



Allied Irish Banks, p.l.c.

25<sup>th</sup> July 2011

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**Introduction**

**2011 Preliminary Interim Results**

**Overview**

**Questions and Answers**

- AIB exists today due to the support of the Irish Government on behalf of taxpayers
- AIB, its shareholders and investors have been severely damaged by events in the past
- Working to remove the barriers inhibiting our people from providing customers with the services and products they need
- Focus to date on restructuring / recapitalisation – now moving to improve support for customers and the economy
- Much work needs to be done and the road to recovery will take time but we will get there

**Paul Stanley**  
**Acting Chief Financial Officer**

# Key financial features



Slide 6

€bn	Jun 2011	Jun 2010
Operating loss	(0.1)	(0.2)
Provisions	(2.9)	(2.3)
Income Tax	0.4	0.4
<b>Underlying loss</b>	<b>(2.6)</b>	<b>(2.1)</b>
Gain on redemption of sub debt	3.3	0.4
Profit from BZWBK	1.5	
<b>Profit / loss for the period</b>	<b>2.2</b>	<b>(1.7)</b>

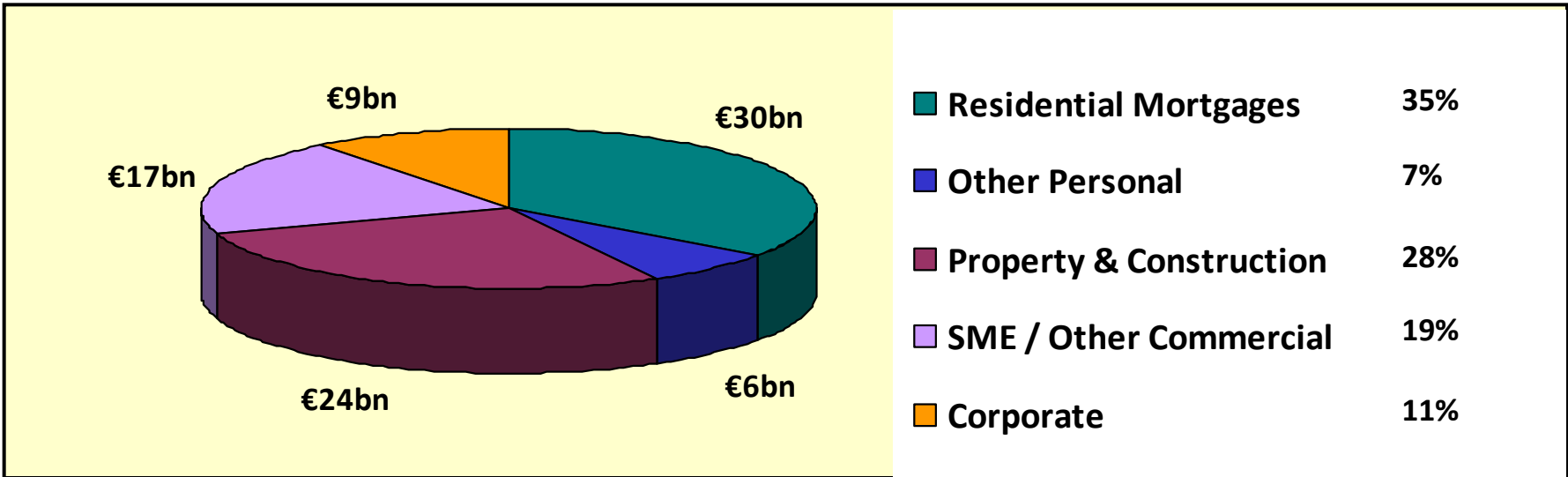
Funding	%	Jun 2011	Dec 2010
Loans / deposits ratio*		143	165
Wholesale funding as % of total funding		41	48

Capital	%	Jun 2011	Dec 2010
RWAs (€bn)		78	99
Core tier 1 ratio		9.9	4.0
Total capital ratio		10.6	9.2
Pro-forma core tier 1**		22.4	

\* excludes State deposit

\*\* post recapitalisation and EBS acquisition

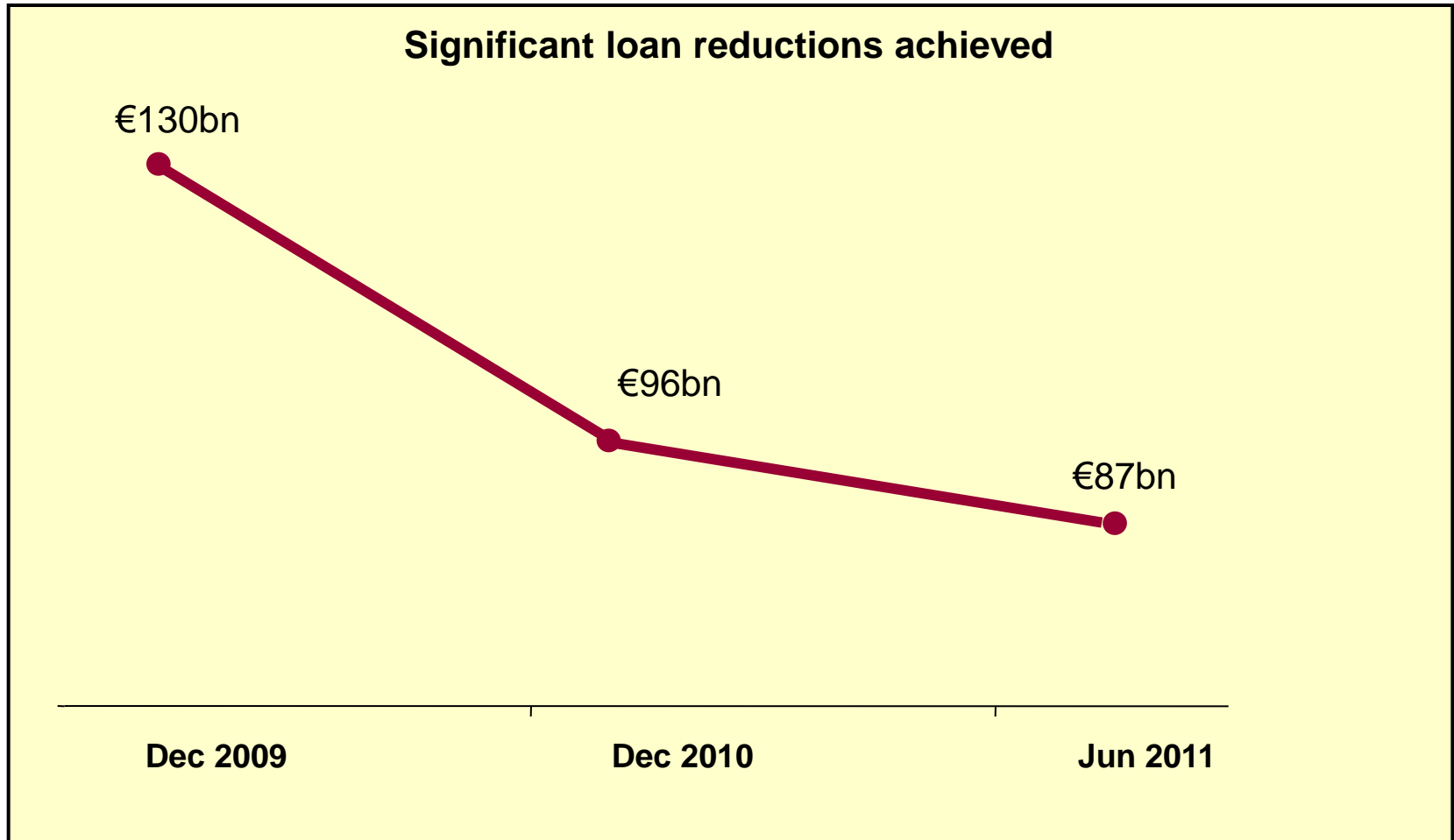
# Loan book composition – total €86bn\*



Dec 2010			Jun 2011	
Impaired loans	€12.1bn	➔	Impaired loans	€15.2bn
Total provisions	€7.3bn	➔	Total provisions	€9.6bn
Specific provisions / impaired loans	42%	➔	Specific provisions / impaired loans	48%
Total provisions / impaired loans	60%	➔	Total provisions / impaired loans	63%

■ Available for Sale portfolio reduced by €7.0bn in year to date, including €3.2bn reduction in sovereign exposures

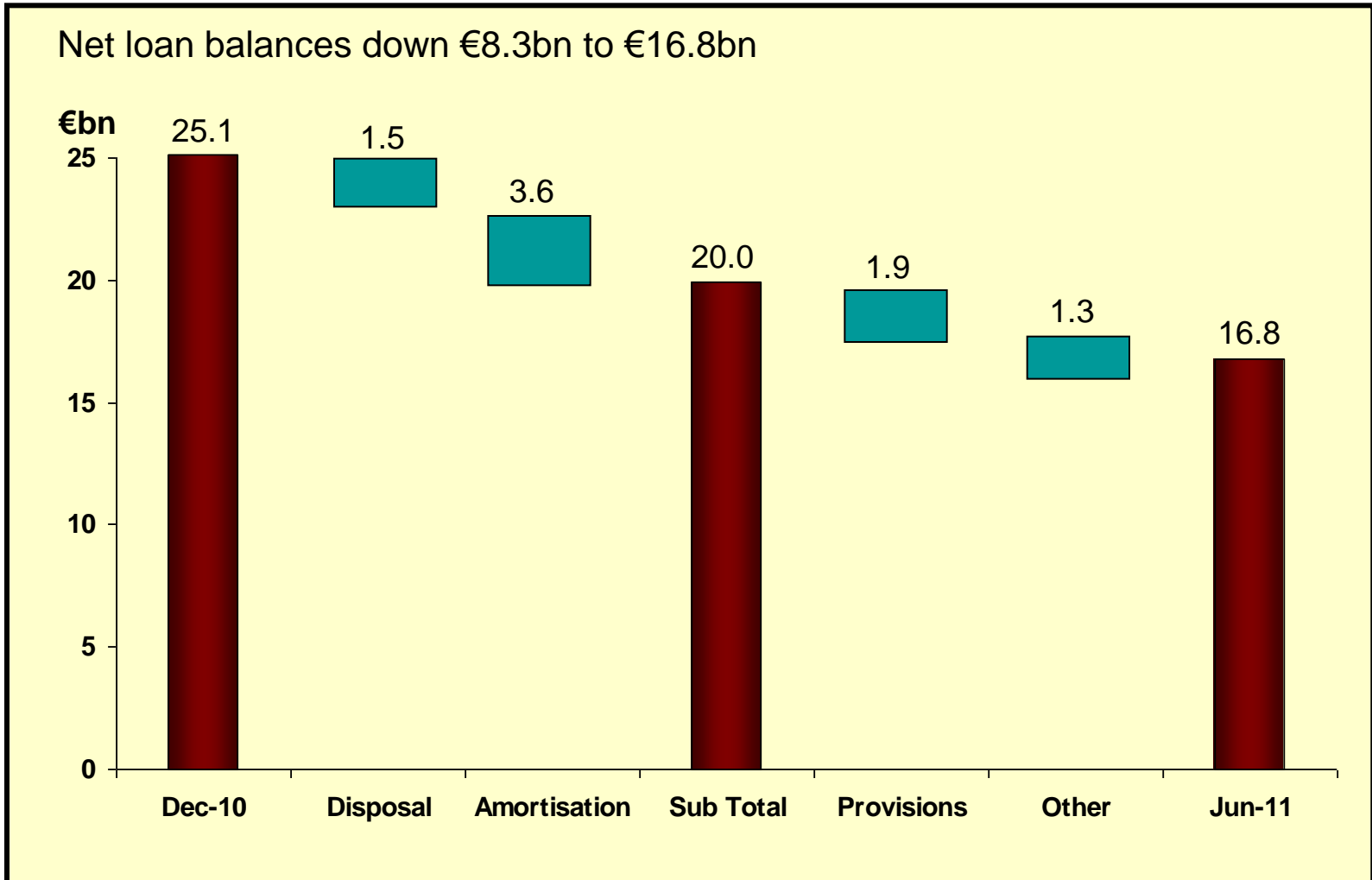
\* Includes €2.6bn loans held for sale; excludes NAMA €1bn held for sale



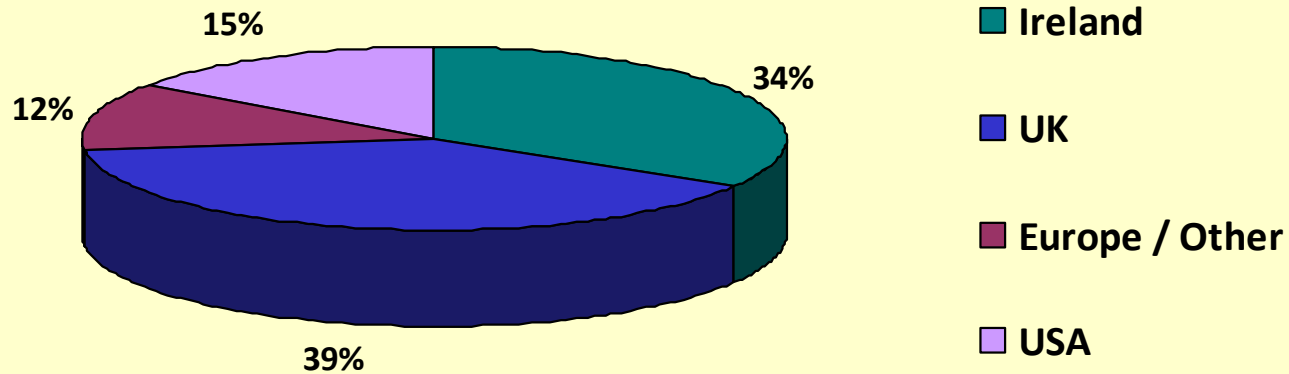
\* includes NAMA loans



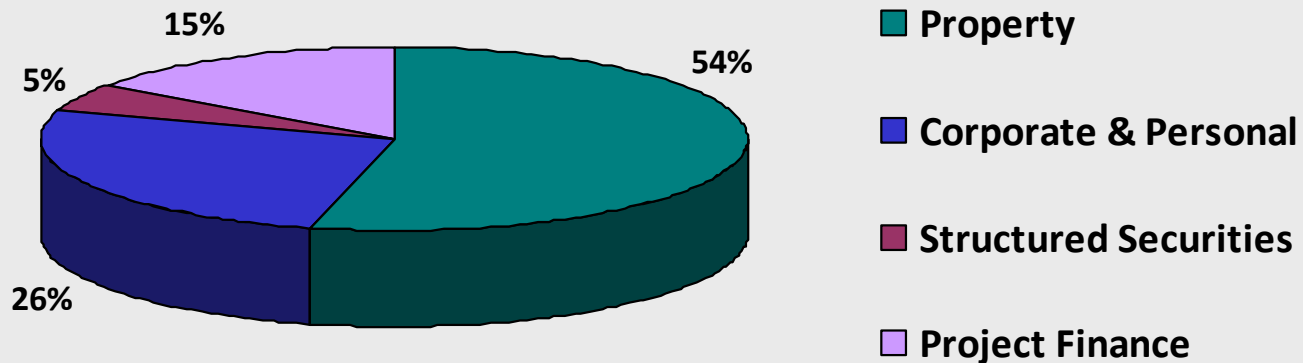
# Non core deleveraging year to date



## By Geography



## By Sector



\* management estimate

**David Hodgkinson**  
**Executive Chairman**

## Key objectives *(as presented in April 2011)*

- Deliver goals with new leadership and a reinvigorated workforce of skilled, engaged and accountable people



## Progress

- Extensive changes to Board and management
- Changing AIB culture - new leadership behaviours specified

- Restore the bank to a sustainable position of stand-alone strength and stability with the capacity to grow in a measured and prudent manner



- Recapitalisation almost complete
- Non core unit fully operational

- Fulfil a key role in the recovery and development of the Irish economy



- AIB / EBS a pillar bank, acquisition complete

- Redefine customer proposition to meet their needs and expectations

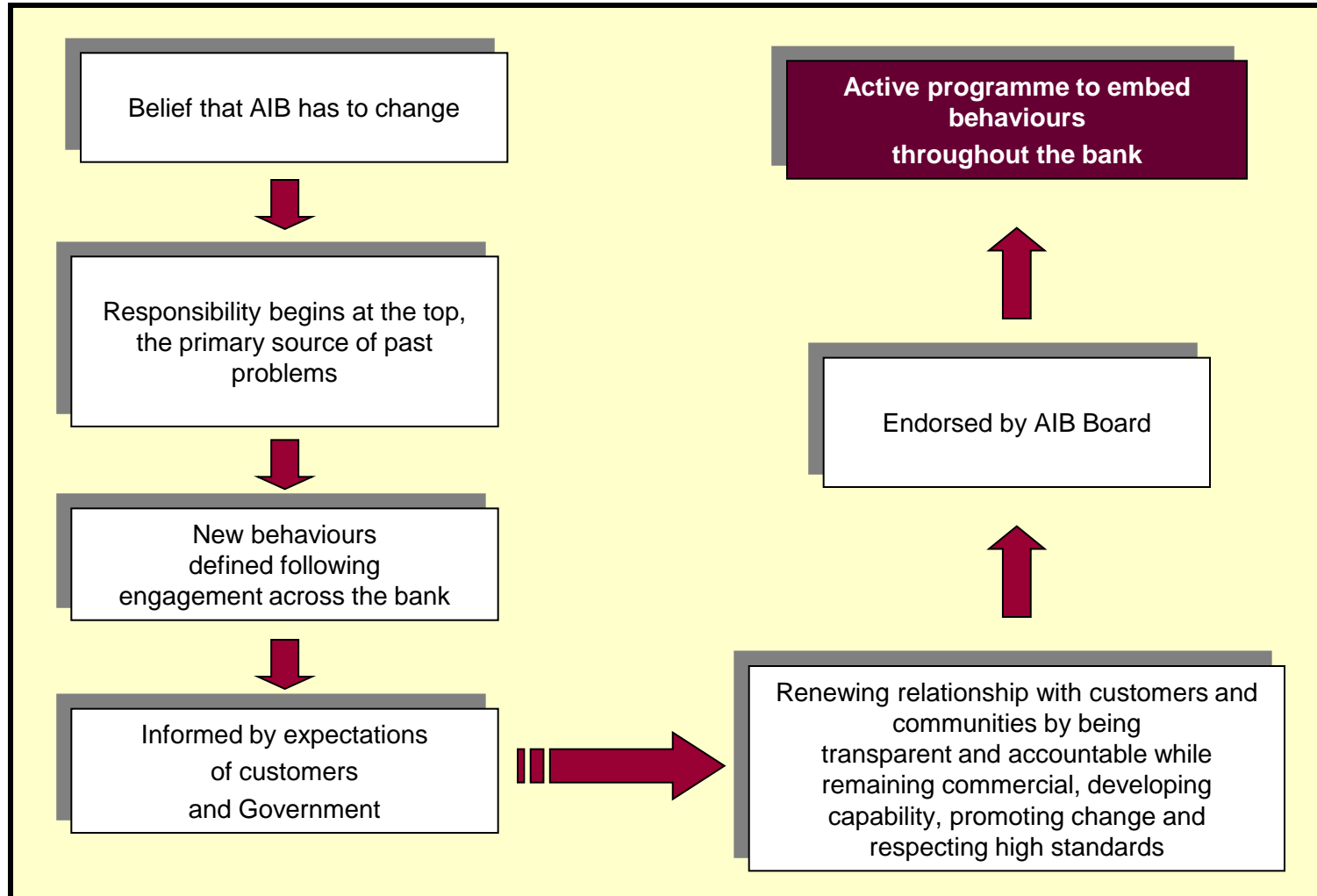


- New operating model - dedicated customer facing units
- Developing processes to improve access and identify improved customer solutions

- Strengthen controls, governance and approach to risk



- Major risk restructuring programme



## Core tier 1 generated by AIB €9.8bn

### Liability management exercises

2009	€1.1bn
2010	€0.4bn
2011 (Jan)	€1.5bn
2011 (Jul)	€2.1bn

### Business disposals

M&T	€0.9bn
Polish business	€2.3bn

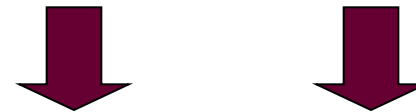
### Business acquisitions

Anglo transaction	€1.5bn
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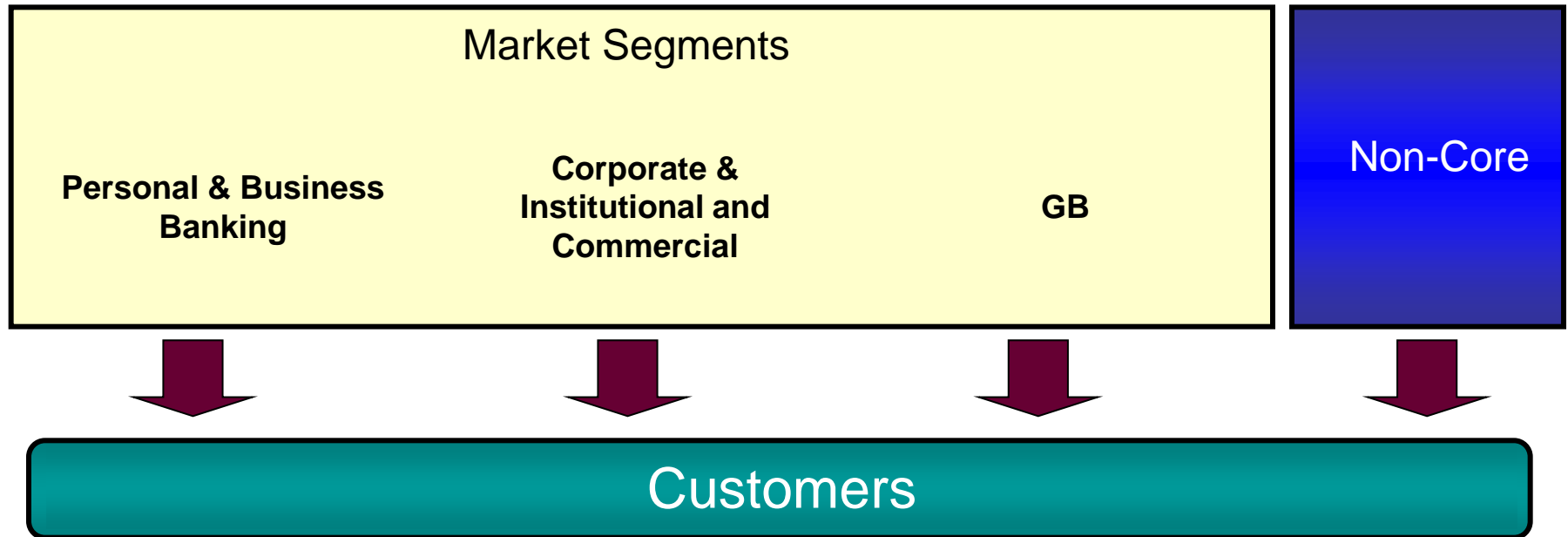
### Government support to date

2009	€3.5bn
2010	€3.7bn

- Remaining €12.7bn PCAR requirement imminent (€14.8bn - €2.1bn LME)



Strongly capitalised - pro-forma core tier 1 ratio 22.4%



- Integrated bank with dedicated customer facing units
- Divisional structures dismantled

- Complete restructuring of risk and control
- Centralised control functions across the whole business
  - Finance, Risk, Credit and Audit
- Risk management owned by the business segments, full accountability and responsibility
- Risk control ownership across organisation for all risk, reports directly to Board Risk Committee
- Independent assessment of effectiveness by Internal Audit, reports directly to Audit Committee



**Bernard Byrne**  
**Director of Personal & Business Banking**

## Access

- Make it easier for our customers to access our services
  - Through our Branch Network
  - Through online, automated and Direct Channels
  - Facilitating access to our people, services and products

## Assistance

- Have the appropriate products and services to really help customers
  - Well trained, solution focused professionals
  - Skills to help customers in financial difficulty
  - Suitable simple products (including credit) that fit people's needs
  - Competitive pricing

## Attitude

- Always seeking to help the customer
  - New leadership behaviours
  - Solving problems when they arise
  - Dealing fairly with difficult situations

- All options being explored for the “can’t pay” customers working constructively with us
- Focus on trying to keep families in their homes
- Extensive staff training in 2011, mortgage specialists now available across our network
- More resources will be allocated
- Actively discussing long term, industry wide solutions with Central Bank

- Now tracking all loan requests to:
  - Help customers get to a “yes” by guiding them through the application process
  - Ensure we do lend to viable businesses
  - Develop better system oversight
- Training and redeploying our people
  - Reallocating skills to engage constructively with customers
  - Extensive classroom based training and e-learning modules for over 1,000 staff
- 150 customer workshops and seminars held nationwide, attended by 9,000 customers
- New job creation fund
- Much more to do

# Questions & Answers

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

Alan Kelly	<i>alan.j.kelly@aib.ie</i>		+353-1-6412162
Rose O'Donovan	<i>rose.m.o'donovan@aib.ie</i>		+353-1-6414191
Pat Clarke	<i>patricia.m.clarke@aib.ie</i>		+353-1-6412381



+353-1-660 0311



+353-1-641 2075

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