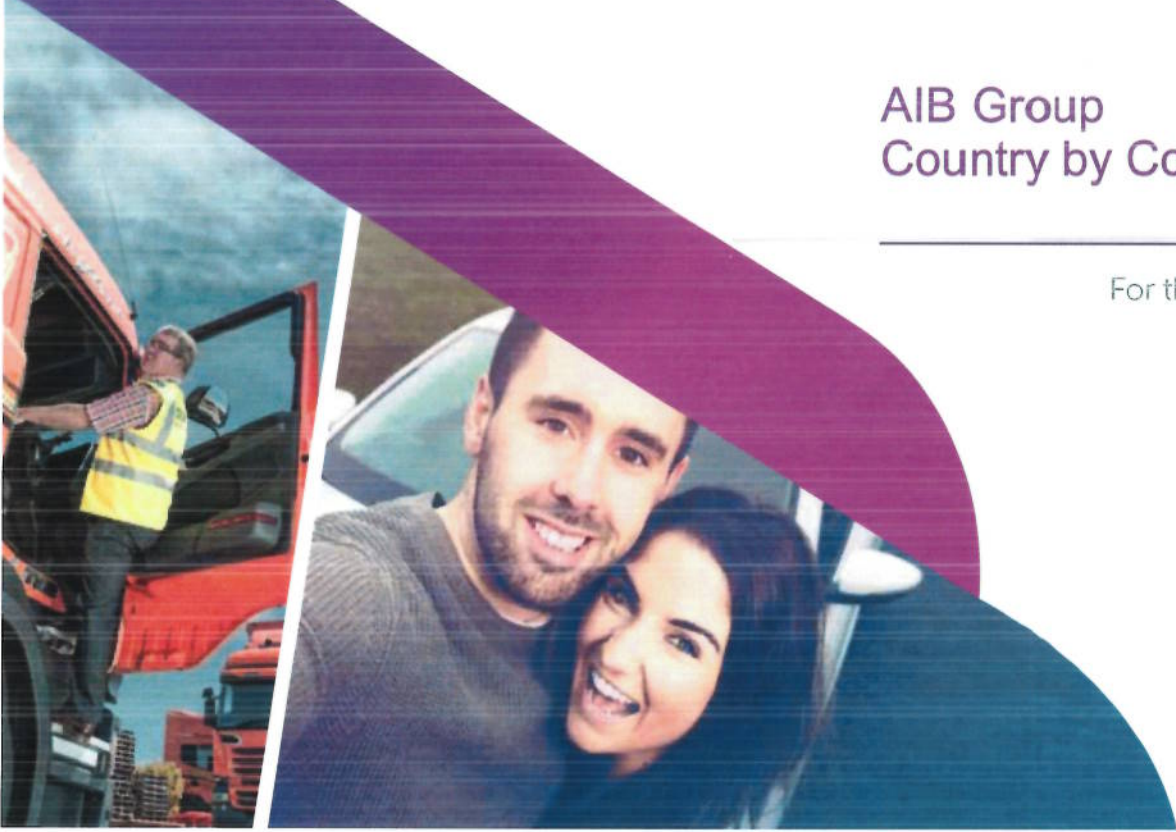




AIB Group Country by Country Reporting

For the financial year ended
31 December 2016



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AIB Group Country by Country Reporting

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AIB Group

Country by Country Reporting

Basis of disclosure

Allied Irish Banks, p.l.c. (“AIB” or the “Parent Company”) and its subsidiaries (collectively “AIB Group” or “Group”) prepare consolidated financial statements (“consolidated accounts”) under International Financial Reporting Standards (“IFRS”).

Allied Irish Banks, p.l.c. is a credit institution authorised by the Central Bank of Ireland/Single Supervisory Mechanism. Furthermore, AIB Mortgage Bank, EBS d.a.c. and EBS Mortgage Finance are also credit institutions authorised by the Central Bank of Ireland/Single Supervisory Mechanism. Both the Parent Company, the Group and these other Irish licensed entities are required to file regulatory returns with the Central Bank for the purpose 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”).

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.

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 2016 for:

- Allied Irish Banks, p.l.c. and its subsidiaries on a group consolidated basis;
- AIB Mortgage Bank;
- EBS d.a.c. and its subsidiaries on a group consolidated basis; and
- EBS Mortgage Finance (a subsidiary of EBS d.a.c. above).

(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. AIB Group was not in receipt of any public subsidies for the year-ended 31 December 2016.

AIB Group

Country by Country Reporting

Turnover, Profit before taxation, Taxation and Employees

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

AIB subsidiaries, based in the Republic of Ireland, which are Institutions	For the year ended 31 December 2016			
	Turnover ⁽¹⁾ € m	Profit/(loss) before tax € m	Taxation (refund)/paid € m	Average FTEs ⁽³⁾
AIB Mortgage Bank	428	417	–	2
EBS d.a.c. ⁽⁴⁾	269	211	35	1
EBS Mortgage Finance	163	138	28	–

⁽¹⁾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.

⁽²⁾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 € 8 million (31 December 2015: € 9 million) is not considered material in the context of the requirement to disclose country-by-country information.

⁽³⁾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 AIB p.l.c.

⁽⁴⁾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 paid in 2016 includes a preliminary tax payment for certain income at higher tax rates.

As disclosed in Note 17 Taxation and Note 32 Deferred Taxation in the Consolidated Financial Statements in the 2016 Annual Financial Report., the Group has substantial deferred tax assets in respect of operating losses which are available to relieve profits in accordance with tax legislation from tax payments.

AIB Group

Country by Country Reporting

Parent company

Country	Parent company	Nature of activities ⁽¹⁾
Republic of Ireland	Allied Irish Banks, p.l.c.	The parent company of the majority of the subsidiaries within the Group. Its activities include banking and financial services.

Principal subsidiaries

Country	Principal subsidiary or branch	Nature of activities ⁽¹⁾
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 ⁽²⁾	N/A	Banking and financial services.

⁽¹⁾For further details of the activities of the principal subsidiaries of the Group, see note m to the Allied Irish Banks, p.l.c. Financial Statements in the 2016 Annual Financial Report.

⁽²⁾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 € 8 million (31 December 2015: € 9 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 2016.

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 2016 which comprises the Country by Country Reporting Schedule and the the Basis of Disclosure (the "Country by Country Report") as at 31 December 2016. The Country by Country Report has been prepared by management 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 2016 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibility 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 report is made solely to the directors 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

Our responsibility is to express an opinion on the Country by Country Report based on our audit. We conducted our audit in accordance with ISAs. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Country by Country Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Country by Country Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Country by Country Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Country by Country Report.

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

Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

20 December 2017