Preliminary Results 2008

For the year ended 31 December 2008
Allied Irish Banks, p.l.c.

Forward looking statements

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 the United States Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projected in the forward looking statements. Factors that could cause actual results to differ materially from those in the forward looking statements include, but are not limited to, global, national and regional economic conditions, levels of market interest rates, credit or other risks of lending and investment activities, competitive and regulatory factors and technology change. Any ‘forward-looking statements made by or on behalf of the Group speak only as of the date they are made.

The following commentary is on a continuing operations basis. The growth percentages (excl. EPS) are shown on an underlying basis, adjusted for the impact of exchange rate movements on the translation of foreign locations’ profit and excluding interest rate hedge volatility.

visit www.aibgroup.com/investorrelations

Eugene Sheehy

Group Chief Executive

2008 overview - an extraordinary year

- Global economic downturn deepened as the year progressed
- Banking crisis has caused severe disruption to funding and credit markets
- Slump in asset valuations
- Public confidence and sentiment seriously undermined
- Ethical and governance standards under scrutiny and question
- Unprecedented and critical challenges now facing policymakers

AIB in 2008

- A year in which we clearly underperformed
- Significant deterioration in asset quality
  - Product concentration exacerbated market downturn effects
  - Major deployment of resources and expertise
  - Implementing case / portfolio strategy to minimise loss
- Good operating performance
  - Focus on efficiency and operating flexibility
  - Better lending margins partly offsetting higher funding costs
  - Funding off a solid, secure deposit base
- Profitable but disappointing outcome
  - Diverse, high quality franchises
  - Recurring customer revenues
  - Solid balance sheet

Financial highlights

Basic earnings per share	82.9 c	
- basic adjusted *	66.5 c	↓ 68% **
Positive income / cost gap		11%
Cost / income ratio		↓ 5.3%
Impaired loans		2.3%
Loan / deposit ratio		140%
Core tier 1 capital ratio		5.8%
Pro forma core tier 1 capital ratio #		8.4%
Tier 1 capital ratio		7.4%

** Basic earnings per share less profit on disposal / development of properties, business and hedge volatility*

*** Relative to Dec 2007 base figure of 205.9c*

 # Includes €3.5bn Government preference shares

Diverse business mix

- Strong pre-provision operating performance, €2,711m ↑ 18%

Pre-provision operating profit			
AIB Bank RoI	€1,181m		-
Capital Markets	€766m	↑	52%
AIB Bank UK	£323m		-
Poland	Pln 1,268m	↑	25%
M&T *	US$ 1,152m		-

**AIB owns 24.2% @ Dec '08*

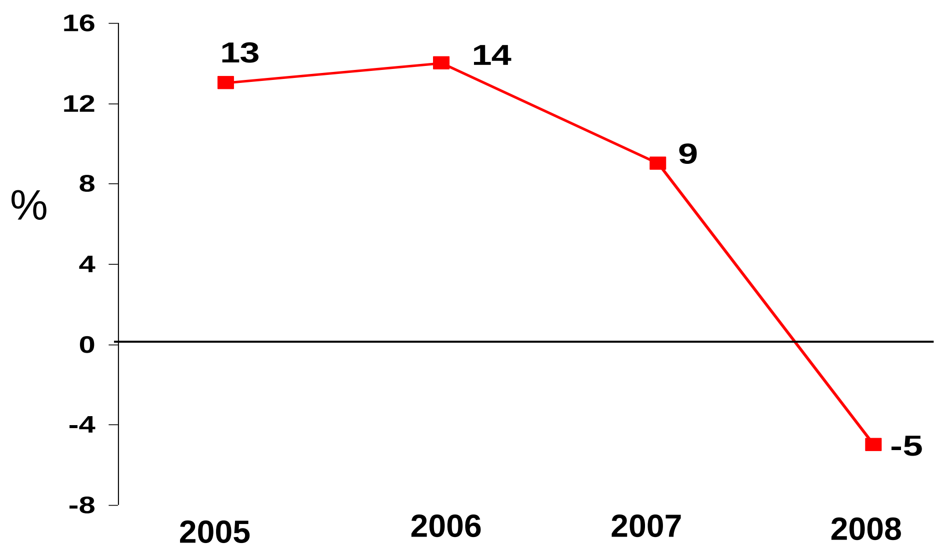
Income

- Total income ↑ 6%
    - Strong growth in interest income ↑ 16% (↑ 12% excluding $ / € funding effect)
- Other income ↓ 19% (↓ 8% excluding $ / € funding effect)
    - Continued market dislocation has affected trading income, asset valuations and asset management activities
- Loans ↑ 8%; deposits ↑ 22%
- Net interest margin 2.21%, ↑ 7 bps
    - Underlying N.I.M. ↓ 1 bp
    - Higher loan margins had a positive effect
    - Lower deposit margins continuing to have negative effect

Costs ↓ 5 %

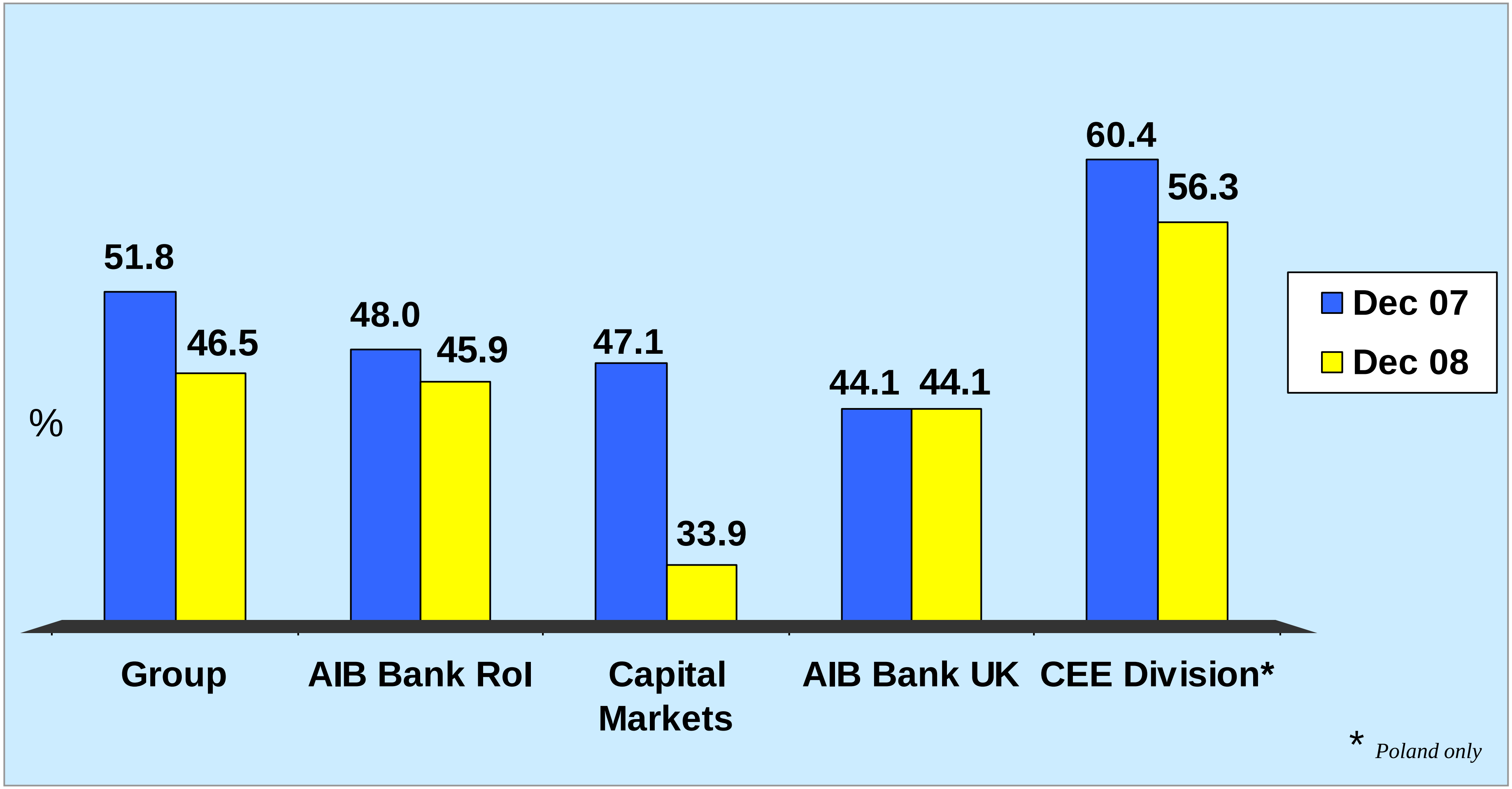
€m	Dec 2008	Underlying yoy change %
Staff costs	1,412	(11)
Other costs	775	3
Depreciation & amortìsation	170	17
Operating expenses	2,357	(5)

Strong operating flexibility



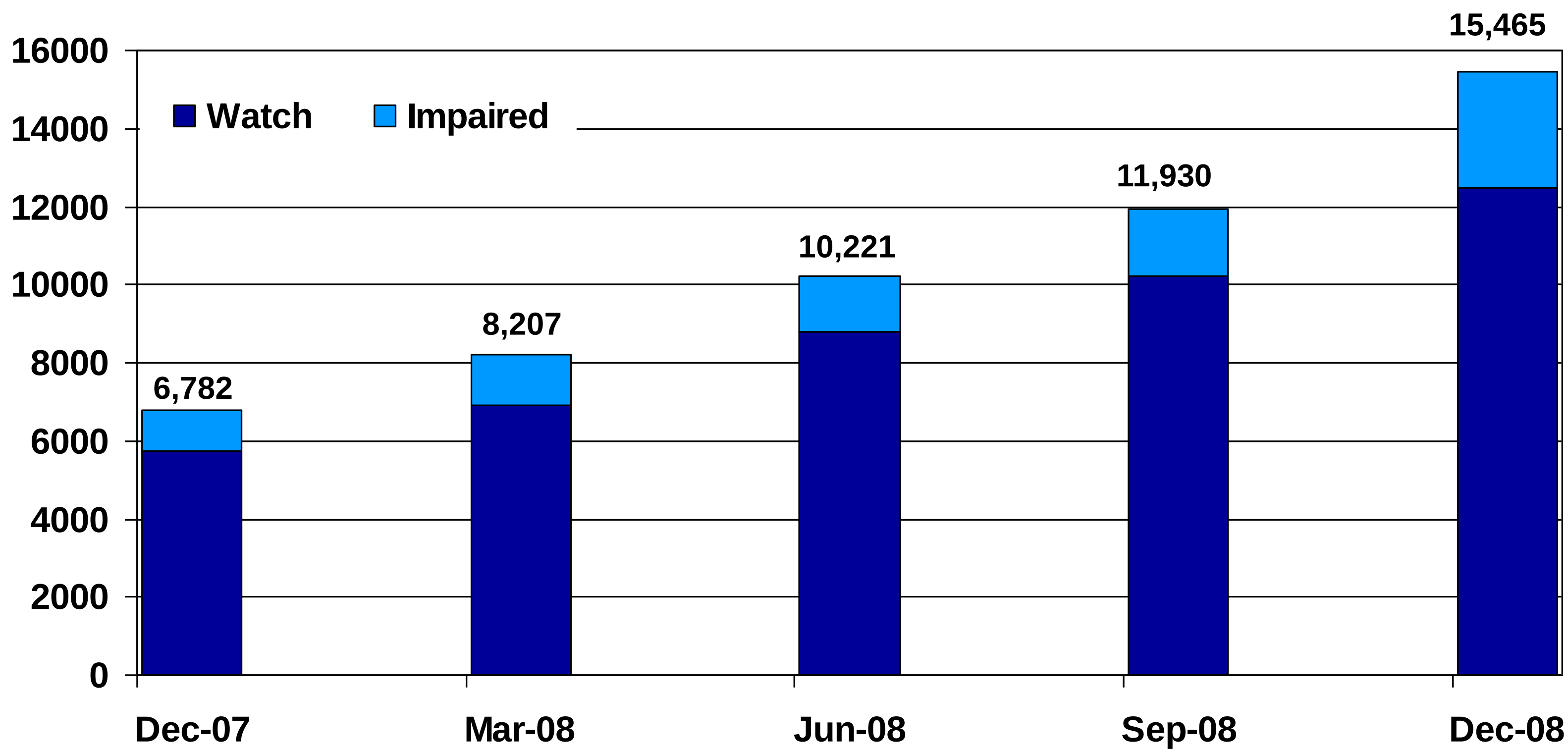
- Operations and technology one unified structure
- Cost Management and efficiency gains
- Centralisation and streamlining back office operations
  - Reduction in running costs
  - Improved flexible service enhancements
  - Material reduction in error & re-work rate
- Other costs ↑ 3% due to business expansion in Poland
- Excluding Poland, costs decreased by 8%
- Intense focus on cost management will continue

Cost / income ratio – historic low



Significant increase in criticised loans

Total criticised by value €m



As % of Group loans	5.3%	6.3%	7.6%	8.7%	11.7%

Criticised loans by division

€m	Watch as at Dec '08	Watch as at Dec '07	Impaired as at Dec '08	Impaired as at Dec '07	Total Criticised as at Dec '08	Total Criticised as at Dec '07
AIB Bank ROI	9,271	3,864	1,862	511	11,133	4,375
AIB Bank UK	2,490	1,576	522	274	3,012	1,850
Capital Markets	331	189	338	77	669	266
CEE	382	104	269	187	651	291
Total Group	**12,474**	**5,733**	**2,991**	**1,049**	**15,465**	**6,782**

- While there have been increases in watch loans across all divisions, AIB ROI represents 80% of the increase, heavily influenced by the downgrade of cases in the property, building & construction sector, while AIB UK accounts for 14% of the total increase also influenced by downward migrations in the property, building & construction portfolio
- 71% of the increase of €6.8bn in AIB RoI related to property cases
- In AIB UK, 82% of the increase of €1.2bn related to property cases
- The increase of €0.4bn in Capital Markets was spread across all geographies and sectors
- In Poland 41% of the increase in criticised loans related to the property portfolio with increases in the retail portfolio (cash loans) also

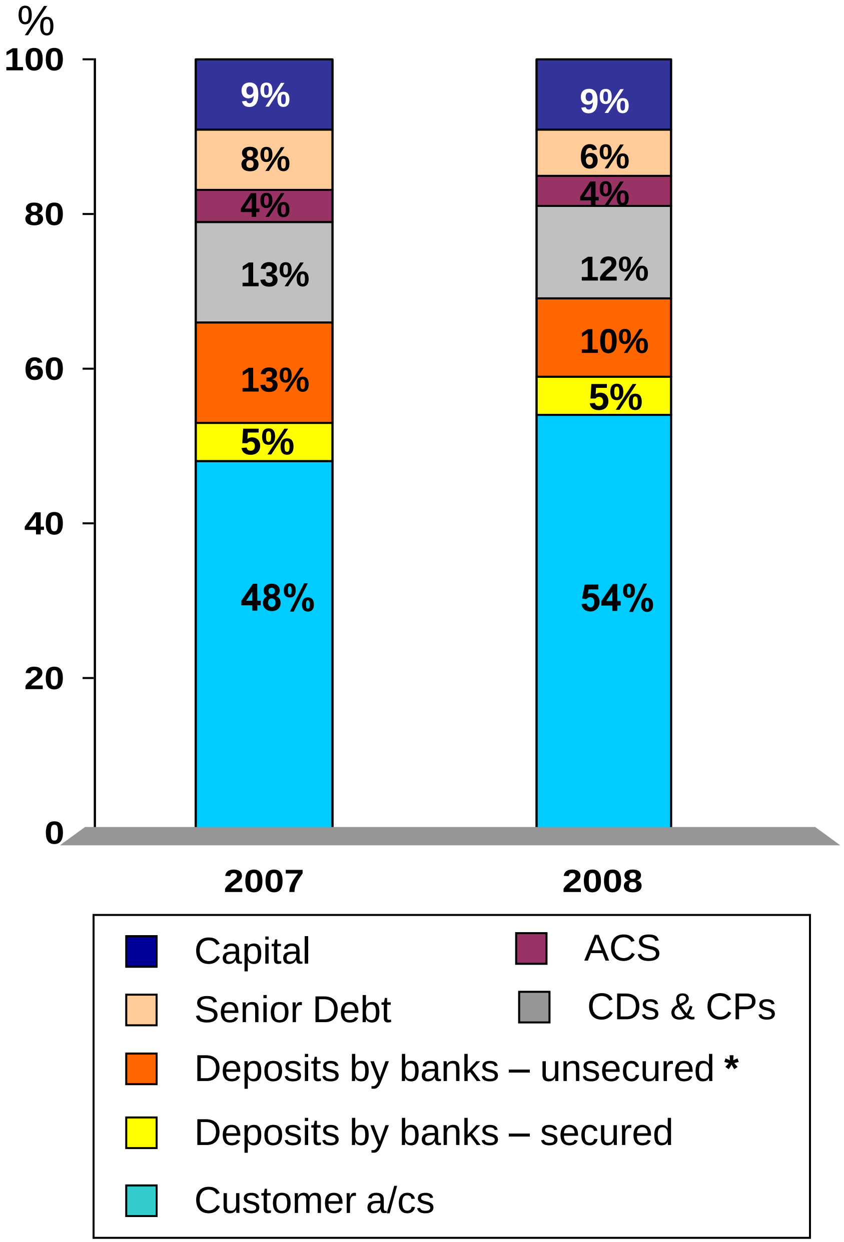
Credit provisions

- The divisional break-out of the Group charge (P&L) and resulting balance sheet provisions is as follows:

	Year End December 2008													
	Balance Sheet								P&L					
Division	Impaired Loans €m	% of Advs %	Specific Provision (BS) €m	Cover %	IBNR Provision (B/S) €m	% of Earning Advs %	Total Provision (B/S) €m	% of Impaired Loans %	Specific Provision P&L €m	% of Avg Advs %	IBNR Provision P&L €m	% of Avg Advs %	Total Provision (P&L) €m	% of Avg Advs %
AIB Bank	1,861.4	2.4%	704.2	38%	901.3	1.20%	1,605.5	86%	496.2	0.67%	802.8	1.08%	1,299.0	1.74%
AIB UK	522.2	2.6%	146.6	28%	148.6	0.77%	295.2	57%	133.2	0.58%	122.9	0.53%	256.1	1.11%
Capital Markets	338.2	1.3%	150.7	45%	20.0	0.08%	170.7	50%	160.1	0.60%	0.00	0.00%	160.1	0.60%
CEE	268.7	3.1%	144.6	54%	76.3	0.88%	220.9	82%	58.9	0.69%	48.3	0.57%	107.2	1.26%
Group Total	**2,990.5**	**2.3%**	**1,146.1**	**38%**	**1,146.1**	**0.89%**	**2,292.2**	**77%**	**848.4**	**0.64%**	**974.0**	**0.73%**	**1,822.4**	**1.37%**

- IBNR charge of €974m includes €500m driven by material increase in watch cases during last 2 months of 2008
- AIB ROI constitutes 71% of the group provision (P&L) for the year. The property portfolio has been the single largest driver of impaired loans, associated specific provisions and addition to IBNR provisions to recognise a higher estimate of incurred loss in the performing property book
- AIB UK constitutes 14% of the group provision and the property portfolio has also been the largest driver of impaired loans and provisions
- Capital Markets provision at €160m is all specific and spread across different geographies and sectors
- Poland's provision has increased to €98m or 116bps. Property related provisions constitute 57% of their P&L charge

Diverse funding sources

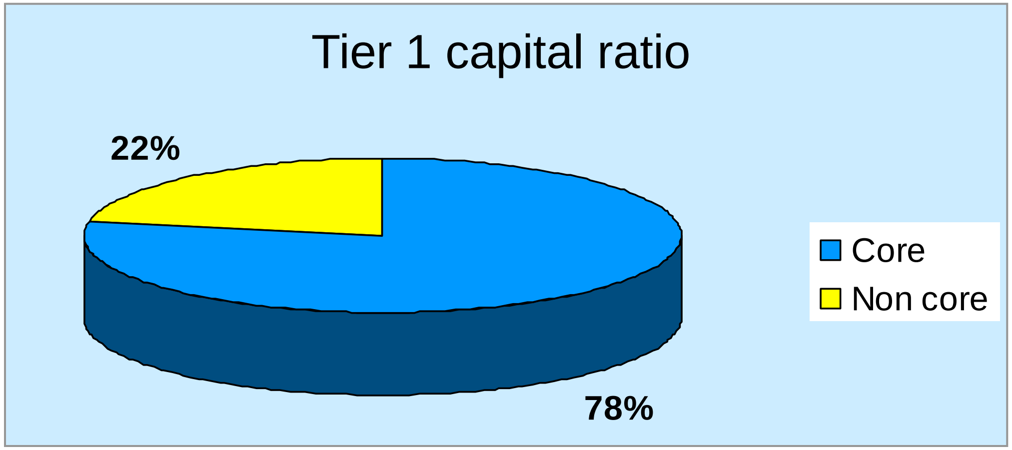


- Solid funding base with significant customer resources and diversified debt programmes
- Customer deposit growth exceeded loan growth by c. €8bn in 2008
  - Strong growth in corporate deposit franchise
  - Improved loan / deposit ratio 140% (157% Dec ‘07)
- Strong liquidity position
  - c. €40bn in qualifying liquid assets/contingent funding; significant surplus over regulatory requirement
  - Successful refinancing of c. €6bn term funding maturities

* ***Deposits by banks unsecured when netted against “loans to banks” is 8% in 2007 and 6% in 2008***

Solid capital position

- Tier 1 capital ratio 7.4% / 10.0%*
- Core tier 1 ratio 5.8% / 8.4%*
- Total capital ratio 10.5% / 13.1%*



- Solid balance sheet; current capital ratios well above regulatory requirements
- €3.5bn perpetual core tier 1 non cumulative preference shares from the Irish Government in Q2 2009**
- Capital position expected to remain resilient through the cycle

* *proforma end 2008 including Government preference shares*

** *subject to various approvals*

Tough economic conditions

GDP 2008 - 2010

% volume	2008(e)	2009(f)	2010(f)
Ireland	-1.5	-5.5	-1.5
UK	0.7	-3.0	0.5
Poland	4.8	0.5	1.5
Eurozone	0.7	-2.5	0.7
US	1.3	-2.5	1.0
World	3.4	0.5	3.0

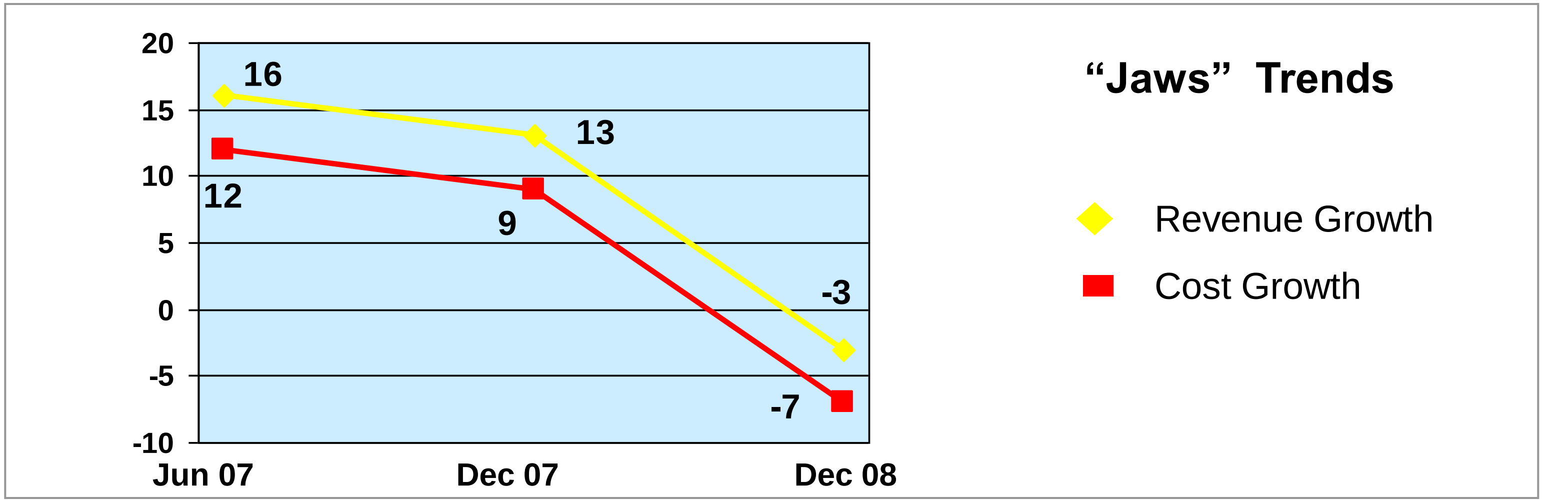
Source: IMF; AIB ERU Forecasts

Ireland

- Undergoing a difficult and painful adjustment
- Sharp correction in property and construction
- Need to improve international competitiveness
- Need to control deficit, notwithstanding low level of borrowing

AIB Bank Republic of Ireland - PBT (€52m)

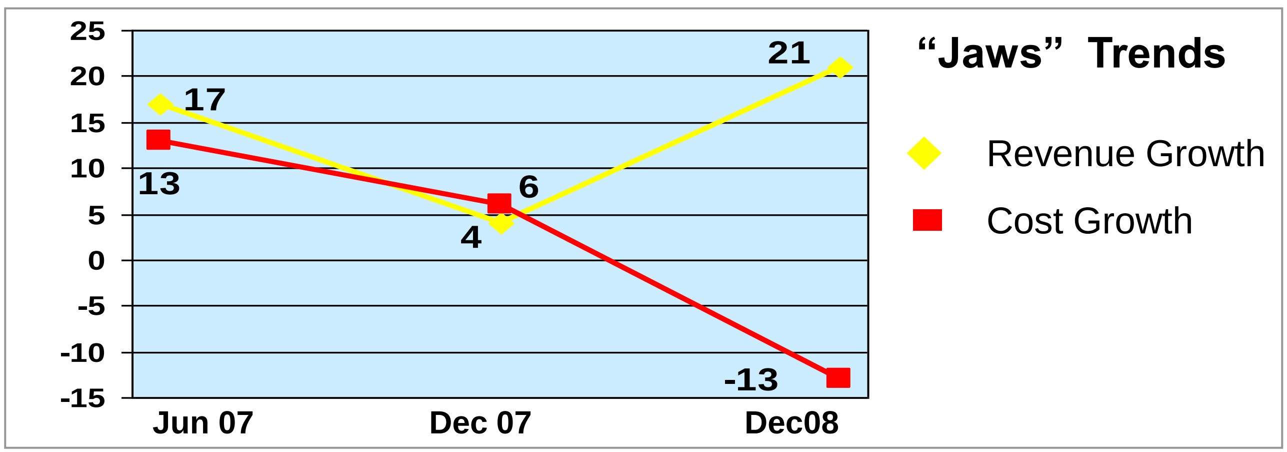
- Operating profit before provisions maintained at 2007 levels against a difficult economic backdrop
  - Supporting credit growth in key segments – growing share in Home Mortgage, SME and Personal Lending markets
  - Loans ↑ 5%, customer funds ↑ 1% (deposits ↑ 9%, credit current a/cs ↓ 16%)
- Strong focus on productivity

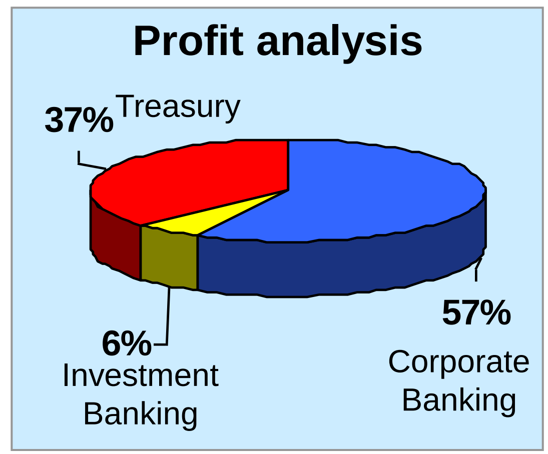


- Intensive management of asset quality
  - Impaired loans 2.4% (0.7% Dec '07)

Capital Markets – PBT €585m

- Operating profit before provisions ↑ 52%
- Corporate Banking PBT €335m ↓ 13%
  - Pre-provision operating profit ↑ 33%
  - Loans ↑ 9% ; deposits ↑ 89%
- Strong performance in Global Treasury; PBT €213m (2007 breakeven)
  - Well positioned in volatile markets
  - Customer activity down due to economic slowdown
- Investment Banking PBT €37m ↓ 72% - declining asset values resulted in lower trading and income
- Strong focus on productivity



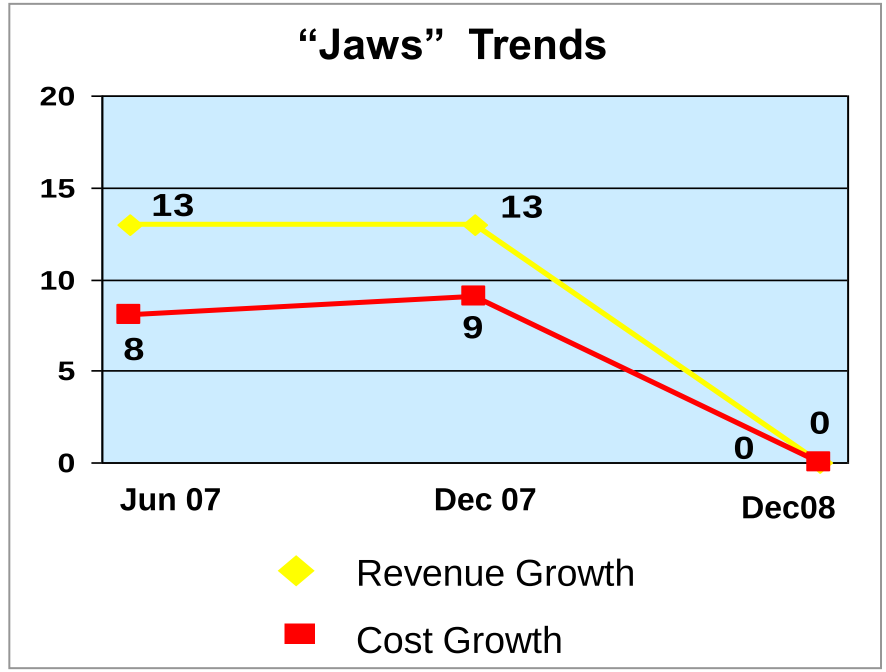


- Overall asset quality remains good; impaired loans 1.3% (0.3% Dec '07)

AIB Bank United Kingdom – PBT £152m

- Operating profit before provisions in line with 2007
  - Great Britain ↑5%, First Trust Bank ↓6%
- Strong volume growth and active margin management offset higher funding costs

	Loans	Deposits
Great Britain	↑ 12%	↑ 29%
First Trust Bank	-	↑ 9%

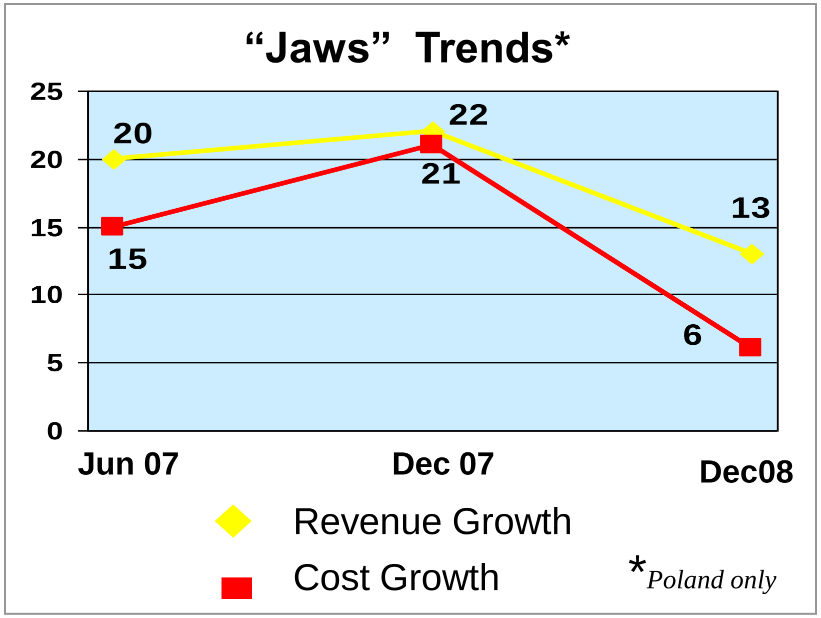


- Productivity continuing to improve
  - Costs ↓6% and positive income / cost gap of 6%, ex participation in UK FSCS (£17m)
- Active management of asset quality; impaired loans 2.6% (1.1% Dec '07)

Central & Eastern European (CEE) Division – PBT €174m

Poland

- Operating profit before provisions Pln 1,268m ↑ 25%
- Growth across all business lines
  - Loans ↑ 42%; deposits ↑ 41%
- Strong growth in daily banking fees and dividends; offset by continued reduction from asset management and brokerage
- Strong focus on productivity
  - Branch network development programme near finalisation
- Asset quality remains solid though weakening in a more challenging economic environment
  - Impaired loans 2.9% (2.8% Dec 2007)



- Around 40% of business banking and mortgage books are in foreign currency; c. 80% of f.x. business banking is hedged, average LTV of f.x. mortgages is c. 70%
- CEE Division formed in H2 2008, bringing together the Group's interests in Poland, Bulgaria and the Baltic region
  - BACB PBT (€56m)
  - Am Credit PBT (€33m)

M&T – US$138m

- Operating profit before provisions in line with 2007
- Solidly profitable through difficult economic period
  - Net income $556m ↓ 15% ($654m in 2007)
- Commercial loans ↑ 15%; deposits ↑ 11%
  - Flight to quality by depositors; 5th consecutive quarter of growth in core deposits
- Careful and conservative risk management
  - Early identification and action taken
  - Prudent coverage ratios ; 1.61% of average loans
    - charge-off rate of 78 bps; 2nd lowest of top 25 US banks
    - Reserves 2.1x 2008 charge-offs
- Continuing to invest in infrastructure in Mid-Atlantic Region
  - Acquisition of Provident Bankshares Corporation

AIB well placed to withstand current turmoil

High quality, geographically diverse franchises

Significant productivity gains

Strong level of endowment income

Intense focus on risk management as bad debts rise

Resilient balance sheet

John O’Donnell

Group Finance Director

Performance snapshot

Dec 2007	€m	Dec 2008	ccy change %
4,868	Total operating income	5,068	6
2,521	Total operating expenses	2,357	-5
2,347	Group operating profit before provisions	2,711	18
99	Total provisions	1,849	
2,248	Group operating profit	862	
2,508	Group profit before tax	1,029	
218.0c	EPS – basic	82.9c	
205.9c	EPS – basic adjusted *	66.5c	-68

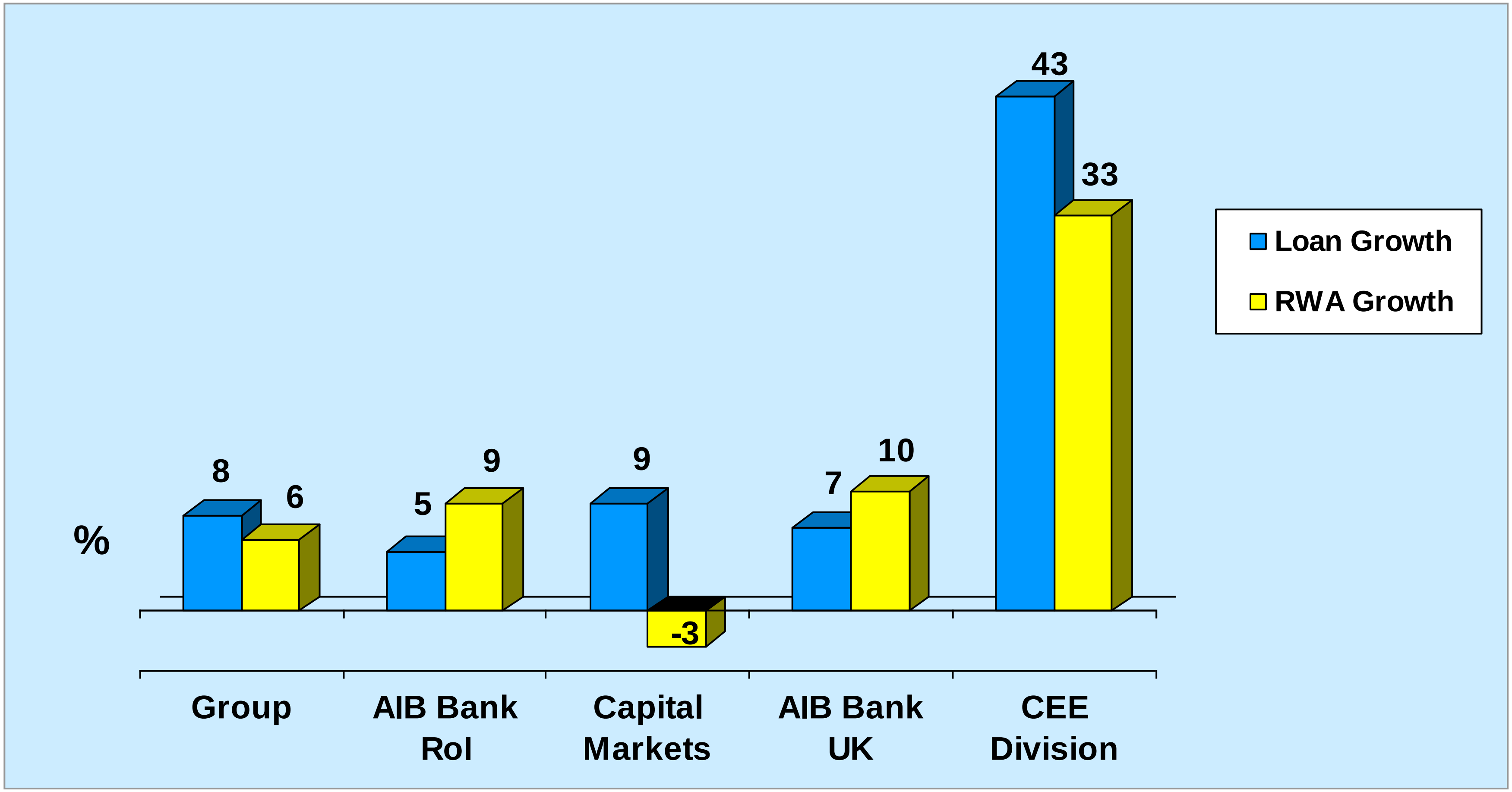
** excluding profit on disposal/development of properties, businesses and hedge volatility*

- Effective tax rate 14%

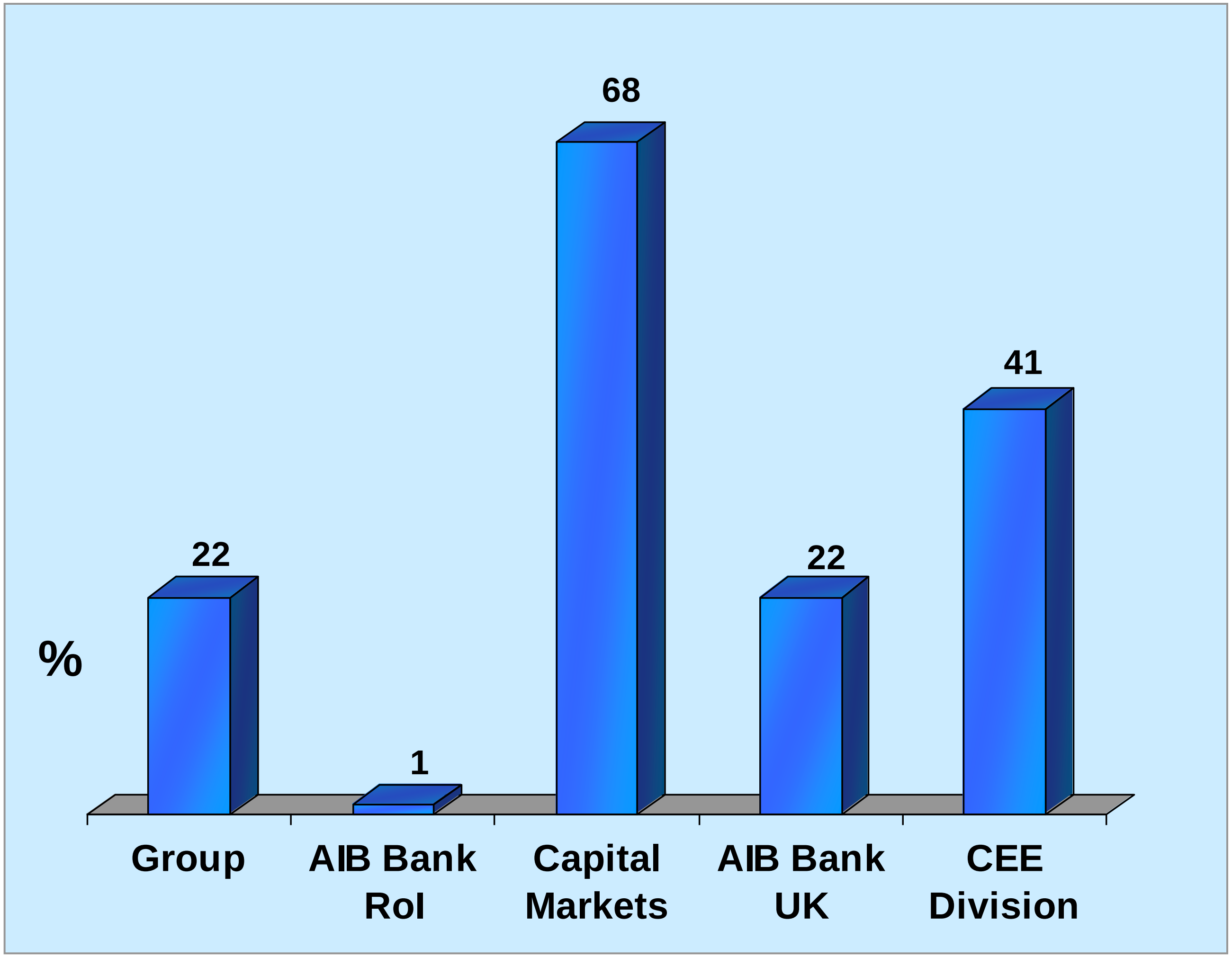
Adjusted basic EPS

	Euro c	vs Dec 2007 %
Basic earnings per share	82.9	-62
Profit on disposal / development of property	(1.4)	
Profit on disposal of business	(12.0)	
Hedge volatility	(3.0)	
Adjusted basic EPS	66.5	-68

2008 Loan and risk weighted asset growth



2008 Deposit growth



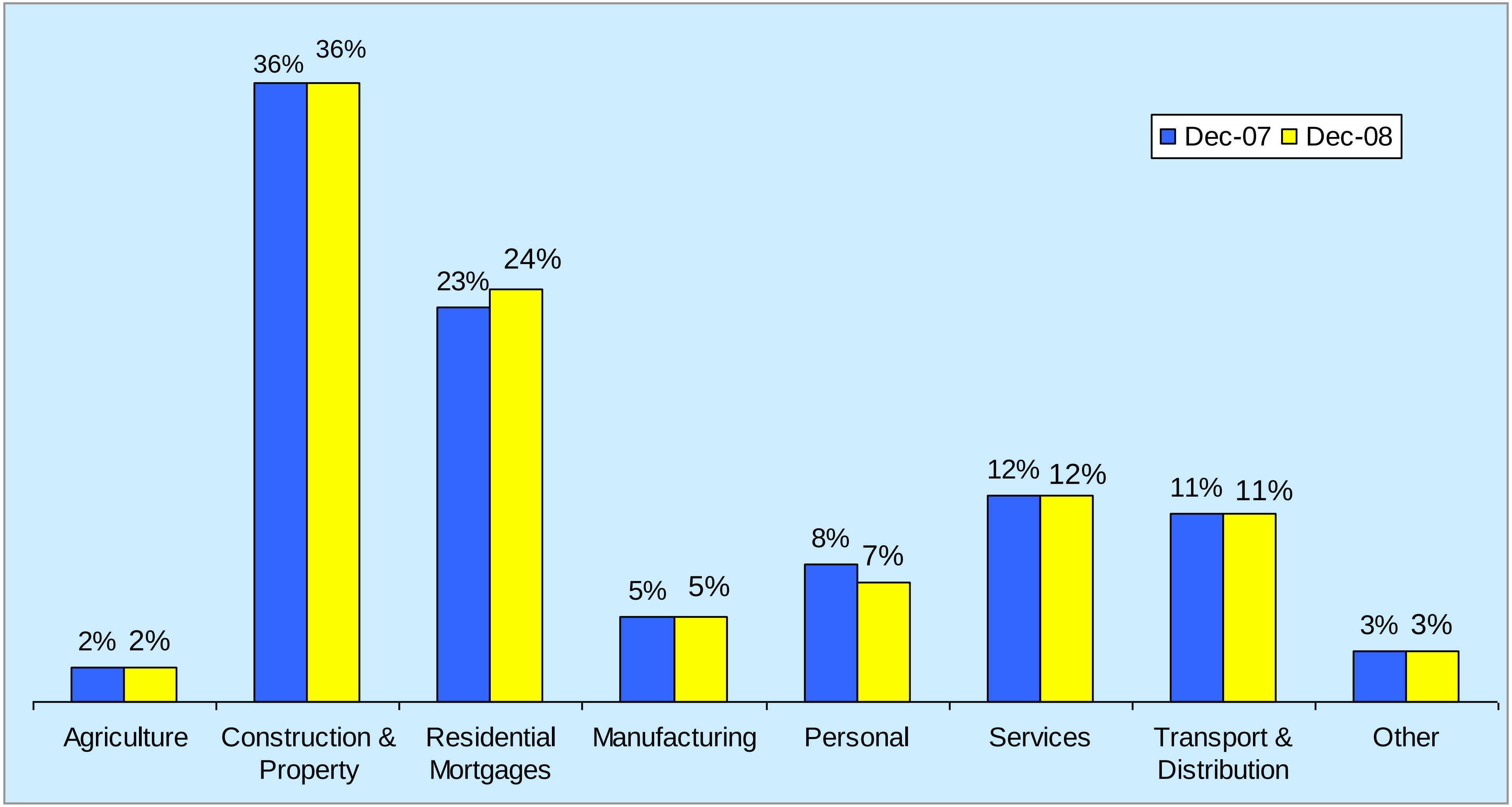
Net Interest Margin

Dec 2007	Dec 2008	change
2.14%	2.21%	+ 7 bps

- Underlying N.I.M. -1 bp
  - Treasury funding ($ funding, benefit unwound in other income) €150m, +8 bps
- Key factors
  - Increased cost of wholesale funding €192m, -11 bps
  - Treasury positioning in interest rate markets €138m, +8 bps
  - Loan margins up, deposit margins down
  - Loan margins increasing at a higher rate than deposit margins are decreasing
  - Deposit margin effect immediate, lag effect of improving loan margins
  - Loan / deposit growth; similar average growth rates, neutral effect
  - Re-investment of customer account funds; neutral effect

Loan portfolios by sector

% of Group loan portfolio



Property & construction – sub sector diversity *

€m	ROI	UK **	CM	Poland	Group
Commercial Investment	10,528	3,098	5,060	1,271	19,957
Residential Investment	2,104	1,016	443	27	3,590
Commercial Development	6,016	781	442	691	7,930
Residential Development	10,829	2,868	380	635	14,712
Contractors	601	448	-	138	1,187
Balances	30,078	8,211	6,313	2,762	47,376

** an element of management estimation has been applied in this sub-categorisation*

** *excludes €550m in Housing Associations*

Key concentrations – property building, construction

- Property building & construction – criticised loans

€m	Watch As at Dec '08	Watch as at Dec '07	Impaired as at Dec '08	Impaired as at Dec '07	Total Property Criticised as at Dec '08	Total Property Criticised as at Dec '07
AIB Bank ROI	4,846	1,055	1,138	125	5,984	1,180
AIB Bank UK	1,594	846	323	108	1,917	954
Capital Markets	56	24	144	0	200	24
CEE	141	22	61	32	202	54
Group	6,637	1,947	1,666	265	8,303	2,212

- While there have been increases in criticised grades in the property portfolios across all divisions, 79% of the increase relates to RoI division with a further 16% relating to UK division reflecting the severe downturn in this sector in these markets

- Property criticised loans at €8.3bn represent 17% of Group property loans and 54% of total Group criticised loans at 31 December 2008

Republic of Ireland property & construction

Commercial investment:

		June 2008 (€10.1bn)	Dec 2008 (€10.5bn)
Watch loans	€m	435	872
	%	4.3	8.5
Impaired Loans	€m	35	51
	%	0.3	0.5
Occupancy levels	%	c. 90	c. 84
Typical interest cover		c. 1.2x	c. 1.3x

- Assets generating income from independent 3rd parties
- Retail 36%, mixed 27%, office 29%, industrial 8%
- Weak demand; little activity

Republic of Ireland property & construction

Residential investment:

		June 2008 (€2.3bn)	Dec 2008 (€2.3bn)
Watch loans	€m	258	428
	%	12.2	18.6
Impaired loans	€m	9	27
	%	0.4	1.2

- Wide tenant spread, small bite sizes; location, occupancy, repayment capacity all key factors

Republic of Ireland property & construction

Residential development

		June 2008 (€10.4bn)	Dec 2008 (€10.8bn)
Watch loans	€m	1,564	2,743
	%	14.5	25.4
Impaired loans	€m	179	913
	%	1.7	8.5

- Virtually all construction activity now ceased; other than against contracted sales
- Exposures comprise mix of undeveloped land and work in progress, ratio c. 65:35
- Market not expected to recover until 2011

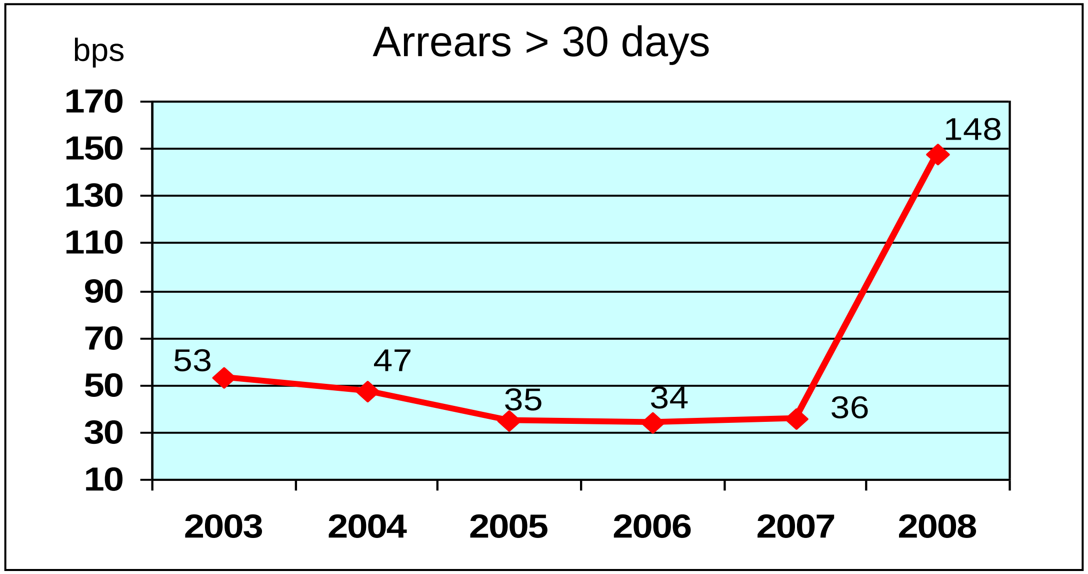
Republic of Ireland property & construction

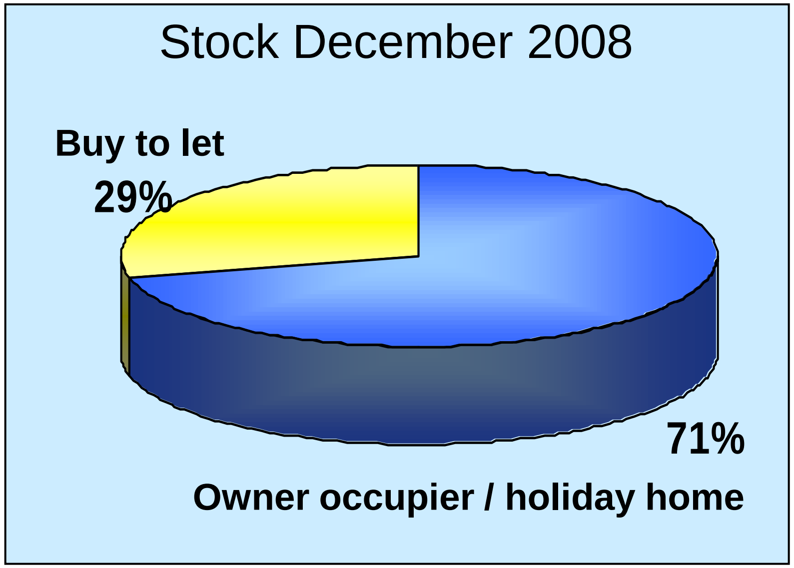
Commercial development

		June 2008 (€6.2bn)	Dec 2008 (€6.1bn)
Watch loans	€m	390	853
	%	6.4	14.0
Impaired loans	€m	34	138
	%	0.5	2.3

- Strong emphasis on pre-sales / pre-lets / recourse to independent cash flows
- Exposures comprise mix of undeveloped land and work in progress, ratio c. 40:60

Republic of Ireland – Home mortgages





- Impaired loans €146m remain very low, though up from €75m at June 2008
- Bad debt charge 16 bps (5 bps June 2008)
- 10% growth in 2008, twice the run rate of the market
- Market share increasing; lending criteria unchanged
- Affordability improving but confidence low due to economic conditions

UK property & construction (Stg £7.8 bn)

- Contractors represent 5% of book; working capital facilities, significant level of public sector contracts, long standing relationships, low risk exposure
- UK property book c. £7.4bn comprises
  - c. £3.9bn (53%) commercial & residential investment
    - Underpinned by strong covenants, high occupancy levels, well spread, no large single party exposure
    - Impaired loans < Stg £50m
  - £3.5bn (47%) commercial & residential development
    - Land NI c. £0.9bn, GB c. £0.7bn
    - Residential development GB c. £1bn, NI c. £ 0.4bn; well spread by customer and location, no large single party exposure
    - Commercial development £0. 5bn; largely pre-sold / pre-let, minimal spec. development
- House mortgages c. £3.1bn
  - GB £1.1bn, primarily facilitating high net worth / business customers
  - NI £2bn, quality underpinned by high level of state employment
  - Buy-to-let £271m, impaired loans £3.4m
  - Total impaired loans £34m

International property & construction

Capital Markets

- Principally investment property (c. 87% of total), well underpinned by quality and wide mix of covenants, tenants and sectors

Poland

- Property market activity falling as economy slows
- Low though increasing level of impaired loans €61m, increase in watch cases to €141m

Update on asset portfolios

Treasury assets

- Trading portfolio €0.4bn, €6.1bn reclassified to AFS
- AFS portfolio €29bn (includes reclassified amount)
- Mark to market adjustments of €31m (trading portfolio prior to reclassification) to income and €465m (AFS) through equity account due to interest rate and credit spread movements

CLOs / CDOs

- €603m held to maturity in Corporate Banking
  - Small number of rating actions taken
  - Income write down of €11m
  - One-off write down of €17m on disposal of the single transaction containing sub-prime

US Sub-prime

- ABS portfolio of c. €197m (US$273m) - held to maturity in Corporate Banking
- Whole loans c. €111m (US$155m) - repayments of c. US$54m since Dec ’07
- c. €19m writedowns (US$27m) to income

Bad debt provision charges 2008*

	PLN m	Stg £m	€m	bps
AIB Bank RoI			**1299**	**174**
- residential development			839	827
- commercial development			127	193
- investment			89	75
- property & construction			1055	370
- other business			123	104
- residential mortgages			40	16
- other personal			80	109
AIB Bank UK		**204**	**256**	**111**
- residential development		100		383
- commercial development		19		257
- investment		7		18
- property & construction		126		169
- other		78		73
Capital Markets			**160**	**60**
CEE			**107**	
- Poland	344		98	116

* includes an element of management estimation

Credit provisions – key assumptions

		Base Case 2009 / 2010	Stress Scenario 2009 / 2010
IRELAND		**%**	**%**
GDP		(5.5) / (1.5)	(7.0) / (2.0)
Unemployment (annual average)		11.0 / 13.6	11.6 / 14.3
Fall in asset values (peak to trough)			
- Residential property		20 - 40	50
- Zoned land		25 - 55	70
- Unzoned land		30 - 60	80
- Zoned with planning permission		30 - 40	70
- Commercial:	Office	20 - 40	50
	Retail	20 - 40	50
	Industrial	20 - 40	50
UK		**%**	**%**
GDP		(3.0) / 0.5	(4.5) / (1.0)
Unemployment (annual average)		6.9 / 8.1	7.8 / 9.5
Fall in asset values (peak to trough)			
- Residential property		15 - 30	50
- Zoned land		25 - 50	70
- Unzoned land		35 - 55	80
- Zoned with planning permission		20 - 50	70
- Commercial:	Office	20 - 40	50
	Retail	20 - 40	50
	Industrial	20 - 40	50

- Under the base case, total group impaired loans peak in 2011 at €9.5bn (c. 7% of loans) and €17.9bn in the stress scenario (c. 14% of loans). At 12/08 impaired loans total €3bn, 2.3% of loans
- Average default rates in Irish & UK property portfolios increase to 24% and 25% respectively in the stress scenario (currently 2%)
- Provisions moderate after 2010 in both base and stress scenarios. Capital ratios also increase

Bad debt provision charges - base case*

	2009 (f) Pln m	Stg £m	€m	bps	2010 (f) Pln m	Stg £m	€m	bps
AIB Bank RoI			**2063/2362**	**266/305**			**1250**	**161**
- residential development			889/997	791/888			538	479
- commercial development			294/331	440/495			178	266
- investment			361/404	277/310			219	168
- property & construction			1544/1732	499/560			935	302
-other business			232/261	183/206			141	111
- residential mortgages			115/143	43/54			70	26
- other personal			172/226	231/304			104	140
AIB Bank UK		**210/260**	**233/289**	**114/141**		**180**	**200**	**102**
- residential development		106/130		394/489		74		294
- commercial development		19/24		240/306		13		180
- investment		19/23		48/61		13		36
- property & construction		144/177		186/231		100		139
- other		66/83		60/70		80		77
Capital Markets			**140/170**	**53/65**			**140**	**57**
CEE	**367/448**		**100/115**	**103/125**	**335**		**86**	**83**
- Poland			94/115					
- Am Credit			6					
Total			**2536/2936**	**190/220**			**1676**	**127**

** includes an element of management estimation*

Bad debt provision charges - stress test*

	2009 (stress) PLN m	Stg £m	€m	bps	2010 (stress) PLN m	STG £m	€m	bps
AIB Bank RoI			**3095**	**399**			**1898**	**245**
- residential development			1302	1159			798	711
- commercial development			431	645			265	396
- investment			528	405			324	248
- property & construction			2261	730			1387	448
- other business			341	269			209	165
- residential mortgages			186	70			114	43
- other personal			307	412			188	253
AIB Bank UK		**400**	**444**	**233**		**300**	**333**	**160**
- residential development		224		848		147		583
- commercial development		48		640		32		444
- investment		48		127		31		86
- property & construction		320		424		210		291
- other		80		100		90		68
Capital Markets			**280**	**106**			**250**	**102**
CEE			**185**		**671**		**172**	**165**
- Poland	698		179	202				
- Am credit			6				-	
Total			**4004**	**300**			**2653**	**200**

** includes an element of management estimation*

Capital stress test

€ bn	2009	2010
Operating profit pre provisions (€2.7bn in 2008 x 80%)	**2,160**	**2,160**
Retained profit	**- 2,075**	**- 803**
Bad debt charge	**300 bps**	**200 bps**
Provisions (as per bad debt stress scenario)	**- 4,004**	**- 2,653**
Average Loans	133,484	132,090
Core tier 1 capital	9,152	8,349
Tier 1 capital	11,311	10,438
Tier 1 ratio	**7.9%**	**7.4%**
Core tier 1 ratio	**6.4%**	**5.9%**
Core tier 1 ratio (excluding Government prefs)	**4.0%**	**3.4%**
- base case*	**4.8%**	**4.8%**
Risk weighted assets	143,000	141,000

** Bad debt charge of €2,936m in 2009 and €1676m in 2010 (220 bps and 127 bps)*

- Capital ratios are forecast to increase in 2011 and subsequent years

Asset quality trend – Basel II effect

- Basel II Internal Ratings Based (IRB) since January 2008
- Procyclicality a potentially significant change from Basel I
  - Marginal effect on standardised loan portfolios (c. 41% of risk weighted assets)
  - Predominantly applies to IRB loan portfolios (c. 59% of risk weighted assets)
- 2 IRB loan portfolios; non-retail (corporate & commercial), retail (RoI mortgages)
  - Principal drivers of capital requirement in both portfolios are probability of default (PD) and loss given default (LGD)

Non-retail IRB

- LGD: 45%, determined by regulator, conservative and not subject to change
- PD: driven by central tendencies of through the cycle experience, typically back to early 1990s, relatively low cyclicality, 1 year deterioration has modest effect

Retail IRB

- LGD: c. 20%, internally modelled, conservative and incorporates significant falls in house values
- PD: driven by central tendencies of through the cycle experience, typically back to early 1990s, relatively low cyclicality, 1 year deterioration has modest effect

- Loans in both IRB portfolios attract different PDs as they migrate through credit grades

Capital – AIB in a strong position

%	Tangible Equity / Tangible Assets	Total RWAs / Total Assets
AIB	4.2	74
Royal Bank of Scotland	1.5	26
Danske	2.1	27
HBOS	2.5	49
KBC Group	2.9	40
Deutsche	1.2	14
Commerzbank	2.9	33
Credit Agricole	1.1	22
Lloyds	1.7	42

Source: Information is based on latest disclosed data from companies as at Feb '09

Summary

- 2008 a very tough year
- Operating performance underlines quality & diversity of our business
- Active cost control aligned to slowing revenue growth
- Intense focus on credit portfolios in a deteriorating environment
- Strong and resilient capital and funding bases

AIB

AIB Bank RoI profit statement

Dec 2007	€m	Dec 2008	Change %
1,777	Net interest income	1,705	(4)
490	Other income	478	(2)
2,267	Total operating income	2,183	(3)
1,088	Total operating expenses	1,002	(7)
1,179	Operating profit before provisions	1,181	-
104	Total provisions	1, 302	1,144
1,075	Operating profit	(121)	-
7	Associated undertakings	(5)	-
12	Profit on disposal of property	6	(50)
-	Profit on disposal of business	68	-
1,094	Profit before taxation	(52)	-

Capital Markets profit statement

Dec 2007	€m	Dec 2008	Change %
586	Net interest income	1,064	87
389	Other income	94	(76)
975	Total operating income	1,158	21
460	Total operating expenses	392	(13)
515	Operating profit before provisions	766	52
(15)	Total Provisions	181	-
530	Operating profit	585	13
2	Profit on disposal of business	-	-
532	Profit before taxation	585	13

AIB Bank UK profit statement

Dec 2007	Stg£m	Dec 2008	Change %
470	Net interest income	471	-
107	Other income	107	1
577	Total operating income	578	-
255	Total operating expenses	255	-
322	Operating profit before provisions	323	-
12	Total Provisions	204	1,559
310	Operating profit	119	(62)
-	Associated undertaking	1	-
-	Profit on disposal of property	2	-
-	Profit on disposal of business	30	-
310	Profit before tax	152	(61)
452	Profit before tax €	190	(61)

CEE Division profit statement*

Dec 2007	PLN m	Dec 2008	Change %
1,167	Net interest income	1,542	32
1,400	Other income	1,362	(3)
2,567	Total operating income	2,904	13
1,549	Total operating expenses	1,636	6
1,018	Operating profit before provisions	1,268	25
4	Total Provisions	351	8,680
1,014	Operating profit	917	(10)
2	Income from associated undertakings	(2)	
-	Profit on disposal of property	8	-
1,016	Profit before tax	923	(9)
269	Profit before tax €	263	(9)

* *Poland only*

Group profit statement

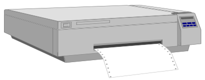
Dec 2007	€m	Dec 2008
62	Net interest income	70
44	Other income	104
106	Total operating income	174
192	Total operating expenses	150
(9)	Total provisions	-
(77)	Operating loss	24
120	Share of results of associates – M&T	94
64	Profit on disposal/development of property	2
55	Construction contract income	12
(1)	Profit/loss on disposal of business	-
161	Profit before tax	132

Contacts

Our Group Investor Relations Department will be happy to facilitate your requests for any further information

Alan Kelly	*alan.j.kelly@aib.ie*	☎	+353-1-6412162
Rose O'Donovan	*rose.m.o'donovan@aib.ie*	☎	+353-1-6414191
Pat Clarke	*patricia.m.clarke@aib.ie*	☎	+353-1-6412381
Maura Hodnett	*maura.n.hodnett@aib.ie*	☎	+353-1-6413469

☎ +353-1-660 0311


+353-1-641 2075

Visit our website www.aibgroup.com/investorrelations