



AIB Interim Results 2011

25th July 2011

Headlines

- The reported profit of €2.2 billion includes the sale of BZWBK and capital initiatives taken in conjunction with the State.
- Underlying loss of €2.6 billion (excluding debt buyback gains and BZWBK profit) driven by continuing elevated bad debts.
- Proforma core tier 1 capital (post proposed recapitalisation) 22.4%.
- Fall in customer deposits in H1 excluding acquisition of Anglo deposit book and deposit placed by NTMA of c. €5 billion but broadly stable in recent weeks.
- Loans and receivables to customers down c. €11 billion through a combination of action and natural deleveraging.
- Funding conditions remain highly challenging in volatile markets.

Key financial information		30 June 2011	31 December 2010
Capital			
Risk weighted assets	€bn	78	99
Core tier 1 ratio %	%	9.9	4.0
Tier 1 ratio %	%	9.7	4.3
Total capital ratio	%	10.6	9.2
Funding			
Loan to deposit ratio (1)	%	143	165
Wholesale funding as % of total funding	%	41	48

(1) Including corporate loans held for sale and excluding deposit placed by the NTMA.

Summery profit statement		Half-year June 2011	Half0year June 2010
Profit/(loss) before tax – continuing operations	€m	260	(2,438)
Profit/(loss) after tax – continuing operations	€m	611	(2,075)
Profit after tax – discontinued operations	€m	1,628	344
Profit/(loss) for the period	€m	2,239	(1,731)

Allied Irish Banks, p.l.c. (AIB) today announces preliminary results for the six months ended 30 June 2011.

Today's announcement covers the following:

1. Strategy and update on EU Restructuring Plan
2. Key events impacting on AIB since December 2010
3. Income statement and statement of financial position
4. Operating and financial review
5. Asset quality

Basis of preparation

The information included in this preliminary announcement (which is based on unaudited interim financial statements to be included in the June 2011 Half-Yearly Financial Report) was approved by the Board of Directors on 22 July 2011.

This Preliminary Announcement does not comply with the requirements of International Accounting Standard 34 - Interim Financial Reporting (IAS 34), however, interim financial statements, which form the basis of information contained in this Preliminary Announcement, will comply with IAS 34 when published in due course.

The interim financial statements for 30 June 2011 have not yet been finalised and will be unaudited, but will be reviewed by the auditors. It is expected that the auditor's review will be unqualified, but will contain an emphasis of matter in relation to going concern such as that contained in the auditor's report on page 356 of the Annual Financial Report 2010.

For the half-year ended 30 June 2011, the performance of the Group has been assessed on a total Group ("One Bank") basis by the Board and Executive Committee and the results for the half-year have therefore been presented on a One Bank basis. AIB is in a period of transition at present as the former divisional structure is being dismantled and the new business segments are being established. Financial information is therefore presented as one operating segment. The half-year to June 2010 is now re-presented to show AIB Group (UK) as a continuing operation, as it had been classified as a discontinued operation in the June 2010 Half-Yearly Financial report.

Going concern

The interim financial statements are being prepared on a going concern basis. There are a number of material economic, political and market risks and uncertainties that continue to impact on the Irish banking system which may cast significant doubt upon the Group's ability to continue as a going concern. These factors are outlined on page 148 of the Annual Financial Report 2010 and continue to be relevant. The sovereign debt issue in the Eurozone remains a concern.

In making its assessment of the Group's ability to continue as a going concern, the Board of Directors has taken into consideration the various uncertainties and concerns impacting Irish financial institutions and the Group. The considerations taken into account in determining the appropriateness of the going concern basis for preparing the financial statements are similar to those set out on page 149 of the Annual Financial Report 2010 and the events outlined below under 'Key events impacting on AIB since December 2010'. These considerations include the continuing ability to access funding from the Eurosystem and the Central Bank of Ireland liquidity facilities. They also include the commitment of the Government to provide the Group's required capital. Concern related to the sovereign debt issue in the Eurozone has also been considered.

Having evaluated the risks and uncertainties and the mitigating options available to the Group, the directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

[To view the full media release click here](#)

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Forward-looking statements

This document contains certain 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, 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 preliminary results announcement, 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 factors include, but are not limited to the effects of the challenging economic environment, both domestically and internationally, the impact of the Irish Government's relationship with AIB through both its ordinary and preference share investments, the impact of the Irish Government's austerity measures arising from the EU/IMF financial support package, constraints on liquidity and the challenging liquidity environment for the Group created by market reaction to factors affecting Ireland and the Irish economy, the impact of further downgrades to the Irish sovereign ratings and other country ratings, or the Group's credit ratings, the uncertainty of further extensions of the ELG Scheme, systemic risks in the markets the Group operates in, the ability to access capital to meet targeted and minimum capital requirements for the Group, customer and counterparty credit quality, the National Pensions Reserve Fund Commission investments, the National Asset Management Agency programme and the ELG Scheme, conditions that may be imposed by the European Commission following consideration of the Group's restructuring plan, market risk, including non-trading interest rates, operational and reputational risks, the success of the Group's deleveraging plan, the effects of continued volatility in credit markets, the effects of changes in valuation of credit market exposures, changes in fiscal or other policies adopted by various governments and regulatory authorities, the effects of changes in taxation or accounting standards and practices, acquisitions and disposals, the risks relating to the Group's deferred tax assets, future exchange and interest rates and the success of the Group in managing these

events. 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 discussed in this announcement 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.