Allied Irish Banks, p.l.c.

2011 Annual Results

30 March 2012

Forward looking statement

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 and Section 21E of the US Securities Exchange Act of 1934. 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, financial instability within the Eurozone, global, national and regional economic conditions, further national austerity and budget measures, levels of market interest rates, credit or other risks of lending and investment activities, competitive, legislative 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.

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Agenda

Overview – David Duffy

Financial Review – Paul Stanley

AIB as a pillar bank – our path to viability

Financial	● Return to sustainable profitability by 2014 ● Implement multiple funding strategies to access medium / long term markets in alignment with sovereign objectives ● Continue to identify and attract new investors to AIB
Market Focus	● Deliver on lending commitments to SMEs and mortgage customers ● Implement customer strategies focusing on economic pricing ● Provide long term sustainable solutions to support customers in difficulty ● Continue to build on strong market shares in core products
Governance	● Maintain an effective relationship with our principal stakeholders ● Continue to improve risk management and control framework, standards and processes
Restructuring	● Gain EU approval for and implement restructuring plan ● Implement severance scheme, transform AIB's culture and achieve cost objectives ● Continue meeting agreed deleveraging and related LDR commitments ● Implement comprehensive cost reduction programme

Sustainable profitability to be achieved by

- Increasing business volumes and associated income as the Irish economy improves
- Cutting operating expenditure
  - Severance programme announced to cut €170m pa costs and reduce headcount by c. 2,500
  - Professional fees and other costs to be significantly reduced
  - Integrating distribution channels with greater emphasis on technology, automation and online channels
  - ‘One bank’ approach; simplified, efficient, customer focused
- Normalising funding costs and lending margins
  - Cost of customer deposits
  - Reduce / eliminate ELG costs (€488m in 2011)
  - Align product pricing with funding costs
- Reducing credit provision charges
  - Provision levels expected to materially reduce in 2012; level of reduction will be influenced by economic and regulatory environments
  - Provision levels expected to remain within PCAR stress levels for 2011 – 2013

2011 results overview

- Operating profit before provisions* of €68m impacted by lower loan volumes, elevated cost of deposits and other funding, higher ELG and non-recurring transformation costs
- Credit and other provision charges of €8.2bn
  - Expected to have peaked in 2011
  - Challenging economic and operating environment
- Funding has improved
  - Deposit balances stabilised in H2 2011 and now increasing
  - €12.7bn non-core deleveraging in 2011 was €3.3bn ahead of plan
  - Reliance on ECB and wholesale funding have reduced
- 2011 loss after tax €2.3bn (€10.2bn in 2010)
- Well capitalised; core tier 1 ratio of 17.9%
  - €5.1bn benefit from disposals and liability management exercises

** excludes loss on disposal of loans, gains on liability management exercises, NAMA related transfer losses and interest rate hedge volatility*

Open for business – SME overview

SMEs – 'Big Drive for Small Business'

€3bn SME lending target achieved in 2011

- 115,000 business borrowers; 33,500 approved sanctions
- 90%+ of completed applications were approved
- c. 11,000 new Business Start Up current accounts

SME lending target of €3.5bn in 2012; focus on new / additional lending

- New lending target up 20%
- "Open for business" message getting through; positive trend in enquiries in Q1 2012 vs Q4 2011

Initiatives taken to support SMEs in 2011

- 5,000 staff attended SME training events
- Standard lending application form – Nov 2011
- Tracking and following up on informal credit requests
- Online cash flow planning tool – Nov 2011
- New guide to prepare credit application – Dec 2011

Initiatives to support SMEs in 2012

- Major communications campaign underway
- Increasing dedicated SME relationship staff
- Credit decisions within 15 working days
- €100m job creation loan fund – Feb 2012
- €250m Agri Investment fund – April 2012
- €20m Development Equity Fund with EI – Q2 2012
- €50m Micro Finance Loan Fund – Q3 2012
- 15,000 SME customers to attend seminars
- Sponsor national Better Business Seminars with SFA
- SME business development coaching programme for 2,000 customers

Supporting SME customers in difficulty

- Structural / Operational changes
  - Core strategy is to cure problems, restructure loans and restore customer stability
  - Dedicated units to support customers in difficulty from 44 locations nationwide
  - Staff increased by 400 since June 2011 to 1,000 by Dec 2011

- Activity to date
  - Managing 30,000 customers in difficulty
  - To date restructure requests mainly for short term forbearance
  - Continuously improving our engagement with SMEs
  - Developing customised solutions to sustain / restore customer viability
    - 40 receiver / liquidator appointments approved by AIB in 2011 (370* approved in the market in 2011)

** source: Kavanagh Fennell*

Open for business – mortgages overview

Open for mortgages

- Significant increase in new mortgage market share during 2011
  - Market share of new business sanctions increased from 20% in Feb to 35% in Dec
  - Approval rate of applications up from 55% in Feb to 75% in Dec
- Momentum continuing in 2012
  - Market share of sanctions increased to 38% in January 2012
  - Market share of applications 56% in January 2012
- Aiming to achieve 50% market share of new mortgages and 20% increase in new sanctions in 2012
  - Completed applications receive a decision within 24 hours
  - 2,160 First Time Buyer "Mortgage Packs" issued in February in response to customer online / text requests

Note: All figures relate to Republic of Ireland mortgages

Supporting mortgage customers in difficulty

- Core strategy is to treat customers fairly and keep borrowers in their homes whenever possible
- Mortgage Arrears Resolution Strategy includes "Standard" and "Advanced" mortgage solutions:
  - Forbearance, interest only, term extension, rate reduction, split mortgage, agreed sale, trade down, mortgage to rent and repossession
- 202 staff deployed in Mortgage Arrears Support Unit, up 70% in 2011 and will be doubled in 2012
- Forbearance in place for c. 32,000 cases
  - 51 private residence repossessions in 2011, majority voluntarily surrendered
  - All new arrears and pre-arrears cases now actioned within 4 days

Note: All figures relate to Republic of Ireland mortgages

Financial Review – Paul Stanley

Key financial features

€bn	Dec 2011	Dec 2010
Operating profit*	0.1	0.7
Provisions	(8.2)	(6.1)
Income Tax	1.2	1.7
Underlying loss	**(6.9)**	**(3.7)**
Loss on NAMA / loan disposal	(0.3)	(7.1)
Gain on redemption of sub debt	3.3	0.4
Profit from BZWBK	1.6	0.2
Loss for the period	**(2.3)**	**(10.2)**

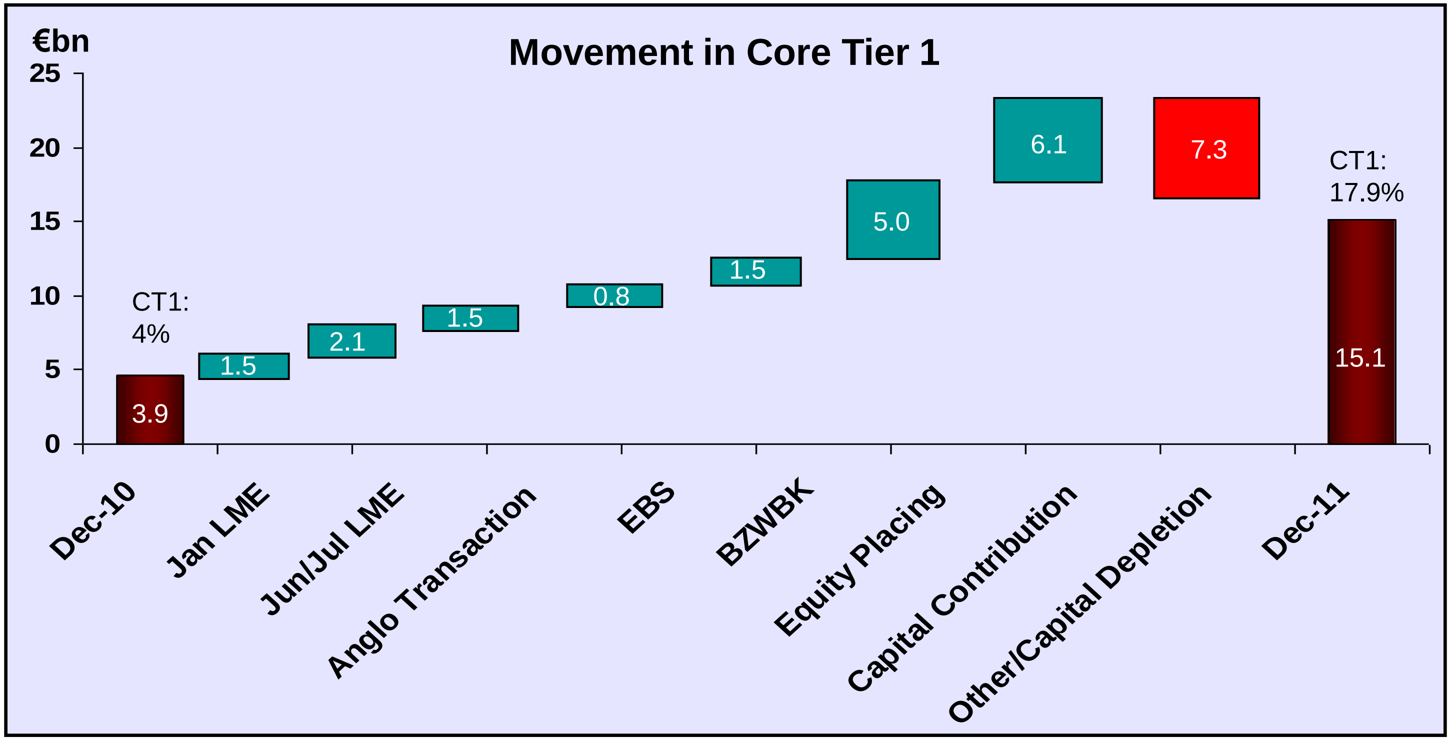
Funding %	Dec 2011	Dec 2010
Loans / deposits ratio	136**	165
Deposits as % of total funding	47	41
Wholesale funding with maturity > 1 year	25	19

Capital %	Dec 2011	Dec 2010
RWAs (€bn)	84	99
Core tier 1 ratio	17.9	4.0
Total capital ratio	20.5	9.2

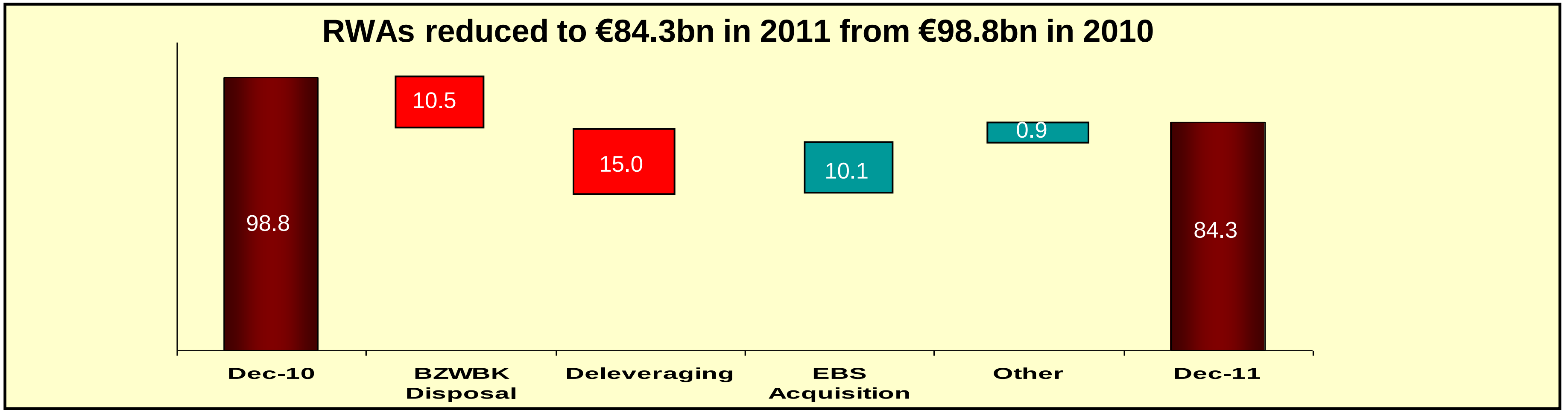
** excludes loss on disposal of loans, gains on liability management exercises, NAMA related transfer losses and interest rate hedge volatility*

***138% including loans held for sale*

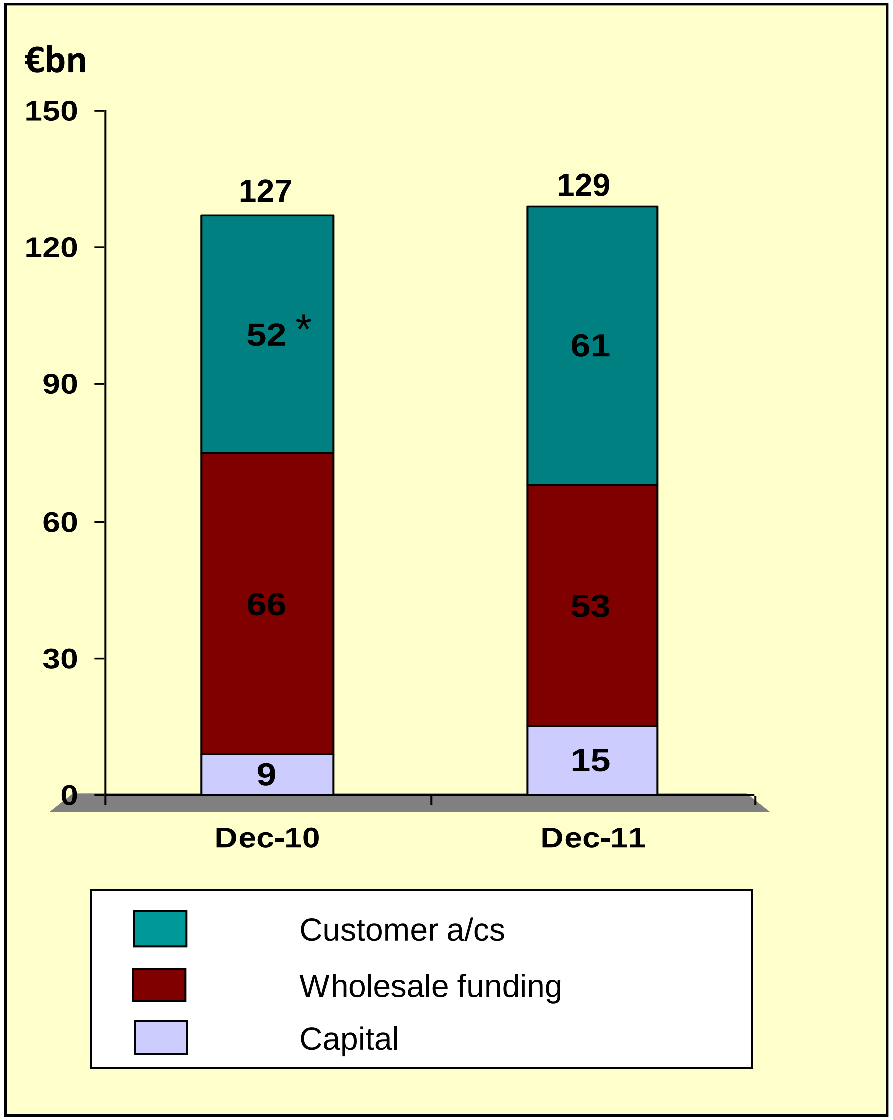
Capital



- Core tier one ratio 17.9%
- Total capital ratio 20.5%
- €11.1bn equity & capital contribution from the Minister for Finance & NPRFC
- Capital adequacy confirmed by EBA stress test results in Dec 11



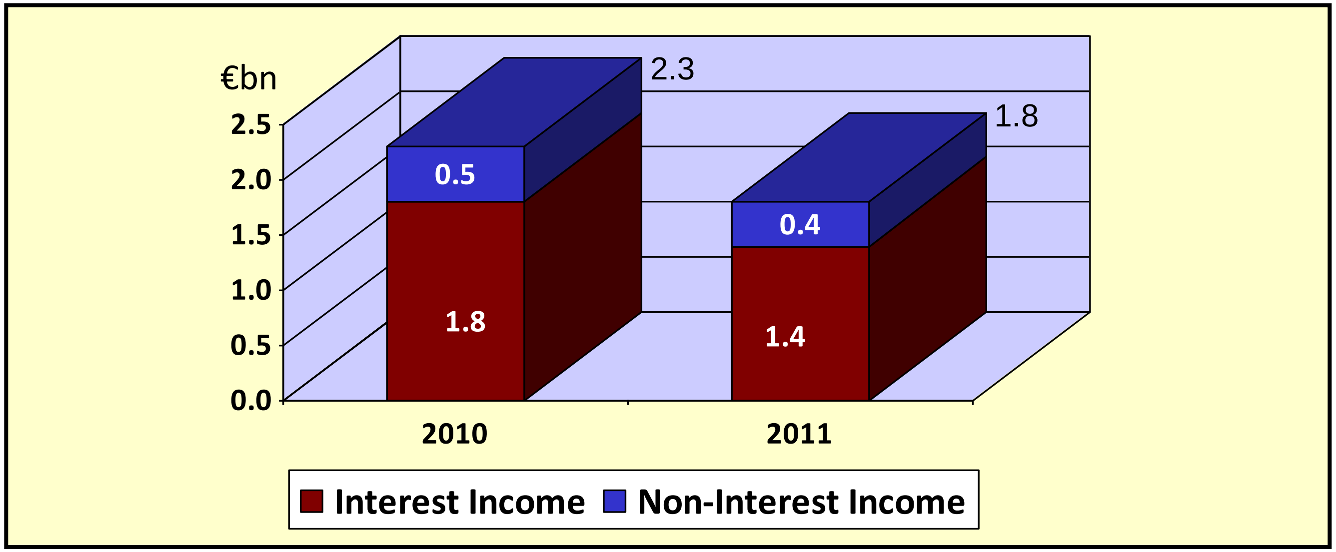
Funding profile



- Stabilised deposit levels in H2 2011 with growth of c. €1.5bn ytd in 2012
- Customer deposits largest source of funding at 47% (41%* at Dec 2010)
- LDR 136% in Dec 2011 versus 165% in Dec 2010
- Wholesale funding reduced by €13bn in 2011 following business disposals, and deleveraging
- €6bn reduction in ECB funding
  - Exited non standard facilities from the Central Bank in April 2011
- Lengthening of maturity profile due to receipt of €3bn in three-year ECB LTRO funding
  - 25% of term funding with maturity > 1year up from 19% at Dec ‘10

** excludes BZWBK deposits*

Income



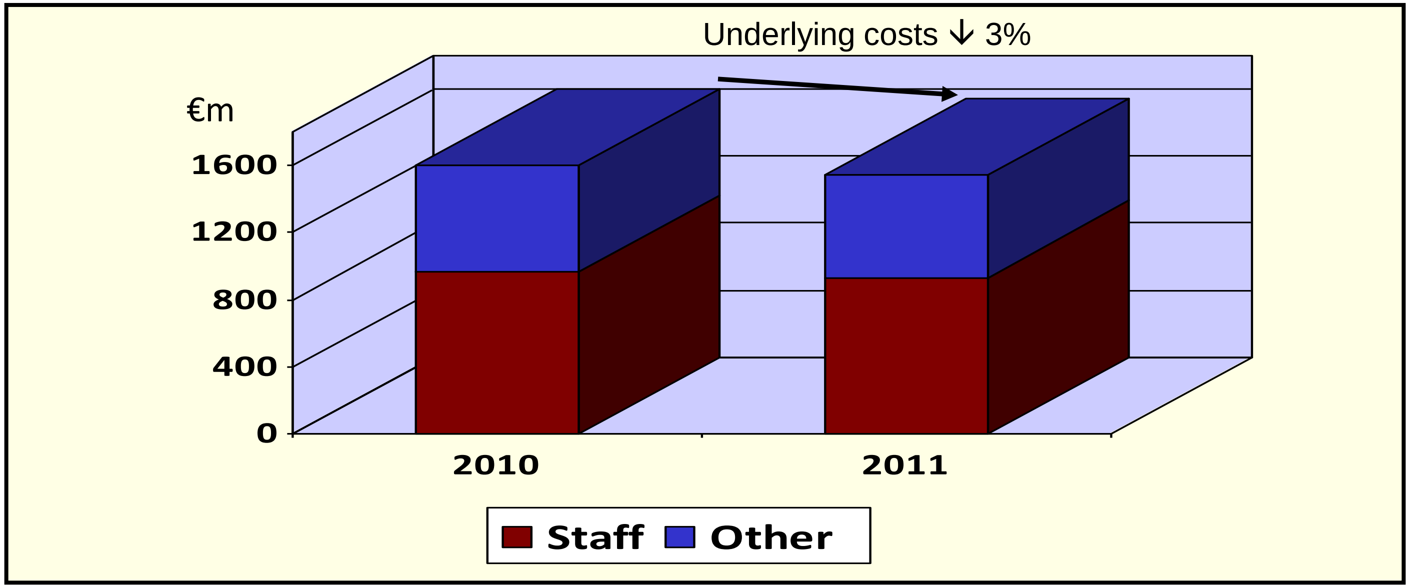
- Total income ↓ 22%; reduction reflects
  - Average interest earning assets reduced to €131bn in 2011 from €141bn in 2010; lower interest-earning loan volumes due to impairment and deleveraging partly offset by improvement in asset pricing
  - 12bps reduction in net interest margin to 1.40%*

Key Drivers:	lower loan margin income due to lower volumes	-10 bps
	increased cost of customer deposits	- 4 bps
	lower treasury / other net interest income	- 7 bps
	lower cost of wholesale funding post recapitalisation	+ 6 bps
	higher income on capital / benefit following LMEs	+ 3 bps

  - ELG costs increased by 37% in 2011 to €488m; covered liabilities of €40bn (incl. €4bn for EBS)
  - Reduced fees and commissions due to decline in customer activity levels and business disposals

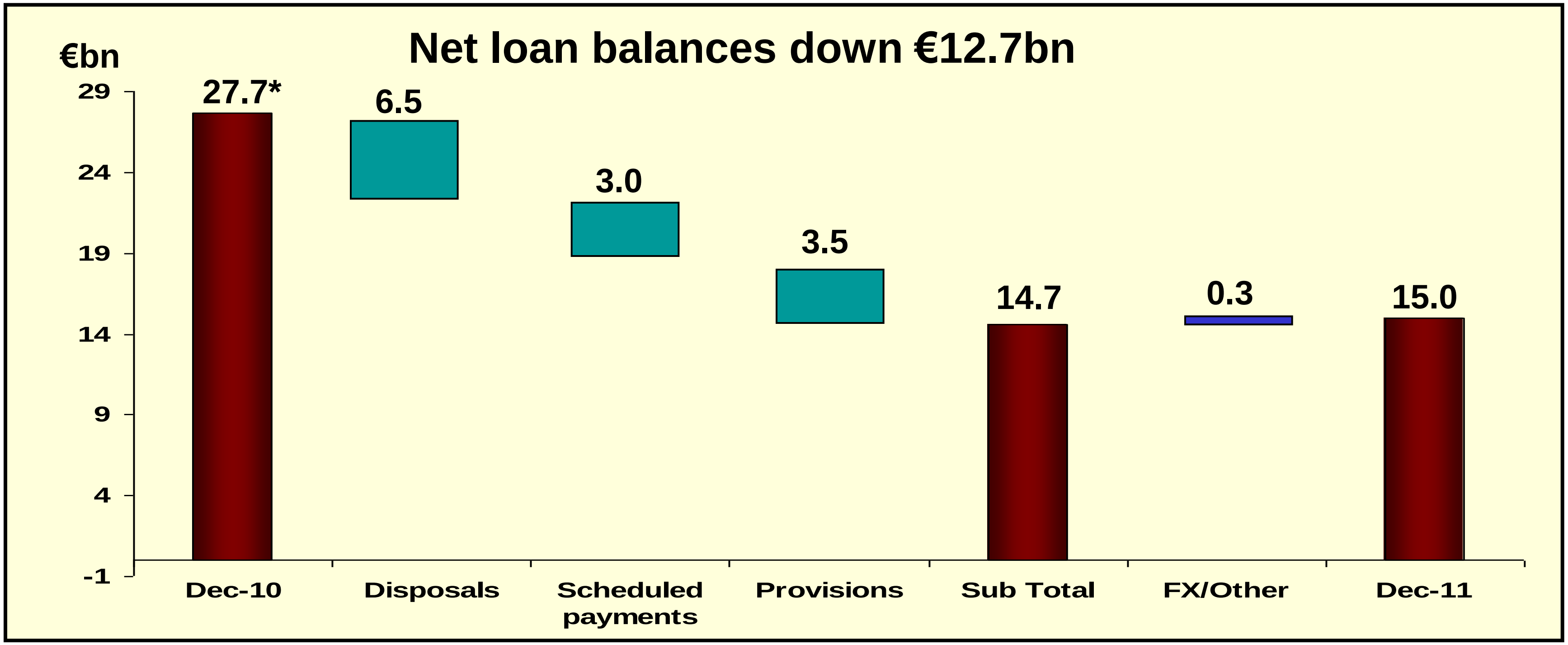
** excluding ELG*

Costs



- Underlying costs down 3% excluding EBS operating costs in H2 (costs including one-off restructuring increased by €71m)
- Underlying staff costs down 4%, excluding EBS staff
  - Includes higher resources supporting customers in difficulty
  - Includes 210 staff associated with Anglo deposit business
  - Targeting staff reduction of approx. 2,500, €170m annualised cost saving and significant other costs targets
- Lower depreciation / amortisation expense due to discontinued projects writedowns in 2010

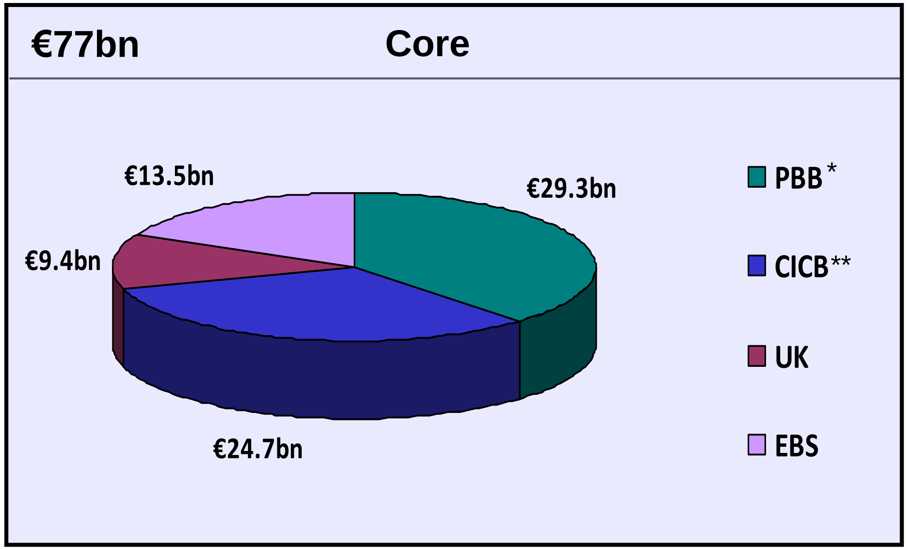
Non core deleveraging has exceeded targets to date

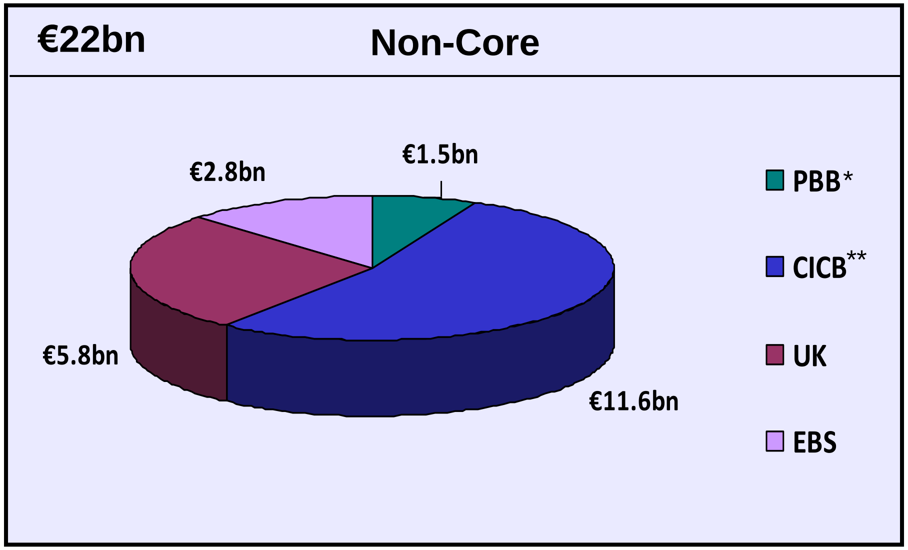


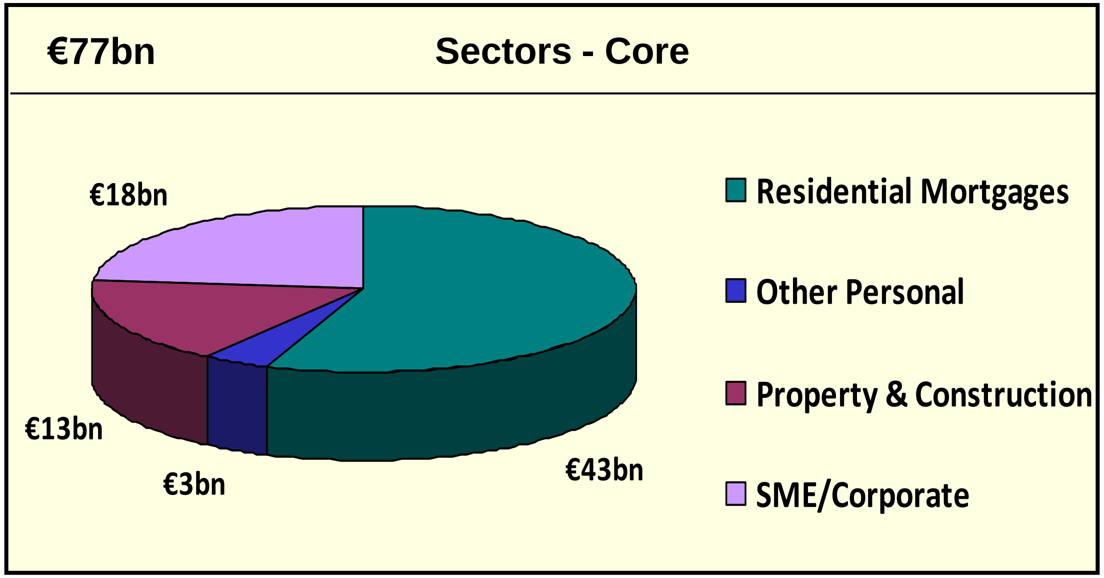
- 62% of 3-year non-core deleveraging target of €20.5bn achieved in 2011
  - Well positioned to meet non-core deleveraging targets over next 2 years
- €12.7bn reduction was €3.3bn ahead of full year 2011 target agreed with Central Bank of Ireland
  - Strong start to 2012 with over €1bn of deleveraging completed in Q1
- Overall cumulative discounts of 4%, within PCAR base case assumptions

** Includes €2.6bn EBS non-core loans at Dec 2010*

Loan book composition – total €99bn







- Gross loans, excluding EBS acquisition, ↓ 12%, €11.5bn in 2011
- Residential mortgages continues to be the key portfolio representing 56% of total gross core loans

** Personal & Business Banking*

*** Corporate Institutional & Commercial Banking*

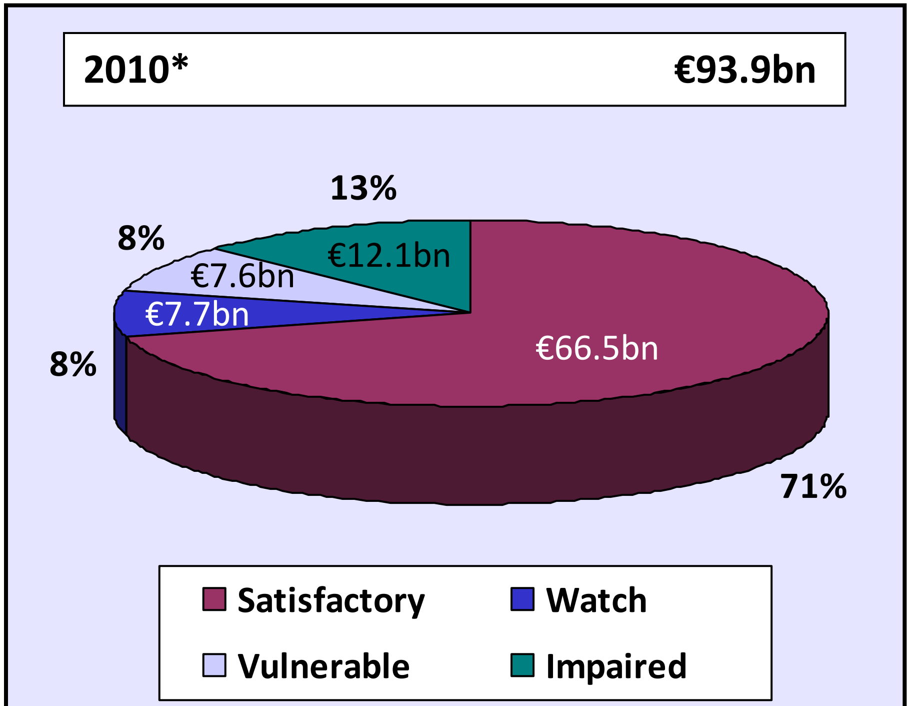
Credit provision charges 2011

- Bad debt provision charge of €7.9bn* in 2011 (€6bn* in 2010)
- Level of bad debt provision charges reflect:
  - Further Irish & European economic deterioration
  - Continued asset quality deterioration principally due to continued property price declines
  - Land and development portfolio has significant provision coverage
  - Greater levels of mortgage forbearance activity
  - More conservative Central Bank of Ireland loan loss guidelines
- Focus on active recovery strategies and ongoing arrears management across the bank

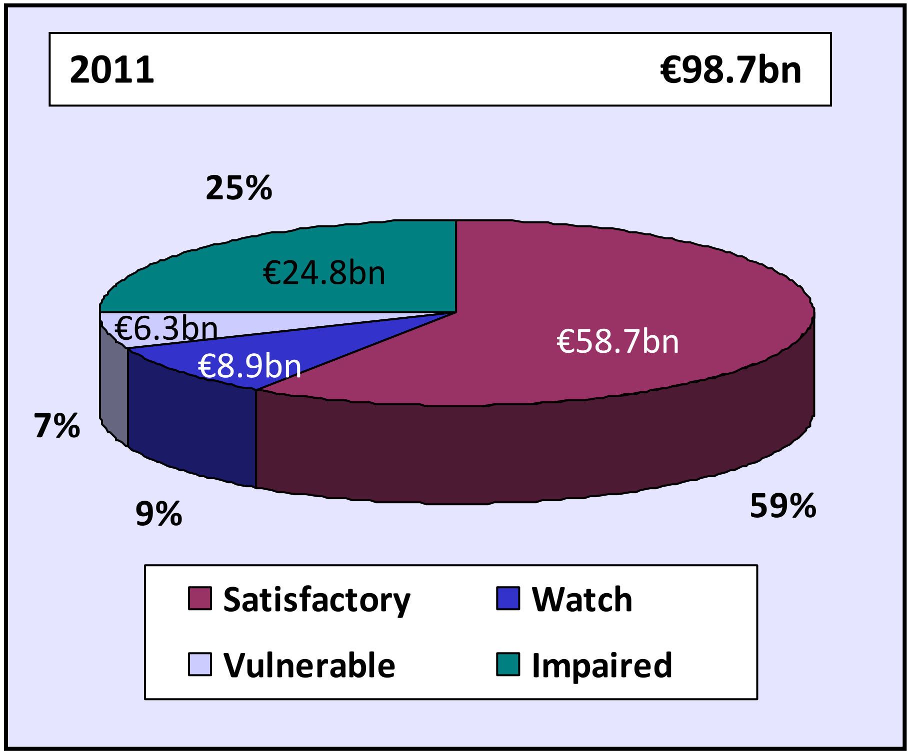
Note: total provisions of €8.2bn includes €0.3bn for AFS

**includes €0.1bn at Dec 2011 and €1.5bn in 2010 relating to NAMA loans which transferred*

Loan book – credit profile



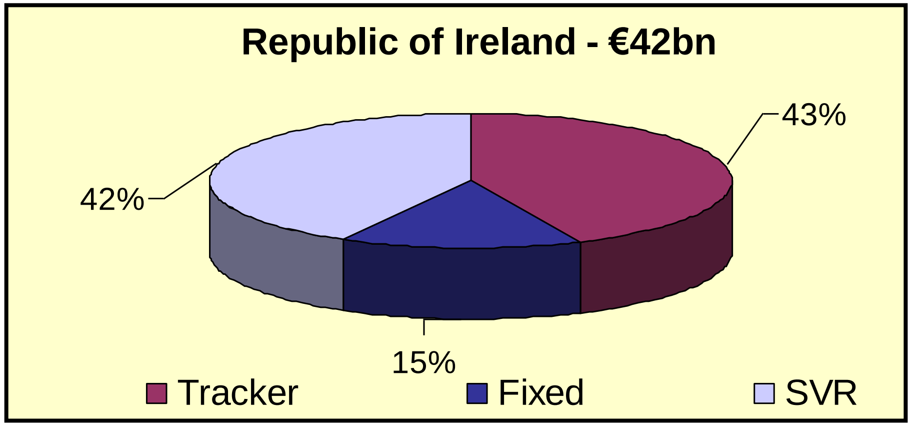
* excludes EBS loans

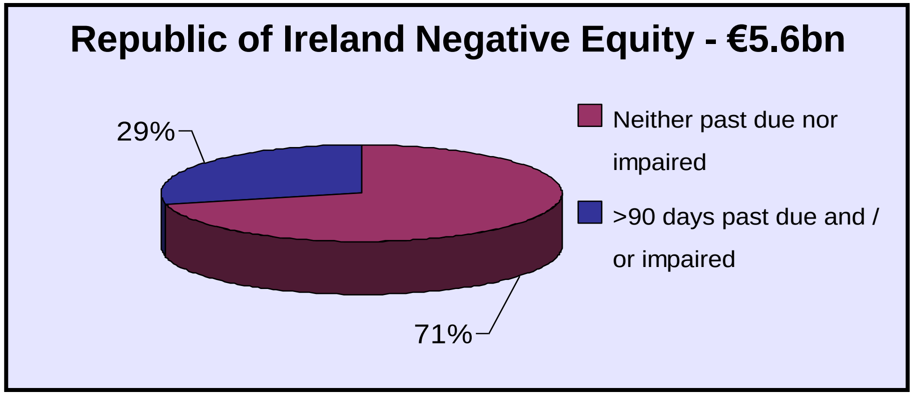


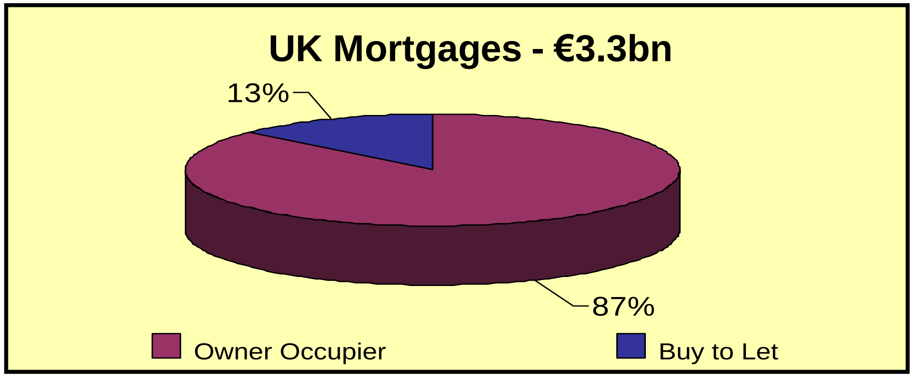
- Criticised loans now c. €40bn
  - Increased by €7.2bn in 2011 (€12.6bn including EBS acquisition)
- Increases predominantly in the mortgage, property & construction and SME sectors
- €14.9bn of balance sheet provisions at Dec 2011
  - Specific provisions (€12.3bn) / impaired loans of 49%
  - IBNR provisions of €2.6bn; 29% of which relates to Irish mortgages
  - Total provisions / impaired loans 60%

Mortgages – largest sector exposure at €45bn

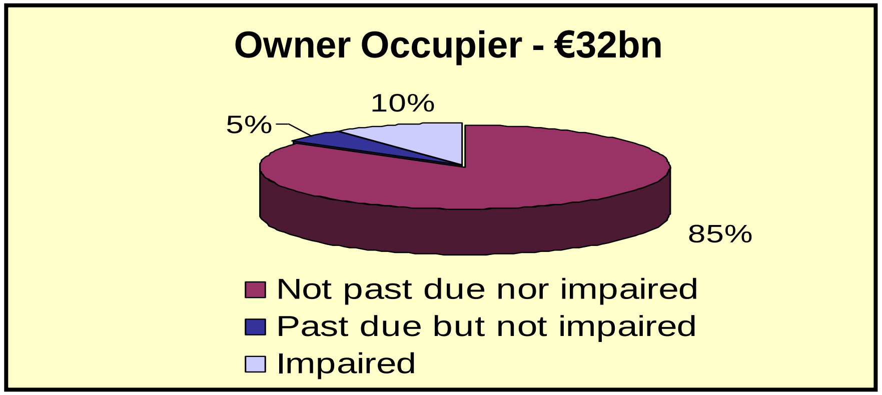
- Republic of Ireland mortgages €42bn
  - AIB €27bn, EBS €15bn
  - Owner Occupier 77% - €32bn
  - Buy-to-let 23% - €10bn
- €6.2bn RoI mortgages restructured as at Dec 2011
  - 71% have been restructured to interest only
  - €2.1bn >90 days past due and/or impaired
- Quantum of negative equity is €5.6bn
  - €4.0bn is 'neither past due nor impaired'
- UK mortgages of c. €3.3bn; N.I. €2.2bn & GB €1.1bn
  - 90+ days arrears of €238m of which €193m is impaired
  - €99m impairment provision charge in 2011
  - €167m balance sheet provisions
  - Total provisions / impaired loans coverage of 86%

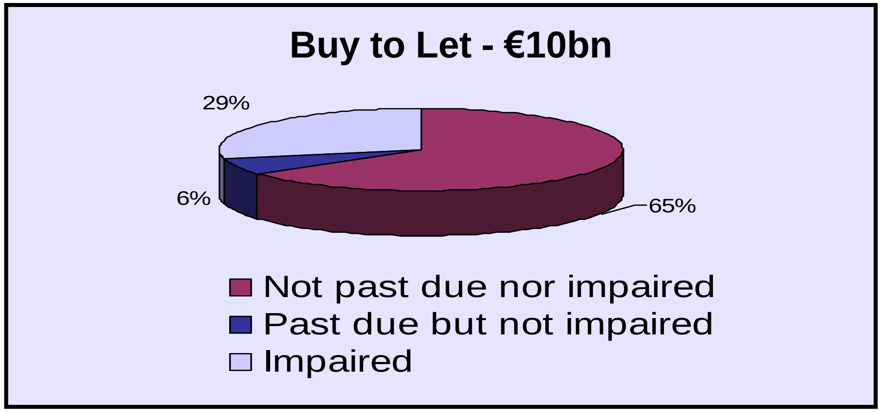






Republic of Ireland mortgages - €42bn





Owner Occupier - 90+ days arrears	Dec 2010	Dec 2011
Industry		
Loan value	7.39%	12.29%
Number of loans	5.66%	9.22%

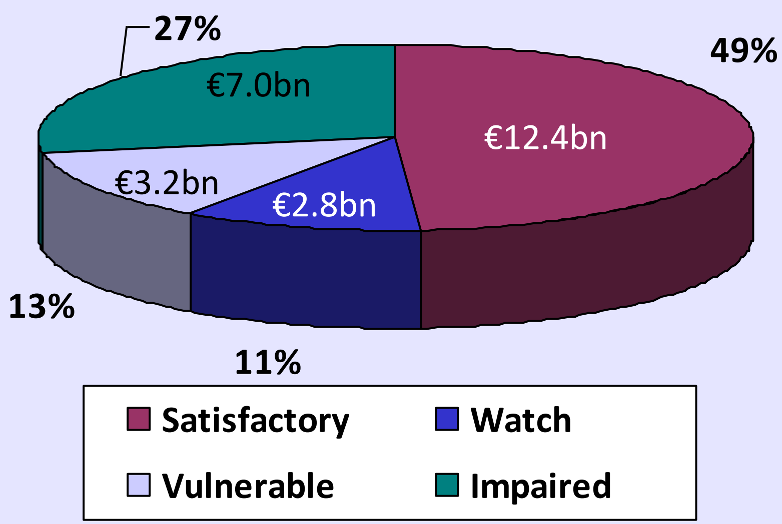
Owner Occupier - 90+ days arrears	Dec 2010	Dec 2011
AIB	**Excludes EBS*	
Loan value	2.87%*	10.9%
Number of loans	2.25%*	7.87%

Buy to Let - 90+ days arrears	Dec 2010	Dec 2011
AIB		
Loan value	9.6%*	31.7%
Number of loans	6.53%*	20.6%

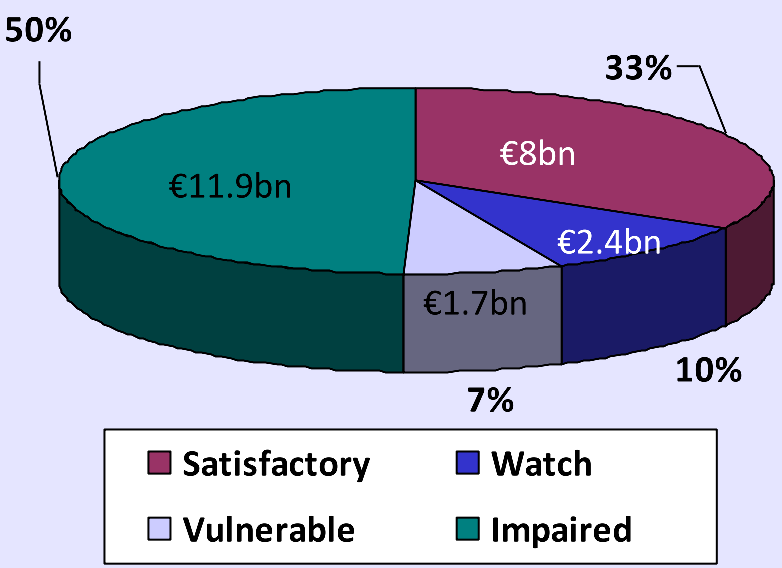
2010		Impairment Charges & Provisions	2011	
Impaired loans	€1.0bn	→	Impaired loans	€6.0bn
Impairment charge	€0.4bn	→	Impairment charge	€1.5bn
Total balance sheet provisions	€0.6bn	→	Total balance sheet provisions	€2.5bn
Specific provisions / impaired loans	20%	→	Specific provisions / impaired loans	28%
Total provisions / impaired loans	58%	→	Total provisions / impaired loans	41%

Property & construction* – credit profile

2010**	€25.4bn



2011	€24bn



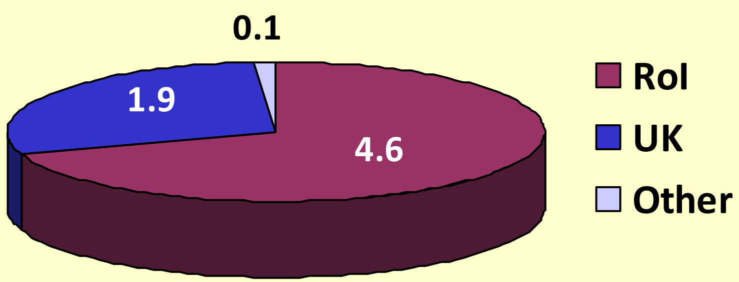
Impairment charge	€2.4bn	→	Impairment charge	€3.6bn
Total balance sheet provisions	€4bn	→	Total balance sheet provisions	€7.6bn
Specific provisions / impaired loans	41%	→	Specific provisions / impaired loans	54%
Total provisions / impaired loans	58%	→	Total provisions / impaired loans	63%

**excludes €0.5bn in Housing Associations in the UK*

***excludes EBS*

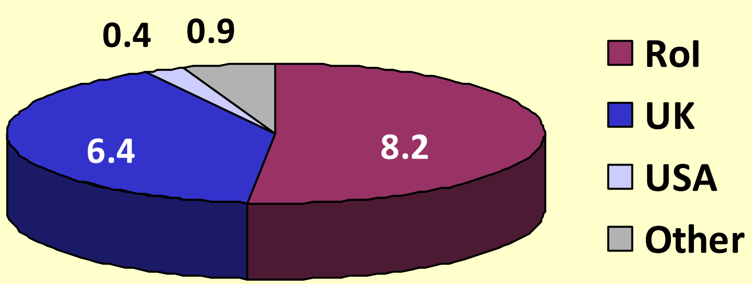
Property & construction*

- Land & development €6.6bn



- 92% of portfolio is criticised with 82% impaired
- Impairment charge of €1.7bn in 2011 (€1.3bn in 2010)
- Specific provision / Impaired loans cover now 69% (47% at Dec 2010)
- Total provisions / impaired loans cover of 72% (61% at Dec 2010)

- Investment property €15.9bn**

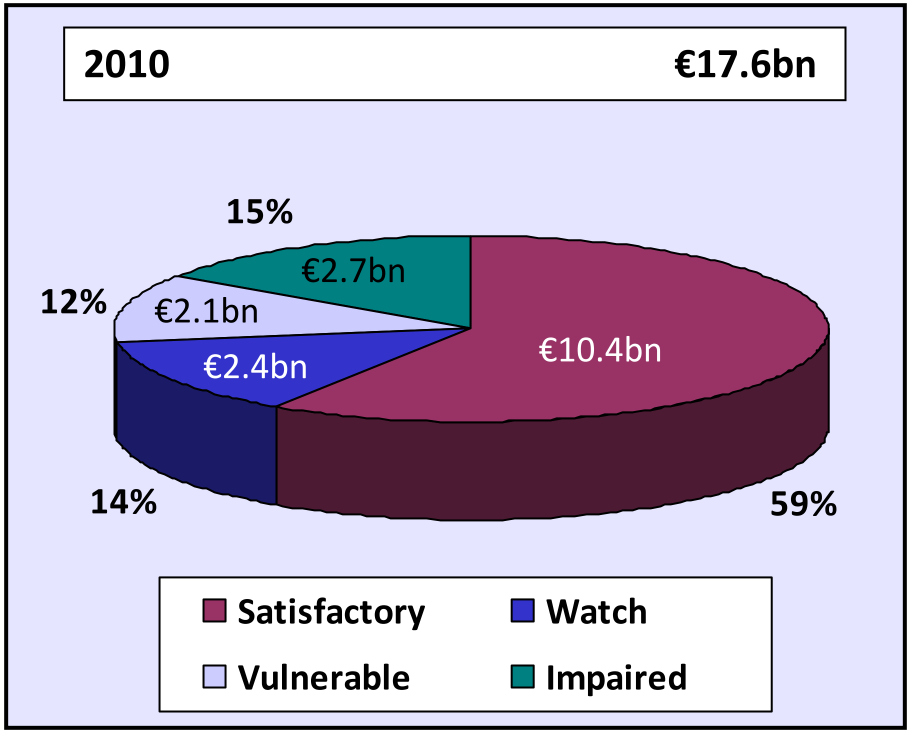


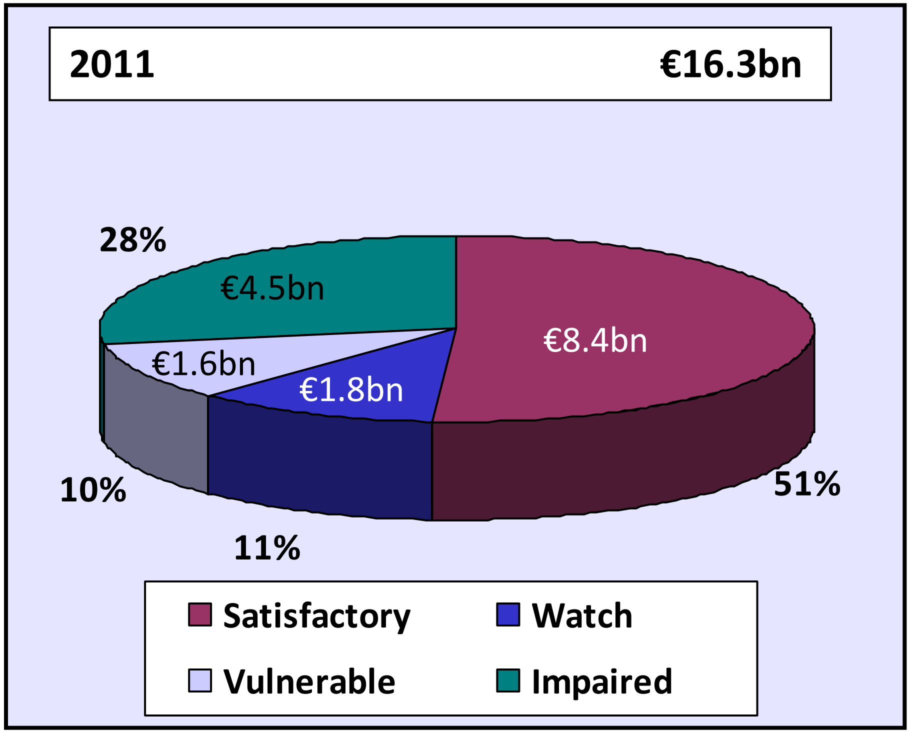
- 81% is commercial property
- €5.7bn or 36% of investment property portfolio now impaired
- Impairment charge of €2bn in 2011 (€1.1bn in 2010)
- Specific provision / impaired loan cover now 43% (31% at Dec ’10)
- Total provisions / impaired loans of 57% (54% at Dec 2010)

** excludes €0.5bn in Housing Associations in the UK*

*** excludes EBS*

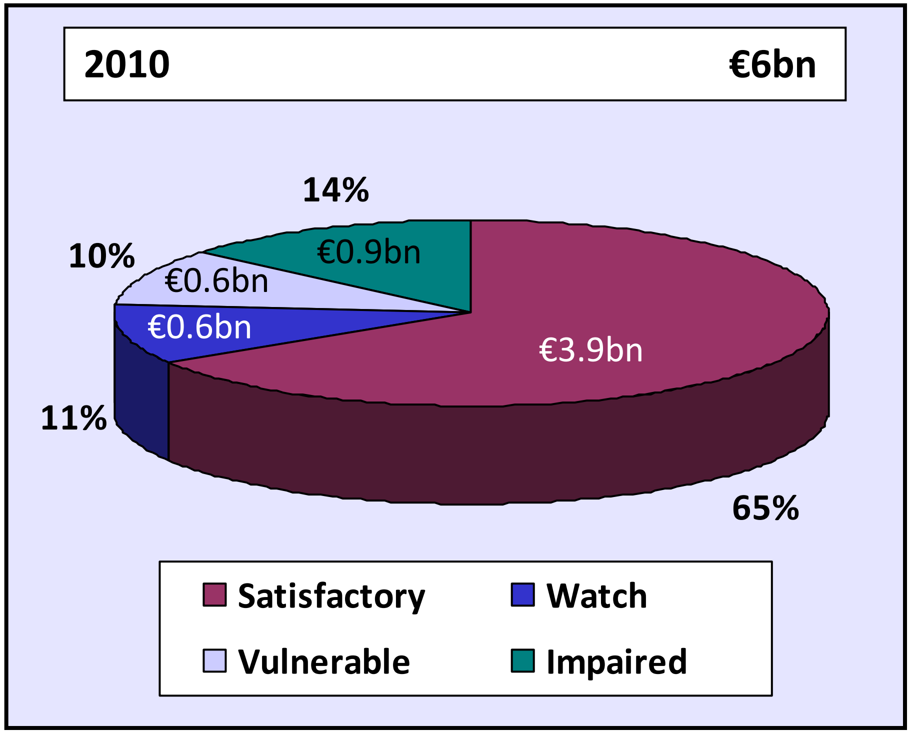
SME / commercial

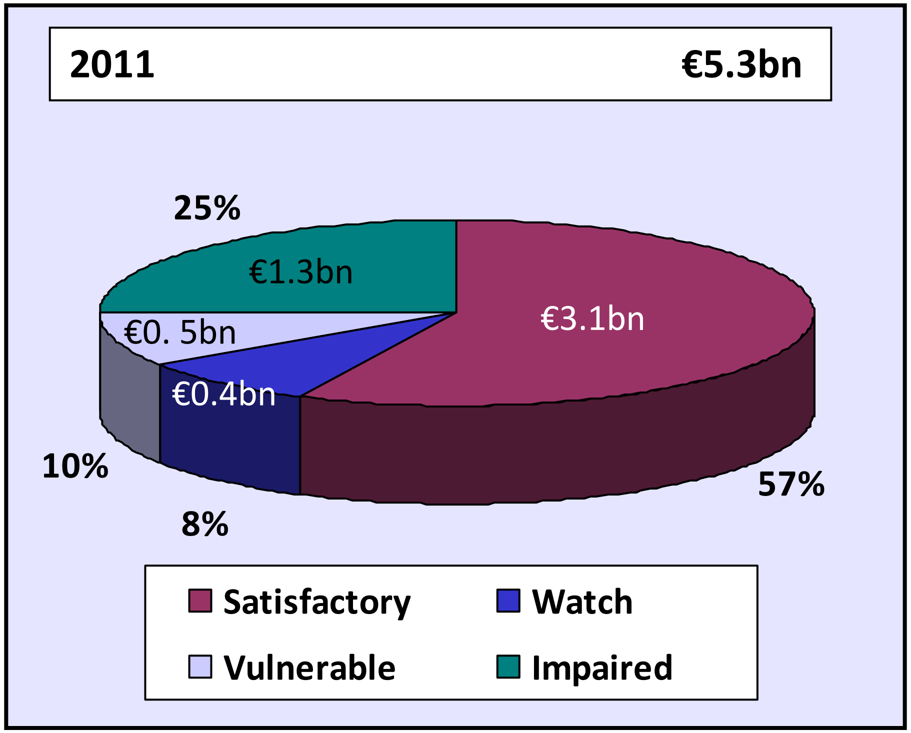




Impairment charge	€1.0bn	⇨	Impairment charge	€1.6bn
Total balance sheet provisions	€1.7bn	⇨	Total balance sheet provisions	€3.1bn
Specific provisions / impaired loans	50%	⇨	Specific provisions / impaired loans	58%
Total provisions / impaired loans	64%	⇨	Total provisions / impaired loans	68%

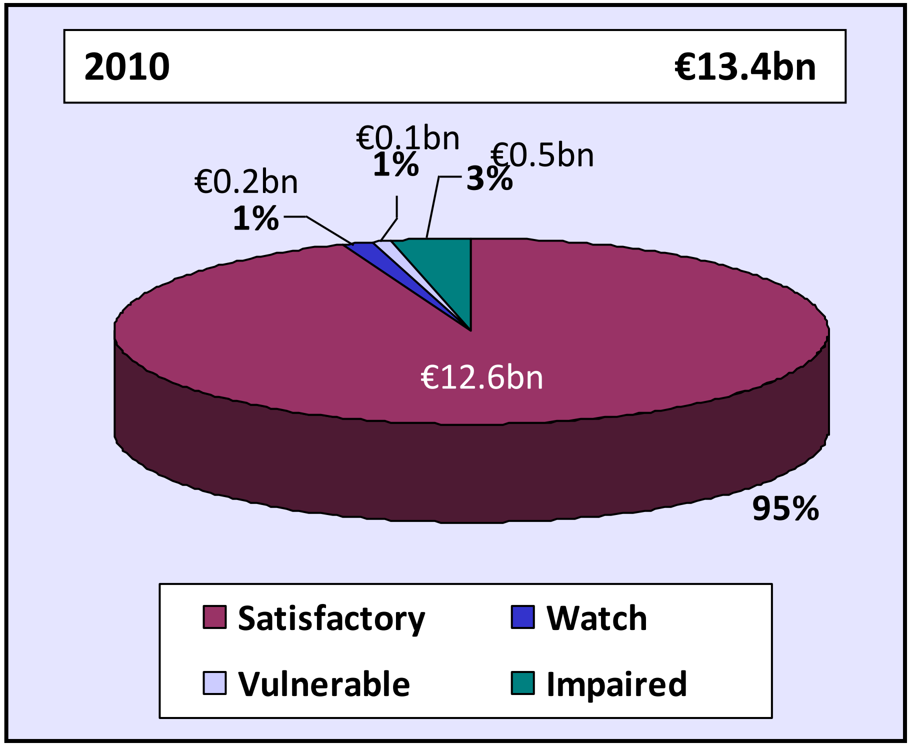
Personal loans

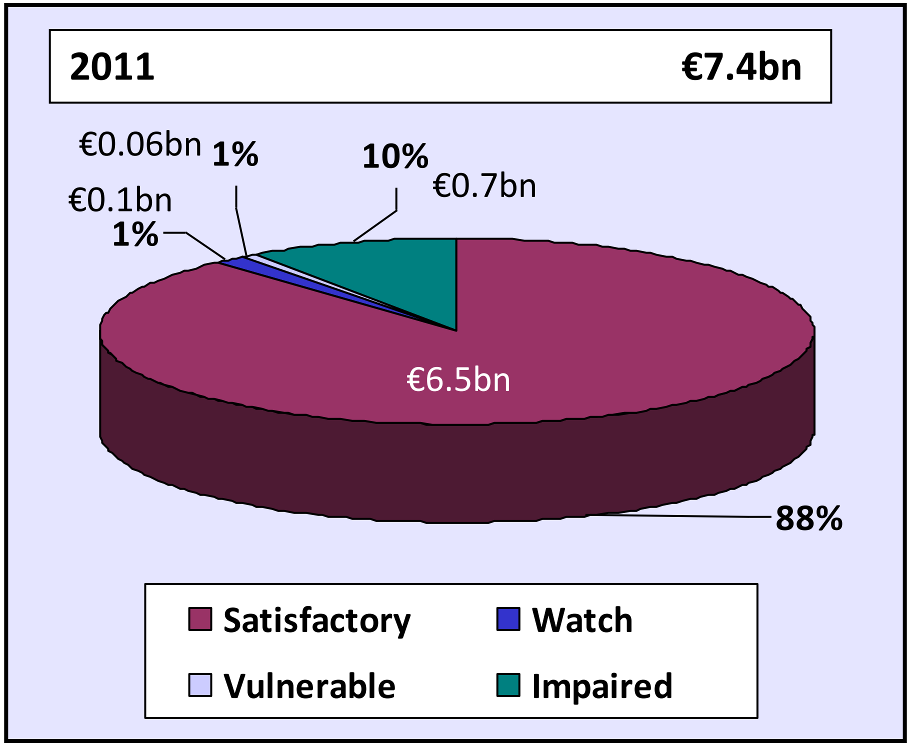




Impairment charge	€0.3bn	Impairment charge	€0.5bn
Total balance sheet provisions	€0.6bn	Total balance sheet provisions	€1.1bn
Specific provisions / impaired loans	61%	Specific provisions / impaired loans	68%
Total provisions / impaired loans	74%	Total provisions / impaired loans	80%

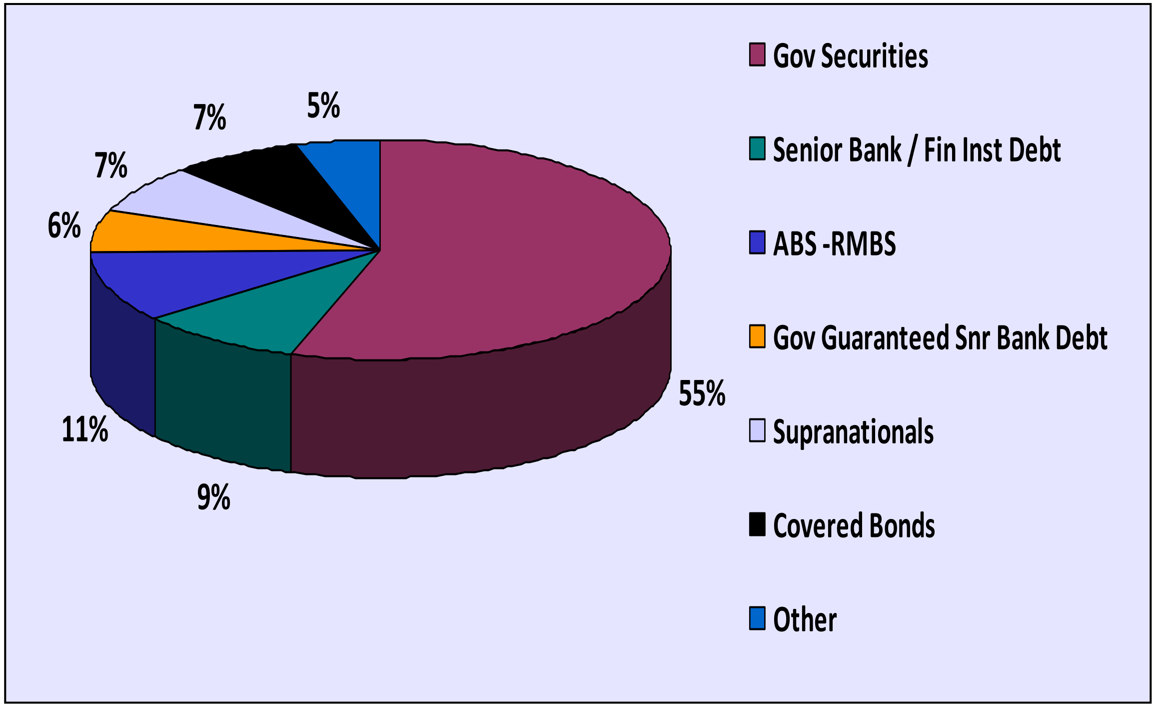
Corporate loans





	2010		2011
Impairment charge	€0.3bn	Impairment charge	€0.5bn
Total balance sheet provisions	€0.3bn	Total balance sheet provisions	€0.5bn
Specific provisions / impaired loans	45%	Specific provisions / impaired loans	62%
Total provisions / impaired loans	61%	Total provisions / impaired loans	77%

Available for sale portfolio – debt securities



Large exposures

Dec 2011	€bn
Ireland	5.9
Core Europe	4.3
UK	1.8
Spain	1.2
Italy	0.3
Portugal	0.2

- Total portfolio €15.1bn (including €1.5bn EBS portfolio); c. €10bn reduction since Dec 2009
- Excludes NAMA bonds of c. €20bn
- 97% is investment grade
- Total AFS portfolio: specific impairment charge of €233m on bank & Sovereign bonds and equity investments; IBNR charge of €50m on selected European ABS

Summary

- Open for business, prioritising SME & mortgage customers
- Strong and stable core franchise with successful integration of EBS and Anglo deposits
- Strong capital base; core tier 1 ratio of 17.9%
- Good growth in customer deposits in Q1 2012 following stabilised levels in H2 2011
- Exceeded deleveraging target by €3.3bn in 2011; over €1bn additional non-core deleveraging achieved in Q1 2012
- Significantly improved LDR of 136%, exceeding 2011 regulatory target of 143%
- Aggressive cost reduction plans in place
- Provisions expected to materially reduce in 2012
- Return to sustainable profitability by 2014
- Aim to attract private investment, return value to taxpayers