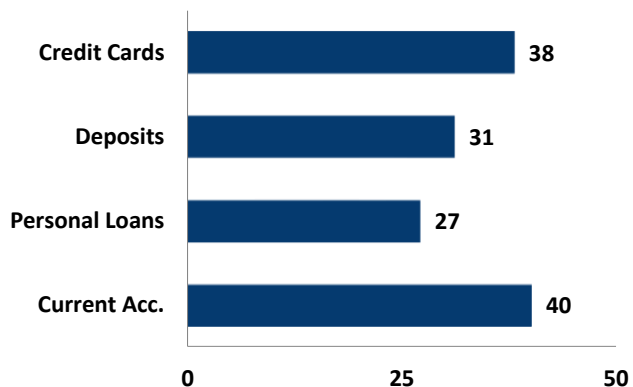
ATMs
53m transactions p.a. ⁽³⁾

Phone Banking
9.3m calls p.a. ⁽³⁾

IBB
43k customers ⁽⁴⁾

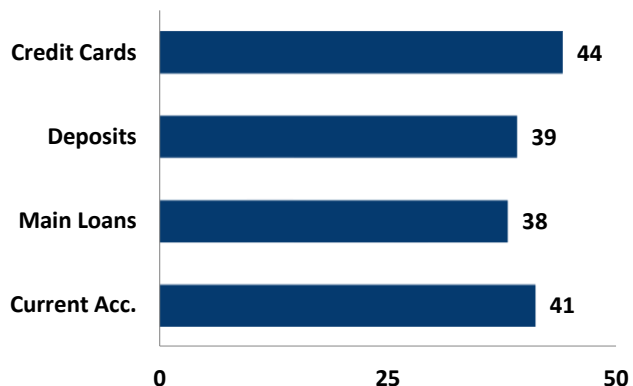
Number 1 in Personal Banking ⁽¹⁾

Market Share (%)



Number 1 in Business Banking ⁽²⁾

Market Share (%)



- Largest distribution reach of c.200 AIB branches, 76 EBS outlets and partnership with An Post
 - Increased self-service technology deployment
 - Improving customer satisfaction & NPS scores, high levels of customer adoption
- On-going focus on technology, innovation and digital strategy to increase efficiency and distribution
 - Digital store opened April
 - Focus on on-going further digital initiatives
- Target key customer segments within the Personal & Business markets
 - New customer focused operating model implementation on-going
- Comprehensive customer experience programme to enhance customer service insight

1. Personal Market Share data based on Millward Brown Lansdowne report Q4 2012

2. Business Market Share data based on IPSOS MRBI report November 2012

3. Data as of March 2013

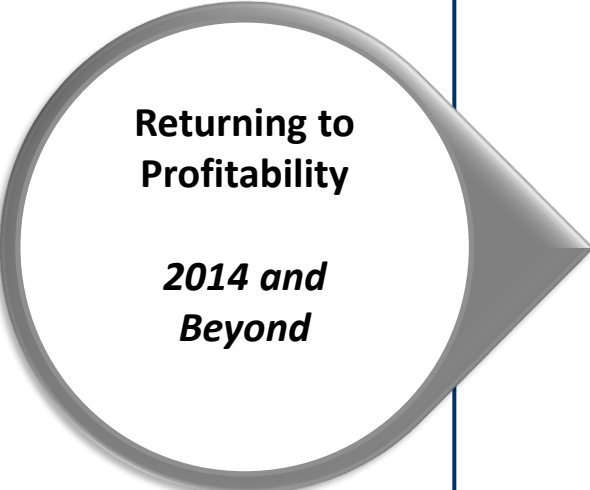
4. Data as of July 2013



Focus On Commercial Agenda

2013

- Secure pre-provision operating profit for the full year
 - On-going reduction in credit provisions
 - Implement further cost savings
 - Continue progress in NIM and other financial and operational metrics
- Progress on balance sheet and capital efficiency
- Exceed lending targets in key product segments
- Exceed Central Bank targets in relation to arrears



Returning to Profitability

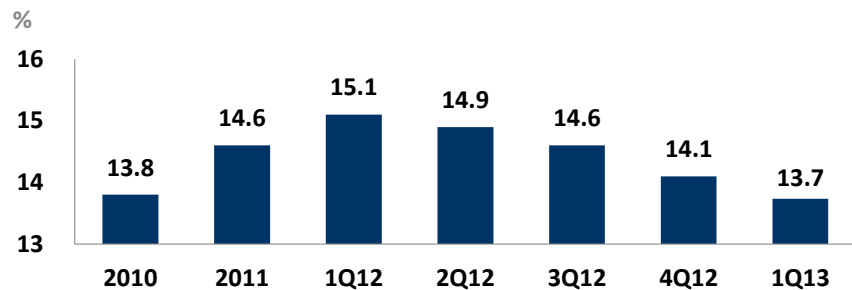
***2014 and
Beyond***

- Target a return to sustainable profitability during 2014
- Full funding market access and further capital structure improvements
- Substantially complete restructuring for mortgage and SME arrears customers
- Work to return capital to the Irish State at appropriate time



Appendix

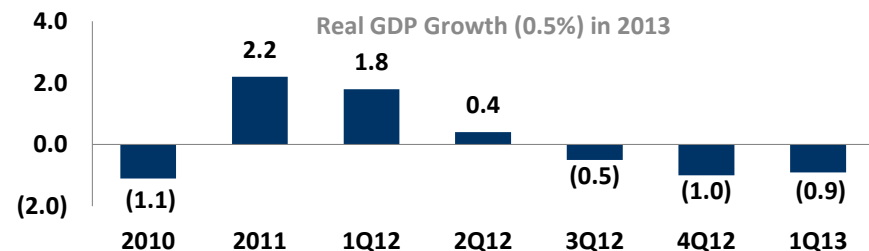
Unemployment Rate



Source: CSO Live Register June 2013, 3 July 2013

GDP

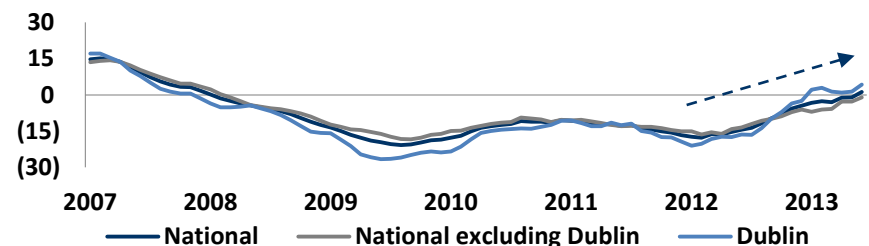
YoY Change (%)



Source: CSO Quarterly National Accounts, 27 June 2013

Residential Property Prices

YoY Change (%)



Source: CSO

- Irish GDP fell in Q1 2013 but strong rise in GNP in the quarter
 - Forecasting GDP growth of 0.5% in 2013 and 2.2% in 2014
- Government Budget deficit declining at an encouraging pace
 - On course for sub 3% budget deficit by 2015
 - EU/IMF bailout programme exit on schedule for end 2013
- Domestic economy stabilising
 - Housing, labour market and domestic demand either stabilising or improving
- Ongoing signs of housing market improvement
 - Dublin market appears to be leading indicator
 - Demand & supply issues evident in some areas
- Signs of investor confidence returning
 - Sovereign's re-entry to funding markets
 - Irish Bond yields have stabilised and fallen sharply from crisis levels

Customer Loan Book – Impairment and Provisioning

Loan Book Sectoral Profile - June 2013 Amount in €bn's	ROI Mortgages	UK Mortgages	Land & Development	Investment Property	SME / Other Commercial ⁽¹⁾	Personal	Corporate	Total
Advances	38.8	2.7	6.3	13.6	14.2	4.4	4.5	84.5
Impaired	8.5	0.3	5.4	7.9	4.9	1.4	0.6	29.0
Impairment Charge (6 Months P&L)	0.2	0.0	0.1	0.1	0.2	0.1	0.0	0.7
Balance Sheet Provisions (Specific + IBNR)	3.2	0.2	4.2	3.7	3.6	1.2	0.4	16.5
Specific Provisions / Impaired Loans (%)	35%	42%	77%	45%	64%	76%	57%	54%
Total Provisions / Impaired Loans (%)	38%	53%	78%	48%	69%	81%	71%	57%

Loan Book Sectoral Profile – Dec 2012 Amount in €bn's	ROI Mortgages	UK Mortgages	Land & Development	Investment Property	SME / Other Commercial ⁽¹⁾	Personal	Corporate	Total
Advances	39.5	3.0	6.4	14.9	15.1	4.7	5.2	88.9
Impaired	7.9	0.3	5.5	8.0	5.2	1.4	0.8	29.1
Impairment Charge (6 Months P&L)	0.4	0.0	0.3	0.4	0.4	0.1	0.1	1.5
Balance Sheet Provisions (Specific + IBNR)	3.0	0.2	4.2	3.8	3.5	1.1	0.6	16.5
Specific Provisions / Impaired Loans (%)	33%	40%	74%	42%	62%	74%	60%	52%
Total Provisions / Impaired Loans (%)	38%	67%	75%	47%	66%	80%	73%	56%

ROI Mortgage Portfolio

- Specific provision cover to impaired loans has increased to 35% from 33% at Dec 2012

Property & Construction Portfolio

- Remains challenging however evidence of stabilisation of prime rents and yields

SME/Other Commercial

- c. 69% of this portfolio is to SME's in Ireland who are exposed to a challenged domestic economy

Personal Portfolio

- Evidence of stabilisation in unemployment and house prices, however, the reduction in the overall personal lending book reflects the continued lack of demand for personal credit as households focus on reducing debt

Corporate Portfolio

- Reduction of €0.8bn due to deleveraging along with scheduled payments

1. Excludes €0.8bn for contractors and housing associations (€0.9bn Dec 2012)

Summary Balance Sheet

Group Balance Sheet	Dec 2012 (€bn)	June 2013 (€bn)
Net Loans & Advances to Customers	73	69
NAMA Bonds	17	16
Financial Investment Available for Sale	16	19
Other Assets	17	17
Total Assets	123	121
Customer Accounts	64	65
Wholesale Funding		
– Debt Securities	11	8
– Monetary Authorities & Banks	28	26
Other Liabilities	9	11
Total Liabilities	112	110
Shareholders Equity	11	11
Total Liabilities & Shareholders Equity	123	121

Capital Adequacy information	31 December 2012 (€m)	30 June 2013 (€m)
Core Tier 1		
Paid Up Share Capital and Related Share Premium	8,096	8,096
Eligible Reserves	3,022	2,315
Regulatory Adjustments	(312)	(324)
Supervisory Deductions:		
Unconsolidated Financial Investments	(6)	(159)
Securitisations	(45)	(53)
Core tier 1 Capital	10,755	9,875
Tier 2		
Eligible Reserves	125	120
Credit Provisions	682	632
Subordinated Term Loan Capital	1,154	993
Supervisory Deductions from Tier 2 Capital	(51)	(212)
Total Tier 2 Capital	1,910	1,533
Gross Capital	12,665	11,408
Supervisory Deductions	(74)	-
Total Capital	12,591	11,408
Risk Weighted Assets (Unaudited)		
Credit Risk	66,335	61,916
Market Risk	616	331
Operational Risk	4,466	3,174
Total Risk Weighted Assets	71,417	65,421
Capital Ratios (Unaudited)		
Core Tier 1	15.1%	15.1%
Total	17.6%	17.4%

State 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 Core Tier 1 until 2018
- 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 Core Tier 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%
- €6.05bn Capital Contribution received in July 2011

Contingent Capital Notes

- €1.6bn Contingent Capital Notes issued by the Irish State in July 2011
- 10% fixed annual coupon
- Qualifying as Tier 2 capital
- Convertible into equity upon trigger of 8.25% Core Tier 1 ratio⁽¹⁾
- Maturing July 2016

1. Or at the discretion of the Central Bank of Ireland.

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