

Capital Markets Day



AIB
9 March 2017

Important Information and Forward Looking Statement



This presentation should be considered with AIB's Annual Financial Report 2016, Half-Yearly Financial Report 2016, Trading Update December 2016 and all other relevant market disclosures, copies of which can be found at the following link: <http://aib.ie/investorrelations>

Important Information and forward-looking statements

AIB is 99.9% owned by the Irish State and therefore the limited free-float distorts trading and valuation of AIB shares.

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of AIB Group and certain of the plans and objectives of the Group. 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, capital structure, Government shareholding in the Group, 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 are set out in the 'Principal risks and uncertainties' on pages 50 to 58 of the Annual Financial Report 2016 and on page 34 'Update on risk management and governance' of the Half-Yearly Financial Report 2016. In addition to matters relating to the Group's business, future performance will be impacted by Irish, UK and wider European and global economic and financial market considerations. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. The Group cautions that the list of important factors on pages 50 to 58 of the Annual Financial Report 2016 and on page 34 of the Half-Yearly Financial Report 2016 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.

Today's Agenda



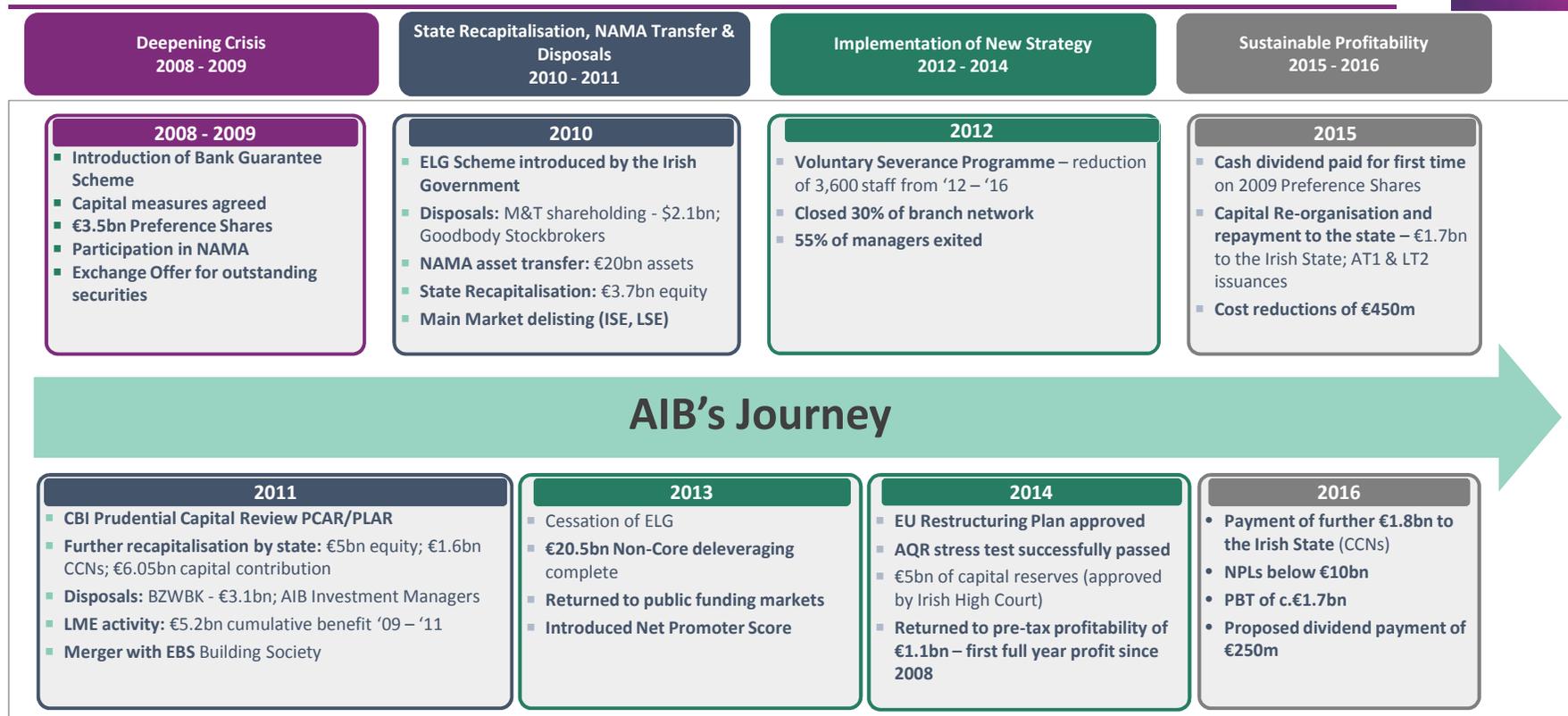
Topic	Page number	Presenter
Arrival		
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Section 2: AIB – The Market Leader with Highly Attractive Prospects in a Growing Economy	11 – 29	Bernard Byrne
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AIB Overview – The Journey



Bernard Byrne
CEO

Four Phases of Recovery



Source: Company Information

Experienced Management Team



 <p>Bernard Byrne (FCA) Chief Executive Officer May 2010 (CEO from May 2015) AIB: Director of Retail and Business Banking; Director of Personal Business & Corporate Banking, CFO</p>	6 6	ESB, PwC, IWP International plc	 <p>Mark Bourke (B.E., ACA, AITI CBD) Chief Financial Officer April 2014</p>	16 3	2001-2014 CEO IFG Group p.l.c., 2000-2001 Finance Director IFG Group 1989 – 2000 PwC
 <p>Robert Mulhall (BSc, MA, CFA, QFA) Managing Director, Retail and Commercial Banking October 2015 AIB: Digital, Retail Banking, CRM, Strategy</p>	22 19	Accenture	 <p>Tomás O'Midheach (BComm, MBS, FCCA) Chief Operating Officer February 2016 AIB: Finance, Direct Channels, Digital</p>	22 10	Citibank Cresvale Securities Ltd Tesco
 <p>Colin Hunt (BComm, MEconSc, PhD) Managing Director, Wholesale, Institutional & Corporate Banking August 2016 AIB: n.a.</p>	20 1	Macquarie, DoF, Goodbody, Bol, Natwest	 <p>Brendan O'Connor (BA, MBA) Managing Director, AIB UK February 2013 (Joined AIB 1984) AIB: Head of Business Banking, Treasury Services and Corporate Banking International; Head of FSG</p>	33 33	Head of AIB Global Treasury Services, Head of AIB Corporate Banking International, Head of AIB Business Banking; Head of Financial Solutions Group
 <p>Helen Dooley (LLB) General Counsel October 2012 AIB: Head of Legal (EBS Limited)</p>	24 4	Wilde Sapte, Johnson Stokes & Master, A&L Goodbody	 <p>Tom Kinsella (B.Comm, FMII, CBD) Chief Marketing Officer November 2015 AIB: Group Marketing Director</p>	4 4	Senior Marketing roles at Diageo, working across a variety of brands globally and domestically
 <p>Donal Galvin (BBS, MSc) Group Treasurer April 2016 AIB: Head of Treasury</p>	23 3	Citibank Rabobank Mizuho Securities	 <p>Triona Ferriter Chief People Officer January 2017 AIB: n.a.</p>	- -	Schering-Plough / MSD, Dunnes Stores, Procter & Gamble
 <p>Keld Mortensen (MBA, FRM) Head of Enterprise Risk Management August 2015 AIB: Head of Capital Markets Risk Management, Head of Credit Policy AIB Group, Head of Business Gov. Services</p>	35 15	Bank of America, Chase Manhattan Bank	 <p>Jim O'Keefe Head of Financial Solutions Group November 2015 AIB: Personal & SME, Direct Channels, Mortgages</p>	27 27	Head of Personal & SME Market Development BZWBK

Source: Company Information

Presenting Today Years in Financial Services Years at AIB Other Industry Experience

Strong Momentum and Improved Financial Performance



		2013	2016
Profitable & Efficient	Net Interest Margin (excl. ELG)	1.37%	2.25%
	Cost / Income Ratio (excl. exceptionals)	77%	52%
	Profit / (loss) before tax ⁽¹⁾	(€1.7bn)	€1.7bn
Franchise Growth	New Lending Drawdowns	€3.9bn	€8.7bn
Strong Balance Sheet	Fully Loaded CET 1 Capital Ratio	10.5% ⁽²⁾	15.3%
	Impaired Loans	€29bn Gross €13bn Net	€9bn Gross €5bn Net

Source: Company Information

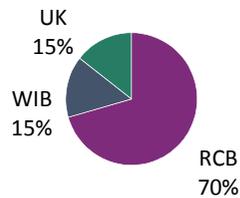
- (1) Figures shown represent reported profit / (loss) before taxation from continuing operations
- (2) Based on full implementation of Basel III / CRD IV, 2013 ratio includes 2009 Preference Shares

Strong Franchise with Competitive Market Position



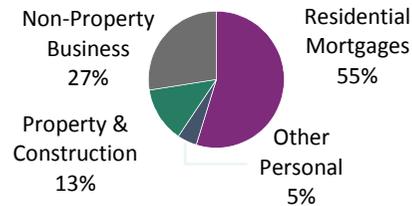
Retail & Commercial Banking ⁽¹⁾	Wholesale, Institutional & Corporate Banking ⁽¹⁾	AIB UK – AIB GB & Northern Ireland
<ul style="list-style-type: none"> Largest retail and commercial bank in Ireland 2.3m personal & SME customers No. 1 distribution network with 297 locations and An Post partnership Leading market shares and leading position in digital enablement Multi-brand approach 	<ul style="list-style-type: none"> Corporate Banking – relationship-driven model with sector specialisms Real Estate Finance – centralised origination and management Specialised Finance – structured finance, mezzanine finance Syndicated & International Finance 	<ul style="list-style-type: none"> >360k retail and SME customers FTB – focused challenger in NI GB – Niche business bank 
Group Treasury & Support Functions		
<ul style="list-style-type: none"> Treasury activities Central control & support functions 		

Net Customer Loans by Segment



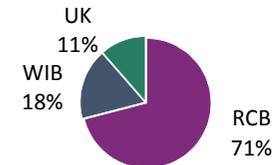
FY 2016 Total: €61.0bn ⁽²⁾

Net Customer Loans by Product



FY 2016 Total: €61.0bn ⁽²⁾

Operating Profit by Segment



FY 2016 Total: €1.3bn ^(2,3)

Source: Company information

(1) RCB = Retail & Commercial Banking, WIB = Wholesale, Institutional & Corporate Banking

(2) Due to rounding, sum of values in pie charts may not equal total net loans figure shown

(3) Pre-provision Operating Profit (Before Group Treasury and Services)

Four Pillar Strategy Driving Sustainable Performance

Focused on Delivering Long Term Shareholder Outcomes



Source: Company information

Established Capabilities to Deliver Growth



New Management Team who has re-defined and re-developed the franchise



Investment in the network, the brand, the people, the systems and proven operational capabilities



Leading banking franchise in Ireland with a young dynamic customer base and leading Net Promoter Scores



Re-engineered risk, credit and control environment of the Group



Customer driven differentiated proposition



Positioned to harvest ongoing cost efficiency improvements



Strong capital base ready to reward equity



Market Leader with Highly Attractive Prospects in a Growing Economy



Bernard Byrne
CEO

Market Leader with Highly Attractive Prospects



- 1 Leading Franchise in a Growing Economy with Attractive Banking Dynamics**
- 2 Business Model Re-Engineered, Simplified, and Digitally-Enabled with a Customer First Strategy Driving Commercial Success**
- 3 Strong Risk Management Framework Resulting in Improved Asset Quality and Impaired Loan Reduction**
- 4 Stable Funding Model and Significant Capital Generation, Delivering Robust Capital Ratios**
- 5 Sustainable Financial Performance Underpinning Strong Momentum to Double Digit Returns and Capital Return to Shareholders**

1

Ireland is a Growing Economy with Strong Dynamics



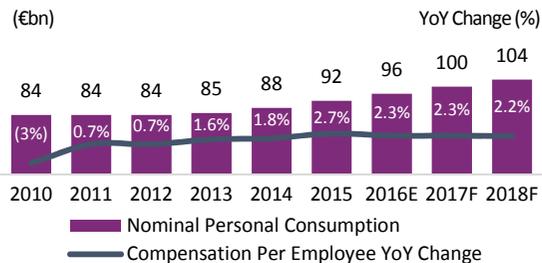
Economic Growth Expected Despite Brexit Uncertainties

Real GDP Growth (%)



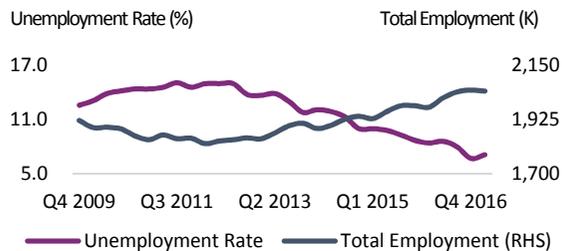
Source: European Commission for 2017 and 2018 and DoF for 2019

Wage Growth and Increasing Consumption



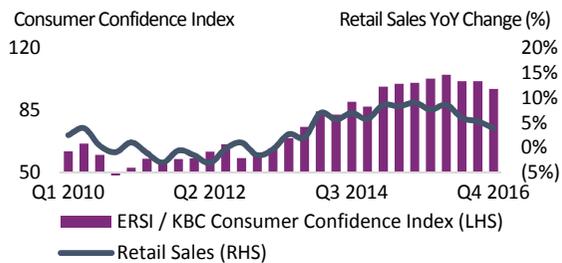
Source: Central Bank

Total Employment Levels Rising as Unemployment Falls



Source: CSO

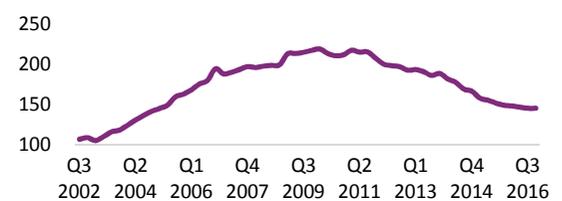
Increased Personal Spending



Source: CSO, ESRI/KBC

Deleveraging Reaching an Inflection Point

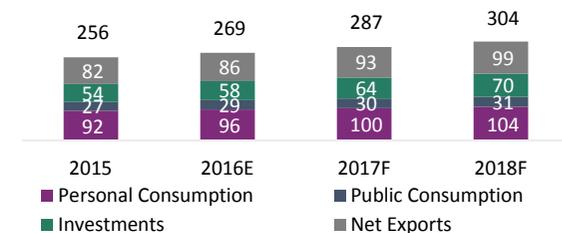
Household Debt as % of Disposable Income



Source: CSO, Central Bank of Ireland and AIB ERU

Consumption with Exports and FDI; Key Drivers of Growth

Expenditure components of GDP (€bn)

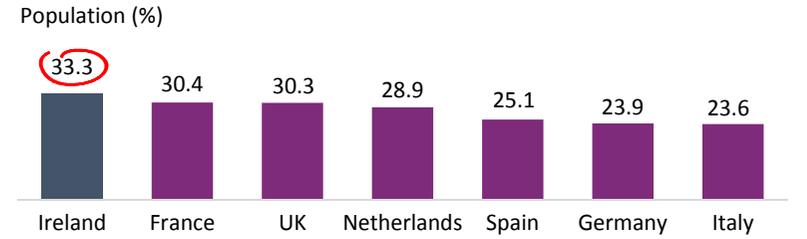


Source: Central Bank

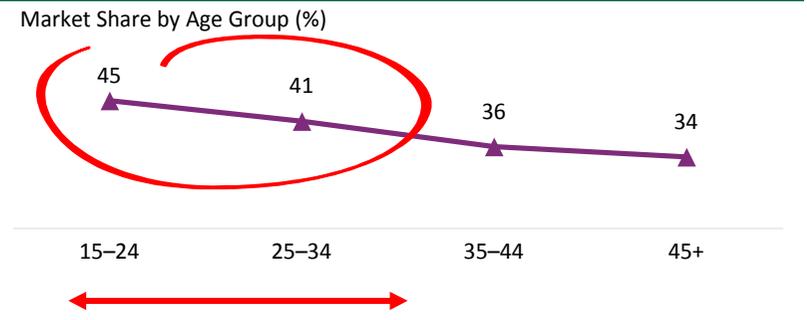
1 Competitive Advantage in an Irish Market with Attractive Demographics ⁽¹⁾



European Population Under Age 25 ⁽¹⁾



AIB Market Share by Age Cohort ⁽²⁾



Source: Company Information
(1) Eurostat
(2) AIB/EBS – Current Account holders

- ✓ Irish Population Youngest in EU
- ✓ Demographic with Most Attractive Characteristics
- ✓ AIB in the Sweet Spot of Irish Market
- ✓ Well Positioned to Capture Opportunities

1 Structural Drivers Underpinning Strong Growth Prospects in Key Banking Markets



Strong Economic Growth with Falling Unemployment and Rising Wages

Young and Growing Population

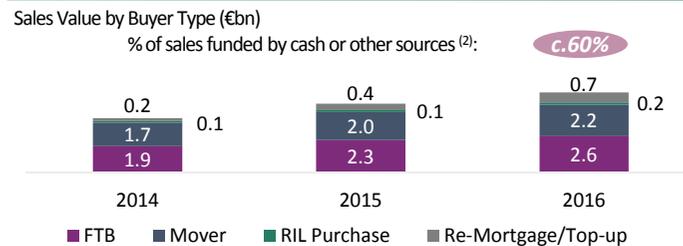
Increasing Leverage Capacity Following a Period of Deleveraging

Household Formation Outstripping Supply...



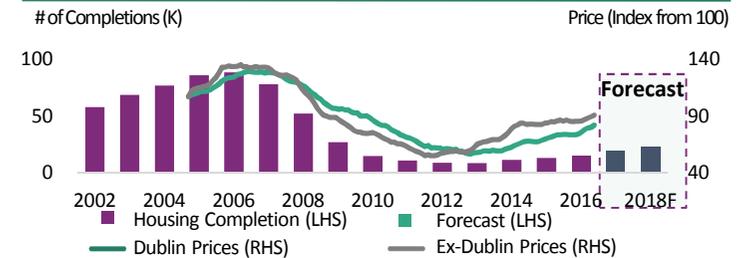
Source: CSO, Department of Housing, Planning, Community and Local Government

...Supporting Increased Lending Despite Cash Buyers...



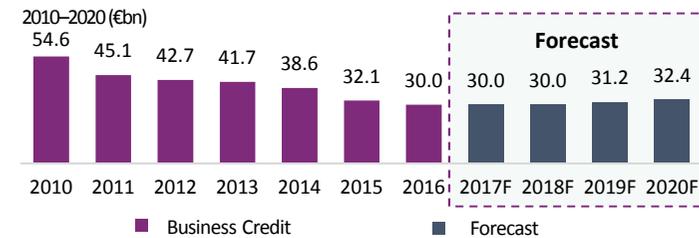
Source: BPF

...Driving Increased Prices...



Source: CSO, Department of Housing, AIB ERU

...Trend Replicated in SME Credit - Forecast to Return to Growth (1)



Source: CBI; BPF; Internal Data; AIB/PwC Analysis

Source: Company Information

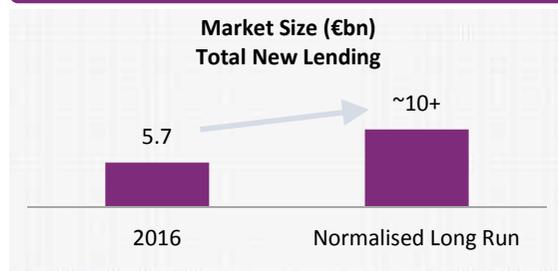
(1) Excluding Financial Intermediation & Property (Real Estate, L&D Activities)

(2) Assumes normalised completions of 25,000 – 30,000 per annum

1 Positive Macroeconomic and Demographic Outlook for the Irish Banking Market

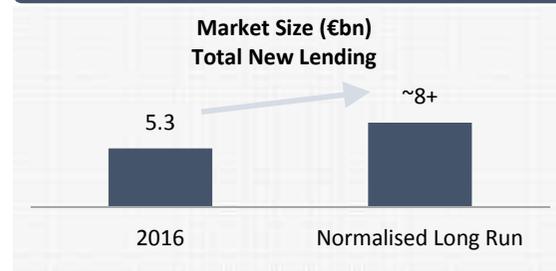


Mortgage Lending



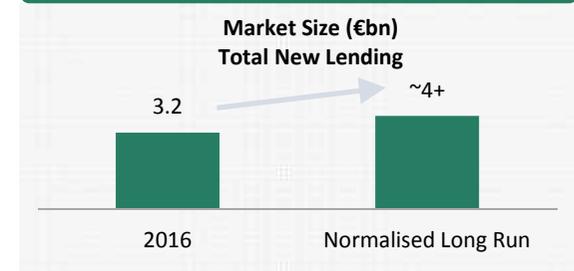
- Transaction volumes significantly below pre-crisis levels
- Supply & Demand factors – 25K to 30K units required
- 15K new unit completed in 2016
- Government Action Plan for Housing and Homelessness
- Increase in Buy-to-let sector required to meet rental demand

Business Lending



- 99% of businesses in Ireland are SMEs
- Sector recovering – growth in new lending
- Strong volume of Start-ups
- Increasing demand for digital and cloud servicing
- Growing sectors i.e. energy, healthcare, food & agriculture

Personal Lending



- Growth in personal lending and credit card transactions reflecting improved consumer sentiment
- Digital enablement and efficient servicing a key factor of growth
- Personal current accounts an anchor relationship banking product

Source: Company Information - Management estimate for lending growth

1

Leading Franchise in All Key Personal & Business Banking Segments

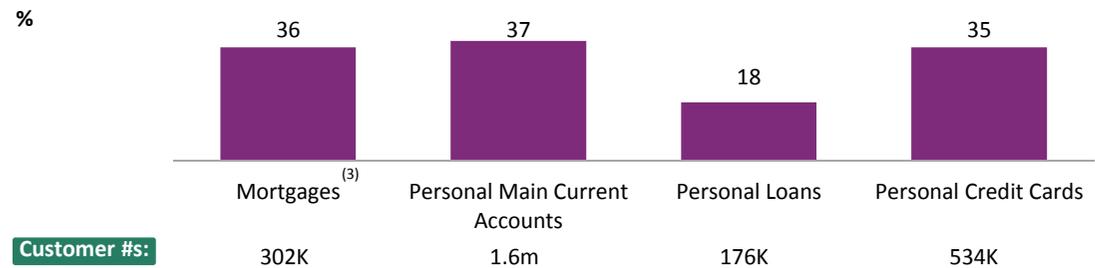


Market Position

Personal

- #1 Mortgages
- #1 Personal Main Current Accounts
- #1 Personal Loans ⁽¹⁾
- #1 Personal Credit Cards ⁽²⁾

#1 Personal Market Shares - Stock

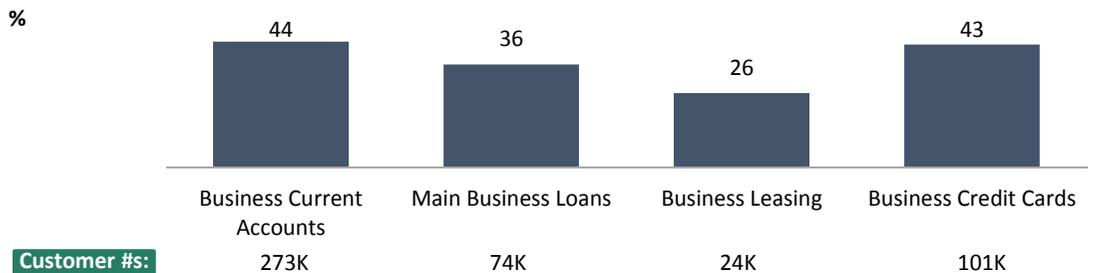


Market Position

Business

- #1 Business Main Current Accounts
- #2 Business Main Loans
- #1 Business Main Leasing
- #2 Business Credit Cards

#1 SME Market Shares - Stock



Source: Company Information, IPSOS MRBI, Personal Finance Tracker, Q4 2016, SME Financial Monitor, July 2016

(1) Market share amongst banks

(2) Joint number one position

(3) New mortgage lending flow 2016

1 Significant change in the Irish Banking Market Since 2007



Consolidation in the Irish domestic banking system has accelerated as a result of the crisis

Pre-Financial Crisis

Market Leaders

AIB, Bank of Ireland, Allstate Bank

Challengers and Other New Entrants

Bank of Ireland, KBC, HALIFAX, Ulster Bank

Mutuals

AV, Credit Union, ACCBANK, EBS, Rabobank

Today

Market Leaders

AIB, Bank of Ireland

Challengers and Other New Entrants

Ulster Bank, pepper, KBC, perthmont tsb, DILOSK

Mutuals

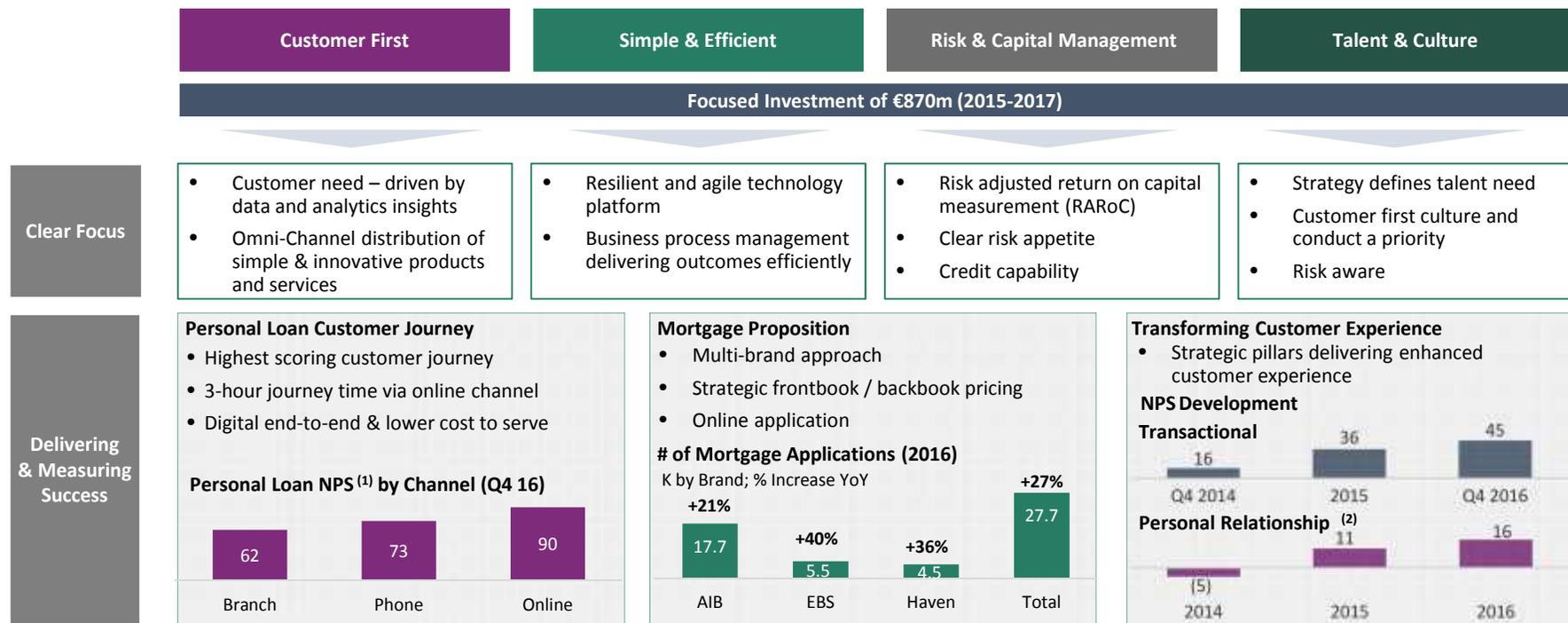
Credit Union

AIB is the National Champion in a consolidated market and well placed to benefit from future growth

Source: Company Information

2

Investment Aligned to Strategic Agenda and Delivering Growth, Efficiencies and Customer Satisfaction



Source: Company Information

(1) Change in survey methodologies for relationship NPS measurement in 2015 and again 2016

(2) Net Promoter Score - measures customer experience with a company's products or service and the customer's loyalty to the brand. It is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's product or services to others

2

Customer First Driving Commercial Success

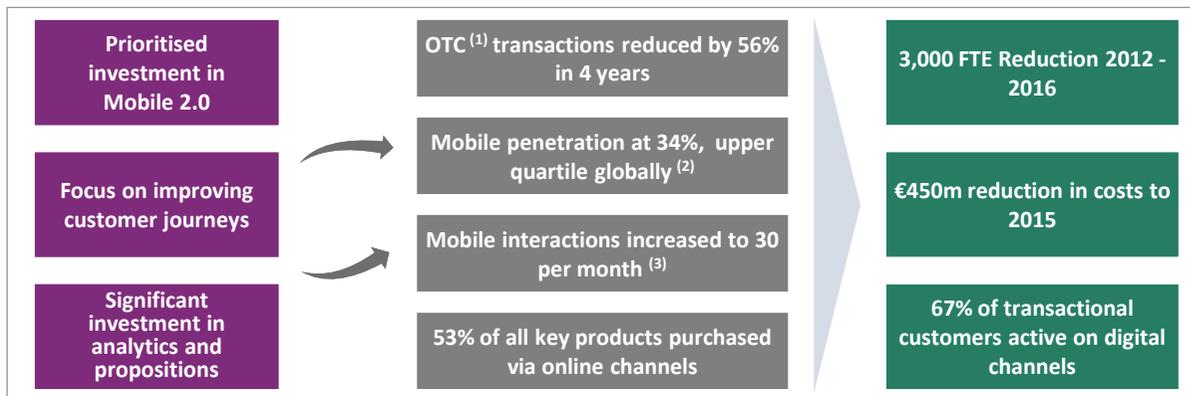
Tangible Customer and Efficiency Outcomes



No. 1 Physical & Digital Channel Distribution Network in Ireland

206 Branches	71 Locations	20 Business Centres
Mobile App - >650K active mobile users	Internet Banking – 1.1m online users	Partnership with An Post in 1,100 Locations
Complete	Consistent	Connected

Investment in Key Customer Propositions Resulting in Tangible Customer & Efficiency Outcomes



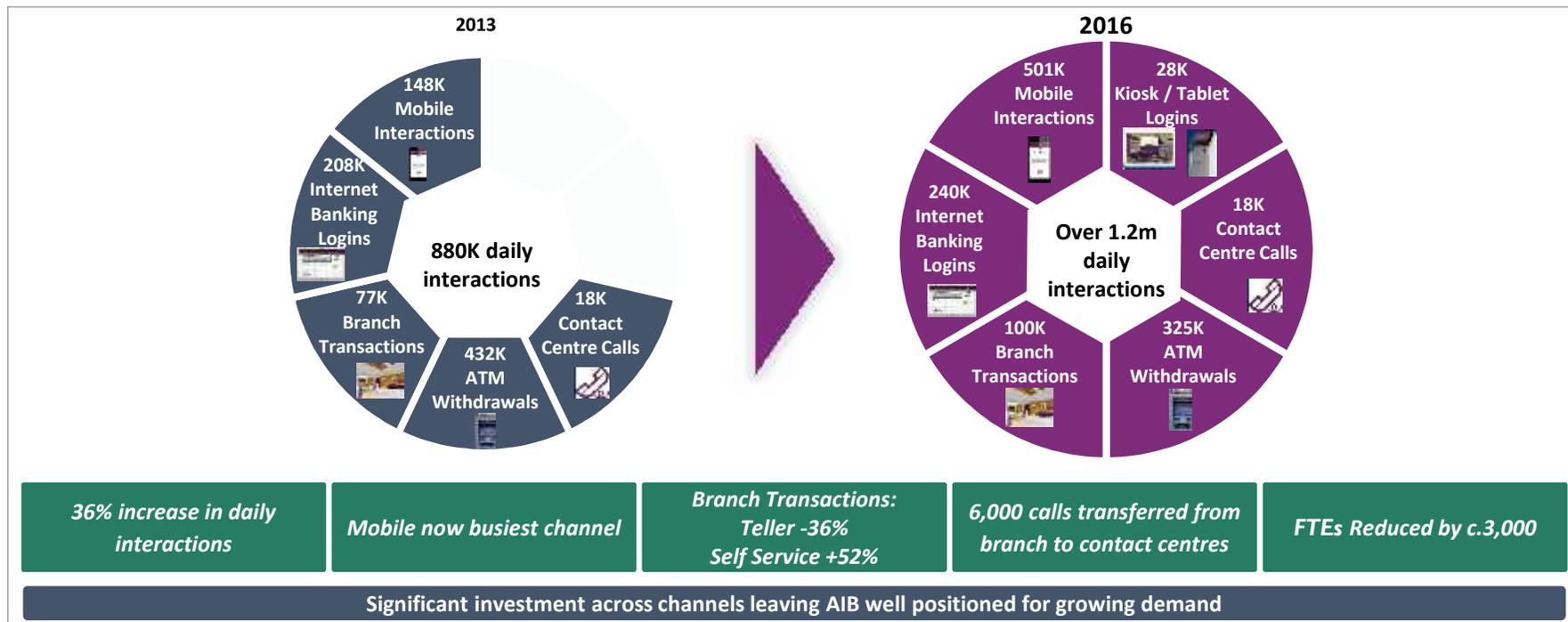
Source: Company Information

(1) OTC – “Over the Counter” transactions

(2) Source: RCB Customer Analytics

(3) Banking transactions conducted on mobile including quick balance view

2 Proven Return on Investment: Growing Levels of Customer Interaction and Digital Engagement

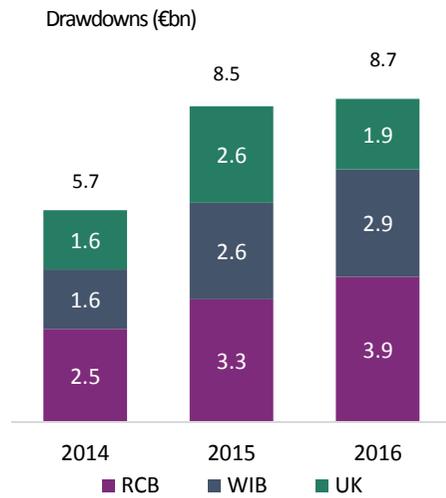


Source: Company Information

2 Resulting in Increased New Lending and Market Share Gains



Increase in New Lending

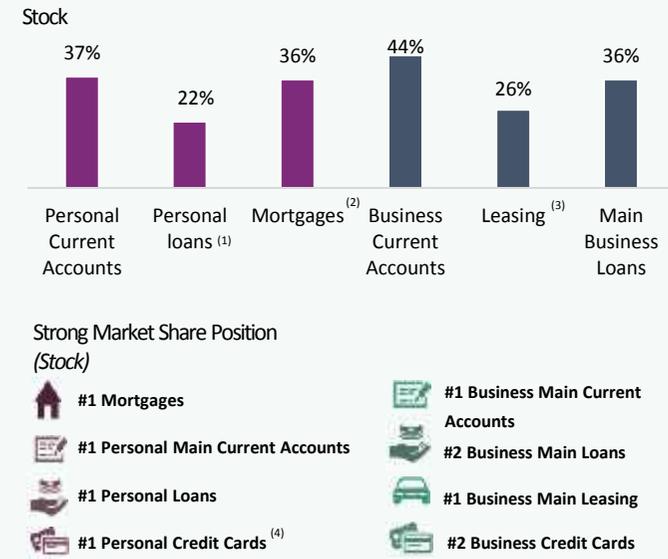


Drawdowns to approval rate of 67% in 2016

Momentum Across Key Sectors



Leading Market Shares



Source: Ipsos MRBI AIB Personal Financial Tracker 2016; AIB SME Financial Monitor 2016, BPFI - 2016

Source: Company Information

(1) Amongst banks; excludes car finance

(2) New mortgage lending flow 2016

(3) Main Business Leasing Agreement

(4) Joint number 1 position

(5) Corporate includes syndicated finance, real estate >€10m, advisory and structured finance

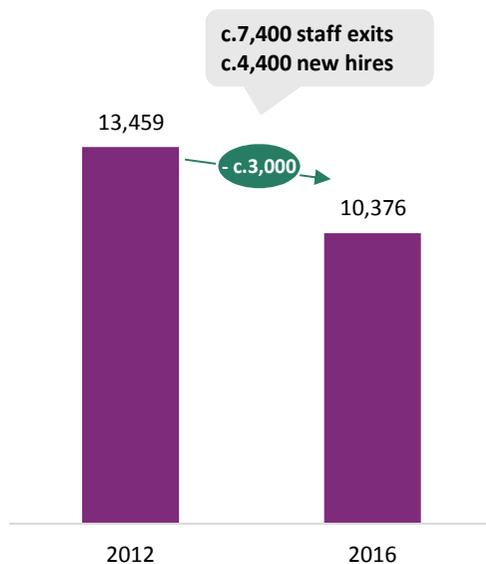
2

Continued Investment in Talent & Culture

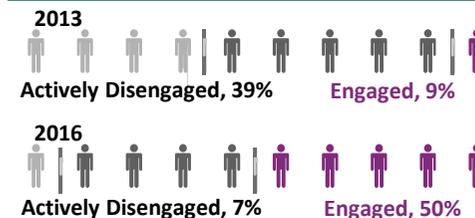


- Leadership Team Refreshed
- Investment in Senior Management
- Focus on Increasing Diversity

Manpower Movements (FTEs)



iConnect (Engagement) ⁽¹⁾



iConnect Scores	2013	2014	2015	2016
Average mean score for Gallup clients	3.65	3.80	3.89	3.96
AIB scores	3.15	3.65	3.96	4.08

- 87% participation rate
- Now on 52nd percentile of Gallup's benchmarking data base (5th in 2013)
- **Engaged employees now significantly outnumber the actively disengaged**



Source: Company Information

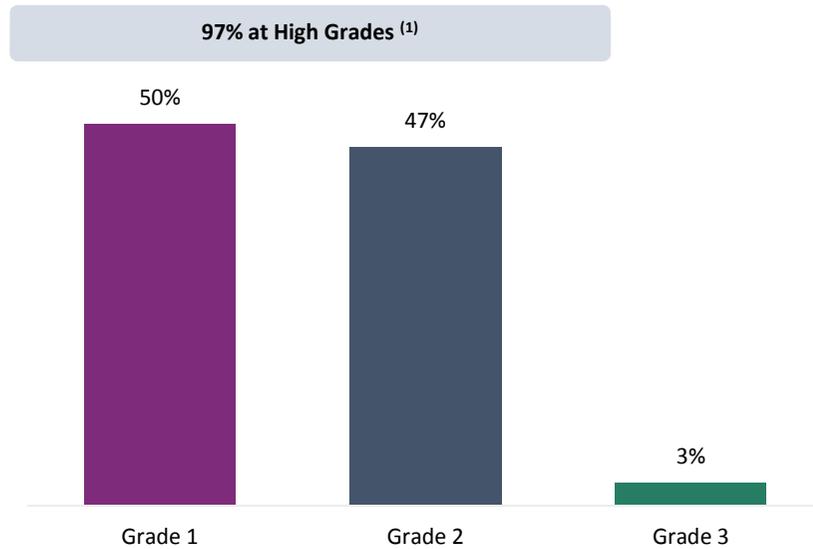
(1) Partnering with Gallup to measure our employee engagement in AIB. Engagement is measured by the Gallup Q12, which is a standard set of 12 questions that employees complete on an annual basis. The "grand mean" is the average response given by employees to these 12 questions on a scale of 1-5.

3 New Lending Within Risk Appetite and Book Performing Well



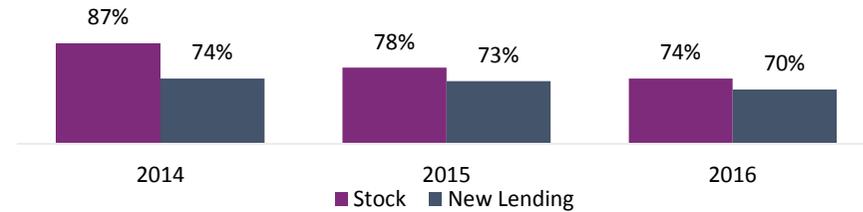
High Quality New Lending

New Lending in Ireland (Dec 2016)



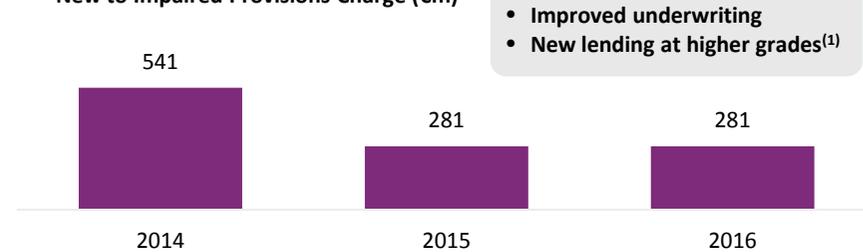
Average Mortgage LTVs Declining

Stock and Flow (%)



New to Impaired Loans Normalised

New to Impaired Provisions Charge (€m)



Source: Company Information

(1) Credit grading is used to assess the credit quality of borrowers and is fundamental to credit sanctioning and approval

3

Strong Risk Management Driving Reduction in Impaired Loans



Continued Reduction in Impaired Loans a Key Priority

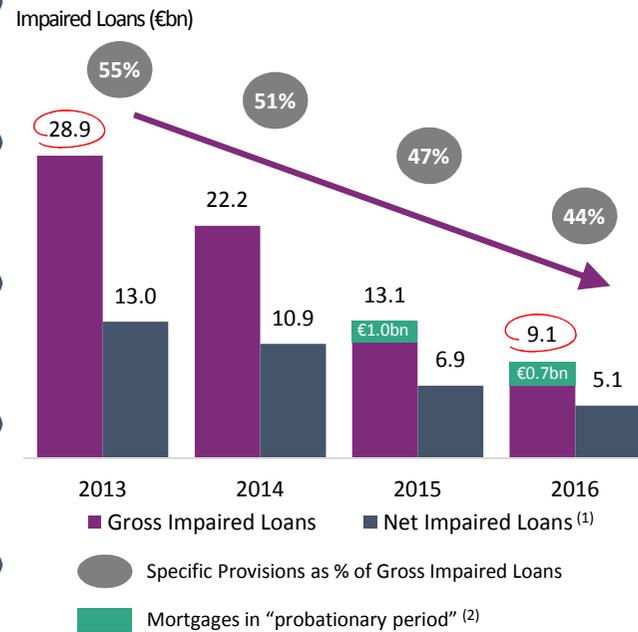
Appropriate Provisioning Process, Externally Validated

Strong Arrears Management Capabilities

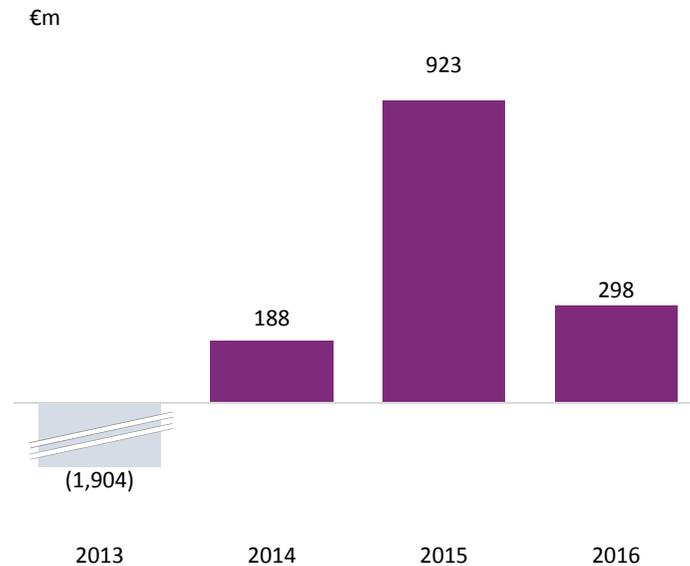
Developed Full Range of Solutions

Positive Effect of Improved Irish Macroeconomic Environment

Tangible Progress in Reducing Impaired Loans



...Leading to Provision Writebacks



Source: Company Information

(1) Net impaired loans calculated as gross impaired loans less specific provisions (excl. IBNR)

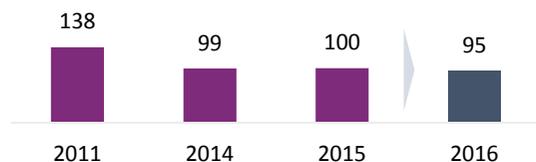
(2) Currently performing to terms

4 Stable, Low Cost Funding Model & Robust Liquidity Profile



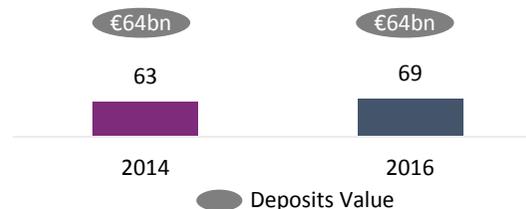
Stable Loan to Deposit Ratio ~100%

Strong and Stable Loan to Deposit Ratio (LDR, %)



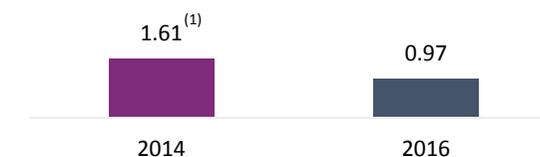
Funding Model Supported by Resilient & Low Cost Customer Deposit Base

Customer Deposits as % of Total Funding



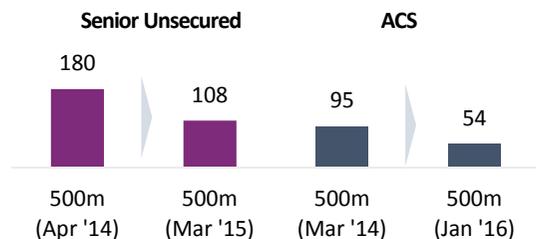
Average Cost of Funding Declining

Cost of Funds (%)



Improving Financing Terms in Wholesale Market

Recent Completed Debt Transactions, Spread Over MS (bps)



Strong Liquidity Profile

Basel III Liquidity Requirements (% Dec 2016)



Rating Agency Upgrades

Agency	Long-Term Rating	
	2014	2017
S&P	BB	BBB-
Moody's	Ba3	Baa2
Fitch	BB	BB+

Source: Company Information
 (1) Excludes interest income on swaps

4

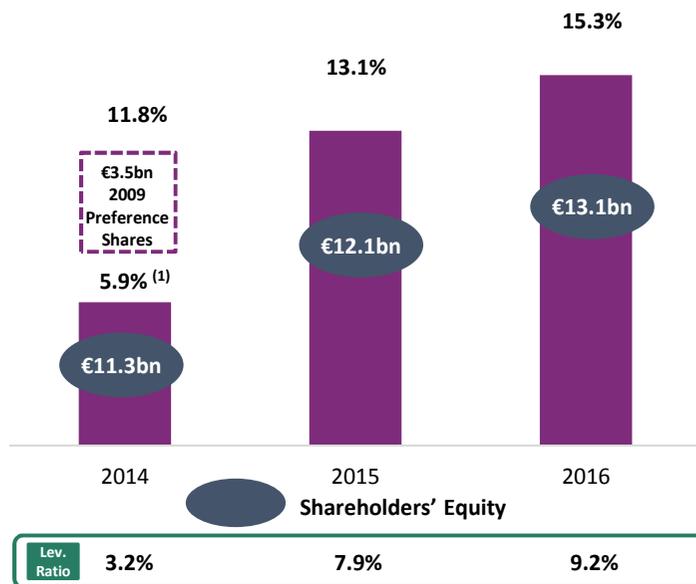
Significant Capital Accretion Enabling Substantial Payments to the State

Enhanced by Dividend Payment



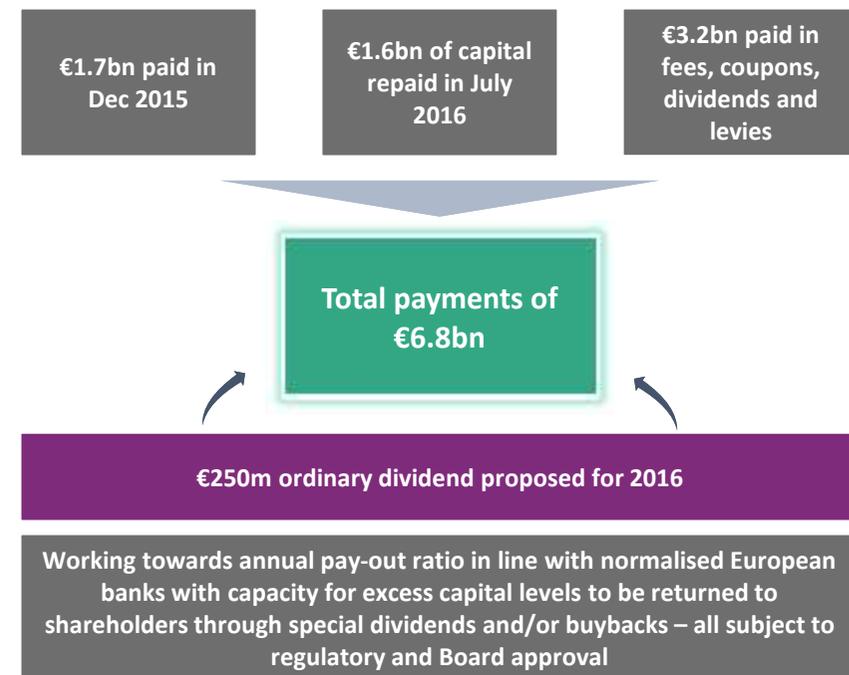
Strong Organic Capital Generation

Fully Loaded (FL) CET1 Ratio (%)



Source: Company Information
 (1) Excludes €3.5bn 2009 Preference Shares

Significant Capital Repayments



5

Sustainable Profitability, Strong Capital Generation and Delivering Shareholder Returns



Profit Before Tax	€1.7bn €1.9bn in FY 2015	<ul style="list-style-type: none"> • Strong sustainable profit on a total and underlying basis • Enhanced by one-offs and lower YoY provision writebacks
Net Interest Margin ⁽¹⁾	2.25% 28bps increase in 2016	<ul style="list-style-type: none"> • Positive upward NIM trajectory; exit NIM of 2.42% (Q4 2016) • Stable asset yields; lower funding costs and positive impact of repayment of €1.6bn CoCo ⁽³⁾
Impaired Loans	€9.1bn; €5.1bn net ⁽²⁾ €4bn reduction on Dec '15	<ul style="list-style-type: none"> • Further reduction in impaired loans • Primary restructuring period concluding
FL CET1 Ratio	15.3% 230bps higher than Dec '15	<ul style="list-style-type: none"> • Strong capital ratios; generating significant capital • Payment of €1.8bn on the maturity of the CoCo ⁽³⁾
Dividend Payment Proposed	€250m First dividend since H1 2008 ⁽⁴⁾	<ul style="list-style-type: none"> • Sustainable performance delivering further returns to shareholders
Net Promoter Scores	NPS +45 - Q4 2016 +29 increase since Q4 2014	<ul style="list-style-type: none"> • Customer First strategy driving significant improvement in customer experience

Source: Company Information

(1) Excludes Eligible Liabilities Guarantee (ELG)

(2) Net of specific provisions

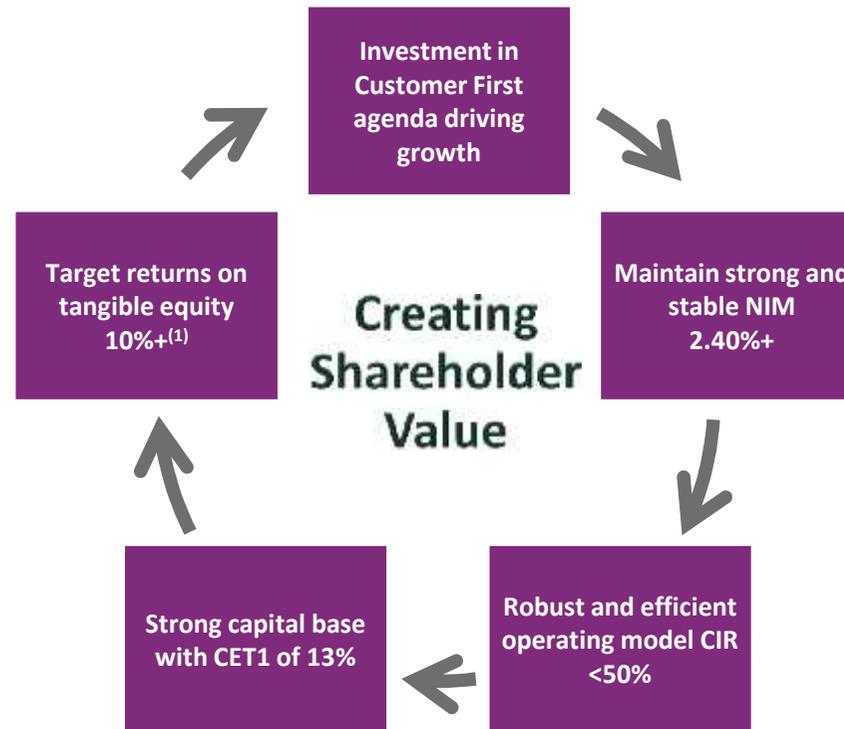
(3) Contingent Capital Notes; €1.8bn includes accrued dividend

(4) To ordinary shareholders

5

Focused on Delivering Sustainable Performance

Based on Strong Customer Franchise, Capital Accretion and Returns, and Sustainable Growth



Source: Company Information

(1) ROTE based on (PAT - AT1 coupon + DTA utilisation) / (CET1 @13% plus DTA)

Brand and Customer Propositions



Tom Kinsella
Chief Marketing Officer

Market Demographics & Conditions Driving Opportunity for Growth



Market Context

Young and Dynamic Population

Increasing Appetite and Capacity for Leverage

High Digital Adoption and Continued Customer Preference for Omni-Channel

Merging of Consumer Brands and Bank Brands

AIB Strategy & Proposition

- ✓ Deep understanding of customer value and value potential – targeted acquisition strategy for high value customers today as well as future prospects
- ✓ No.1 bank for “Start Ups” ⁽¹⁾
- ✓ Innovation in value creating propositions where AIB is able to utilise extensive credit insights
- ✓ Digitally enabled channels complemented by nationwide physical infrastructure enhancing overall customer proposition & experience
- ✓ Powerful brand campaigns that resonate with customers across segments and drive Omni-Channel engagement

Source: Company information

(1) Start ups defined as businesses up to 3 years in operation

A Clear & Differentiated Brand Supporting Customers Across Their Financial Lifetime

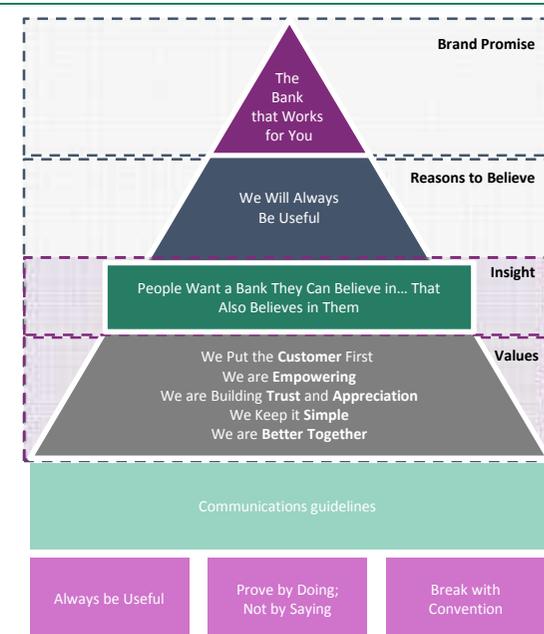


Legacy Challenges

Brand	<ul style="list-style-type: none"> ▪ A tarnished brand ▪ Disempowered & disenfranchised staff
Insight	<ul style="list-style-type: none"> ▪ A perception of mutual distrust and lack of understanding
Channel	<ul style="list-style-type: none"> ▪ Inconsistent customer experience across channels resulting in poor advocacy
Proposition	<ul style="list-style-type: none"> ▪ Propositions not tailored to customer need ▪ Product, not customer led proposition design

Resulting in a Brand Strategy Built on “Customer First” Foundations

- Rehabilitated AIB Brand
 - Re-Invigorated EBS Brand
 - Deployed multi brand strategy
 - Empowered staff & changing culture
-
- Extensive customer and staff consultation
 - Customer experience is the sum of all interactions
-
- Focus on efficient processes
 - Use data more effectively across channels
 - Customer led Omni-Channel strategy
-
- Tailor fair propositions to customers’ needs across their financial lifetime



Source: Company information

A Unified Brand Strategy to Grow Customer Engagement...



AIB Brand Idea Delivered through the “Backing” Creative Concept

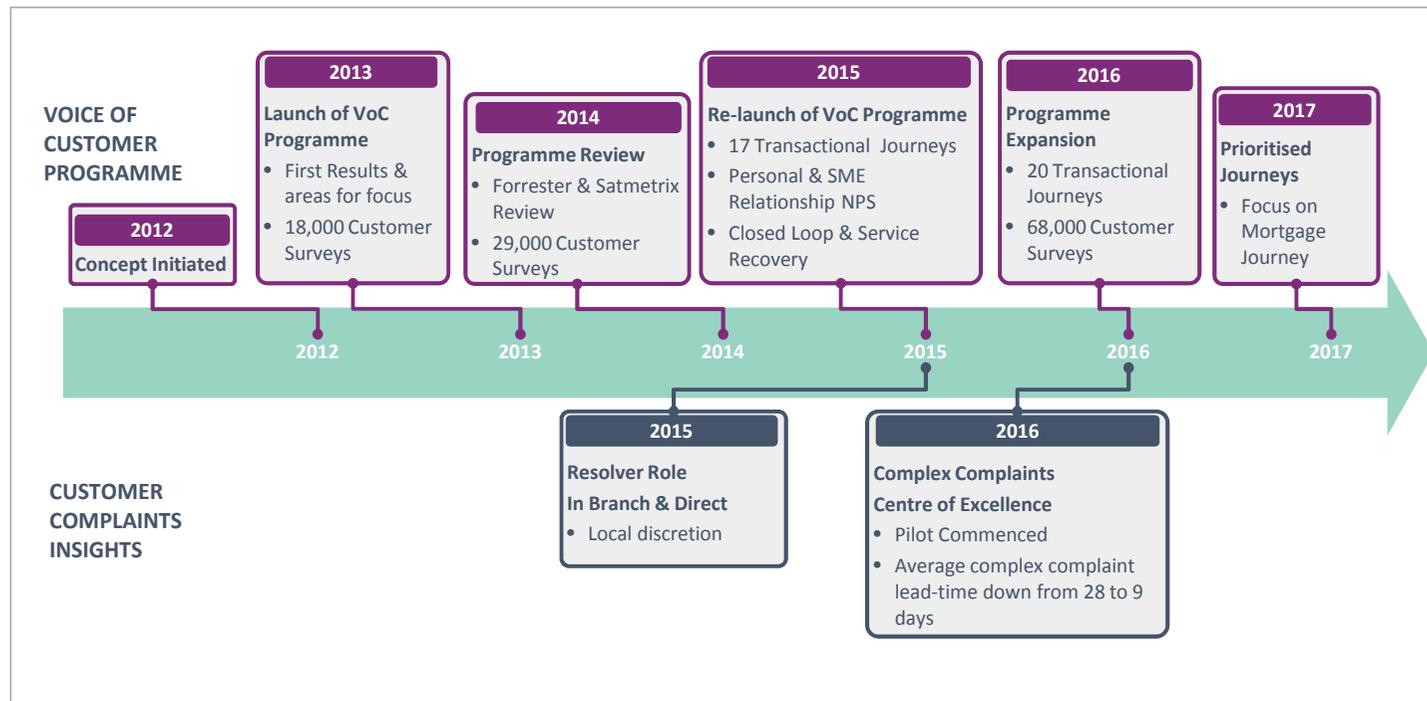
<p>Dedicated Mortgage Adviser Approval valid for 12 months</p>	<p>All-Ireland Club All-Ireland Senior Football £50 for your GAA club with home insurance</p>	<p>48-Hour Approval Extended Call Hours Business Tool Kit</p>
<p>Mobile Apply 3-Hour Approval</p>		

Source: Company information

...Underpinned by Focus on Improving Customer Experience



- Voice of the Customer Programme measuring customer experience using NPS Scores and providing real customer insight
- Opportunity to improve efficiency and customer experience through improved complaint process
- Learnings and processes that are replicable across the business
 - Next project in progress on improving the mortgage journey



Source: Company Information

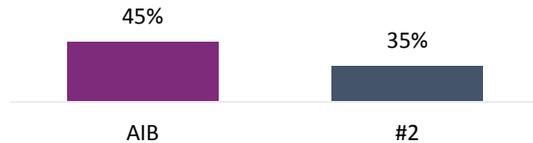
Transactional NPS is a measure of a customer's perception of a recent transaction they have completed to seek their feedback on that transaction/journey. Transactional NPS score is an amalgamation of the 17 transaction journey types through which customers engage with AIB. Relationship NPS is a measure of the customer's overall perception of their relationship with AIB – it is measured at an organisational level of everything the customer experiences internally and externally

...with Tangible Results – AIB is the #1 Banking Brand in Ireland

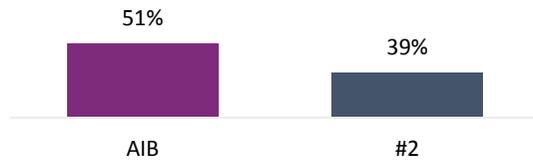


Strong Market Share in Key Segments

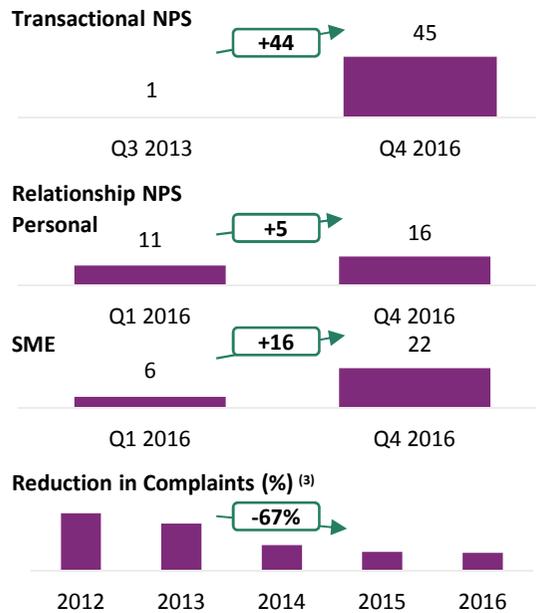
Main current account Market Share ⁽¹⁾ 15-24 (Q4 2016)



Main current account Market Share of Business Start Ups ⁽²⁾ (Q4 2016)

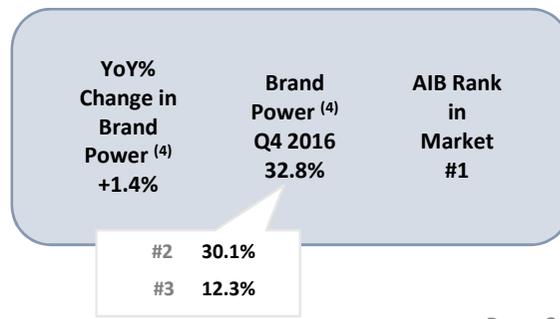
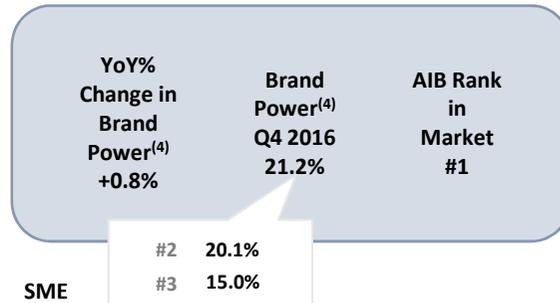


...Improving Customer Experience...



...the #1 Banking Brand in Ireland

Personal



Source: Company Information

(1) IPSOS MRBI Personal Finance Tracker Q4 2016 (based on 4 quarters rolled data)

(2) IPSOS MRBI AIB SME Financial Services Monitor 2016. Start ups defined as businesses up to 3 years in operation

(3) Company Information taken from Complaints Management Clkview Dashboard. AIB RoI (Incl. EBS & Haven) only.

(4) Brand Power: A prediction of the volume share a brand can command based on consumer predisposition to choose the brand over others. Millward Brown Brand Equity Tracker Q4 2016

Case Studies: Compelling Propositions Leveraging Clear Brand Strategies Delivering Growth and Customer Loyalty



Mortgage: Multi Brand Strategy for Whole of Market

Personal Loans: A Digitally Enabled Model

Strategy

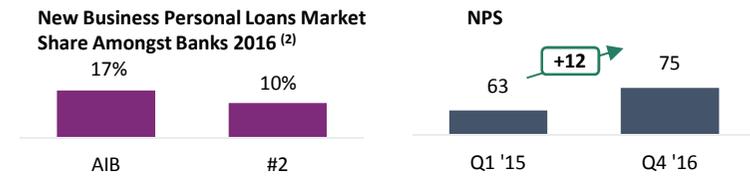
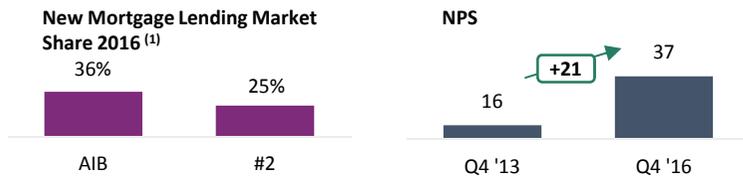
- Customers consider 2-3 providers (including current transactional bank)
- Advice and support throughout mortgage journey
- Upfront offers /value for certain segments

- Interview vs. Hug
- Procrastination - customers put off “doing”
- Difficult and clunky process

Proposition

 Maximising value through existing customer base	 Challenger / incentive model to attract non-traditional customers	 Intermediary play for broker model
<ul style="list-style-type: none"> • No fees - Free Banking for Mortgage customers • Long term value with lowest SVR 	<ul style="list-style-type: none"> • Mortgage Specialist – No. 1 challenger Brand to pillar banks • 2% cashback - new Mortgage customers 	<ul style="list-style-type: none"> • Best in class Mortgages for Broker & Intermediary channel offering customers advice • Long term value with lowest SVR

- Any channel, any purpose – loans within 3 hours. 85% of applications receive instant decision
- Convenient and easy access to credit. End to end online and mobile fulfilment
- Recognition that customer experience is key component of proposition



Source: Company Information

(1) Internal data based on BPFI

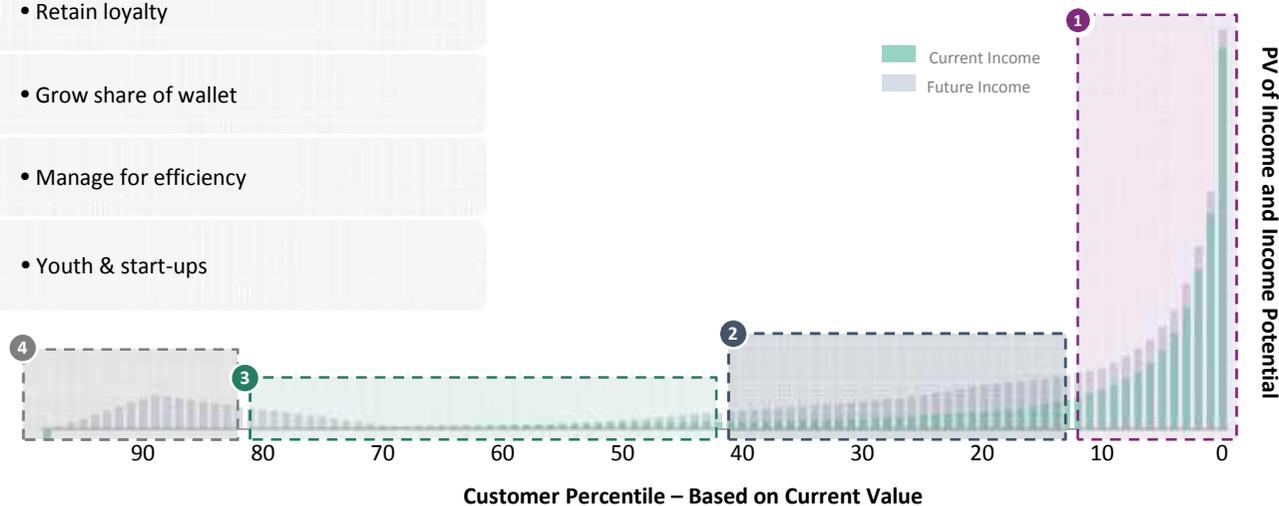
(2) Personal Loans New Business Market share, source: IPSOS MRBI Personal Finance Tracker Q4 2016 (BASED ON 4 QUARTERS ROLLED DATA). Data includes all personal loans (up to 3 per respondent) amongst those aged 18+. Excludes car loans. Data is based on number of loans held (not value of loans). Multiple loans held by the same individual are each measured separately. New business is all new personal loans taken out in 12 months prior to survey

Deep Insights Into Customer Value Life Cycle Driving More Focused Customer Strategy Based on Mutual Value



Customer Lifetime Value ⁽¹⁾

- 1 • Retain loyalty
- 2 • Grow share of wallet
- 3 • Manage for efficiency
- 4 • Youth & start-ups



- AIB developing customer life cycle value model to design propositions that meet target segments' needs profitably
 - Maximise potential revenues in high value customers
 - Manage costs to serve with simple customer propositions on lower value segments
 - Focused youth strategy including on-campus capability

Focus on acquiring customers that will be profitable in the future and delivering attractive proposition to today's customers

Source: Company information

(1) Source: Marakon based on analysis of AIB internal data

Customer Led Propositions Leveraging Deep Insights, Delivered Through a Leading Multi-Brand Strategy



<p>Customer First</p>	<ul style="list-style-type: none"> • Brand rehabilitation driven by customer insight • Implementation via Multi-Brand approach
<p>Simple & Efficient</p>	<ul style="list-style-type: none"> • Consistent focus on improving Customer Experience in the way customers interact with AIB • Customer migration to digitally enabled banking solutions
<p>Risk & Capital</p>	<ul style="list-style-type: none"> • Segmenting the customer base by value – income and risk based • Risk Appetite Statement underpinned by Brand Values that drive effective business strategy and risk-taking
<p>Talent & Culture</p>	<ul style="list-style-type: none"> • Brand Values based on customer & staff expectations • Driving “Customer First” culture change

Outcomes...

<p>Deeper relationships PNPS +16 TNPS +45 #1 Irish Banking Brand (Brand Power ⁽¹⁾)</p>		<p><i>Differentiated Brands</i></p>	<p><i>Compelling Customer Propositions</i></p>	<p><i>Sustained Business Growth</i></p>
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Source: Company Information

(1) Brand Power: A prediction of the volume share a brand can command based on consumer predisposition to choose the brand over others.

Retail & Commercial Banking



Robert Mulhall
Managing Director, Retail and
Commercial Banking

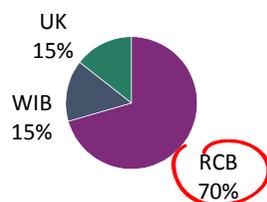
Strong Franchise with Competitive Market Position

The Leading Irish Bank with Retail and Commercial Focus



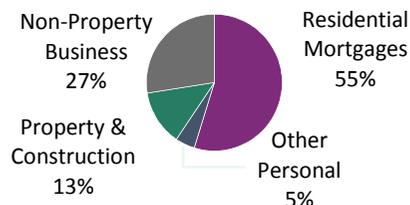
Retail & Commercial Banking ⁽¹⁾	Wholesale, Institutional & Corporate Banking ⁽¹⁾	AIB UK – AIB GB & Northern Ireland
<ul style="list-style-type: none"> • Largest retail and commercial bank in Ireland • 2.3m personal & SME customers • No. 1 distribution network with 297 locations and An Post partnership • Leading market shares and leading position in digital enablement • Multi-brand approach <div style="display: flex; justify-content: space-around; align-items: center;"> </div>	<ul style="list-style-type: none"> • Corporate Banking – relationship-driven model with sector specialisms • Real Estate Finance – centralised origination and management • Specialised Finance – structured finance, mezzanine finance • Syndicated & International Finance 	<ul style="list-style-type: none"> • >360k retail and SME customers • FTB – focused challenger in NI • GB – Niche business bank <div style="display: flex; justify-content: space-around; align-items: center;"> </div>
Group Treasury & Support Functions		
<ul style="list-style-type: none"> • Treasury activities • Central control & support functions 		

Net Customer Loans by Segment



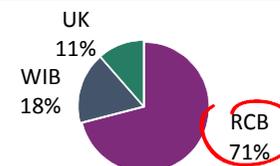
FY 2016 Total: €61.0bn ⁽²⁾

Net Customer Loans by Product



FY 2016 Total: €61.0bn ⁽²⁾

Operating Profit by Segment



FY 2016 Total: €1.3bn ^(2,3)

Source: Company Information

(1) RCB = Retail & Commercial Banking, WIB = Wholesale, Institutional & Corporate Banking

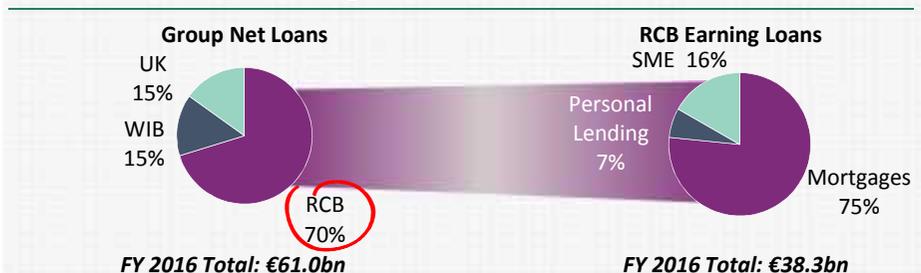
(2) Due to rounding, sum of values in pie charts may not equal total net loans figure shown

(3) Pre-provision Operating Profit (Before Group Treasury and Services)

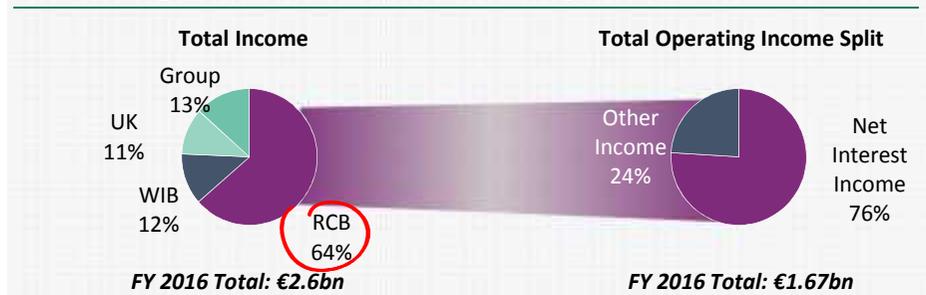
Largest Retail & Commercial Bank in Ireland



A Diversified and Growing Personal and SME Franchise



With Strong Income Contribution To Group



Source: Company Information

Commentary

Mortgage portfolio is the largest portfolio and contributor to net interest income

Strategic focus on the SME proposition and distribution channels

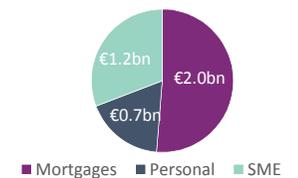
Personal Lending growth driven by digital innovation

Strong Current Account Relationship and Strategic Partnerships provide platform for Other Income generation and growth

Continued focus on cost management

- ✓ c. 23% reduction in FTE from 2012 (excluding workout unit)
- ✓ Investment in Digital capability and process efficiencies

RCB New Lending 2016



Optimising Distribution to Drive Higher Efficiencies and Competitive Advantage

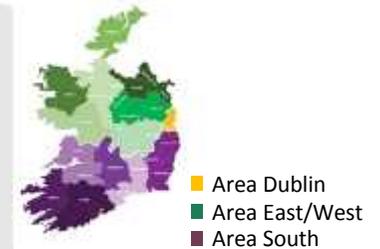


Distribution Network Redesigned...

<p>206 Branches</p>	<p>71 Franchises</p>	<p>20 Business Centres</p>
<p>Mobile App - 640K active mobile users</p>	<p>Online Banking - 1.1m active online users</p>	<p>Partnership with An Post with 1,100 Locations</p>

...Organised Around the Customer

- “Best Bank in Every Community” Ambition
- Empowered Local Leaders & Teams equipped with local market insights
- Differentiate on Retail Excellence and Sales Effectiveness



	<u>2011 - 2012</u>	<u>2016</u>
Physical Distribution	<ul style="list-style-type: none"> • 267 AIB Branches • Limited Direct RM capability 	<ul style="list-style-type: none"> • Branch network reduced by 25% • 28% reduction in Branch FTE numbers
Digital Channels/ Enablement	<ul style="list-style-type: none"> • Limited Online • Limited Self Service • 40% eligible transactions completed on CCLs 	<ul style="list-style-type: none"> • #1 Mobile Penetration • Strong adoption to Digital (75% Personal Lending & 80% on CCLs) • Enhanced Customer Insights
Partnership	<ul style="list-style-type: none"> • Limited Partnership Potential 	<ul style="list-style-type: none"> • #1 Bancassurer with Irish Life • #1 Merchant acquirer with First Data

Augmented by Market Leading Omni-Channel Capability

- Direct relationship management
- Seamless customer journey management
- Digital Harvesting



Delivering on Targeted Results

Shift from OTC ⁽¹⁾ -36% to CCL ⁽¹⁾ +52%	c. 23% reduction in FTE from 2012 ⁽²⁾ while increasing productivity	Increasing NPS ⁽³⁾ scores +40
---	--	--

Source: Company Information

(1) OTC: Over the Counter; CCL: Cash and Cheque Lodgement

(2) Excluding Workout unit

(3) Q4 2016 Transactional NPS

Leading Digital Capability in the Irish Market Place

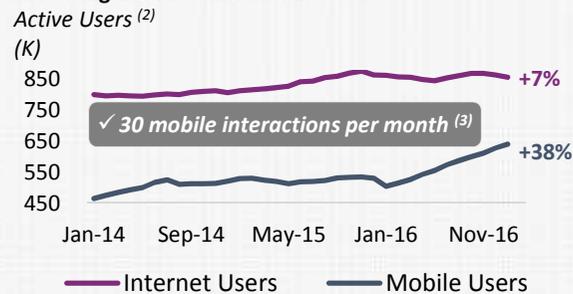


1 Digital Offering in Ireland

No. 1 Digital Channel Distribution Network in Ireland
Successful engagement across multiple digital channels



Increasing Internet and Mobile Users



Source: Company Information

(1) RCB Analytics

(2) Active customers by channel = customers who have initiated a transaction / successfully logged-on in the respective channel in the 90 days prior to 30 June 2016

(3) Mobile app was accessed almost 20m times in December 2016

Customer Journey Driving Higher Digital Adoption

Digital Penetration & Use ⁽¹⁾

Descriptor	AIB
% of Active Digital Customers	56%
% of Transactional Customers Active on Digital Channels	67%
% of "Digital Only" Personal Customers	40%
% of "Mobile Only" Personal Customers	14%
% Growth in Digital Personal Loans	127%

Digital Journey

Delivery Service in the Customers' Hand	<ul style="list-style-type: none"> Trx Migration Mobile Capability
Deepening Relationships through Digital	<ul style="list-style-type: none"> Online / Mobile Sales Capability Increased touch frequency
Expanding the Digital Ecosystem	<ul style="list-style-type: none"> Open APIs Payments 2.0

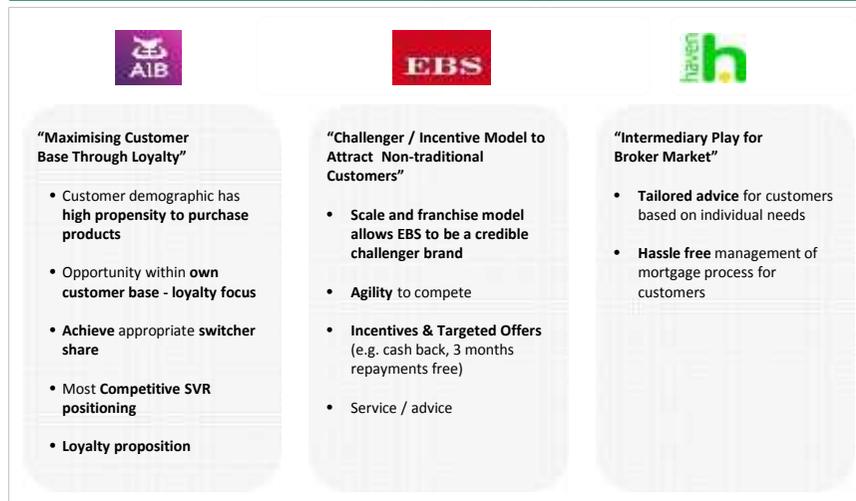
Best in Class Customer Analytics Unlocking Valuable Insights



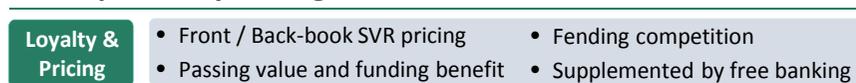
Mortgages: Growing Share Driven By Multi-brand Approach, New Lending Up 22% YoY vs. 16% for Total Market



Differentiated Brand and Pricing Strategy



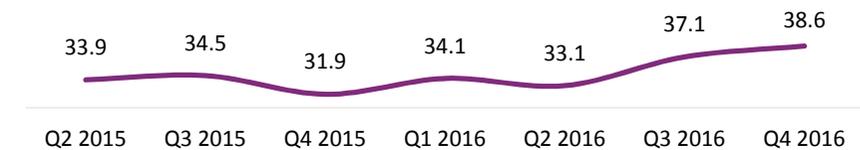
Underpinned by Strategic Focus on Customers



Source: Company Information
(1) Source: BPF1

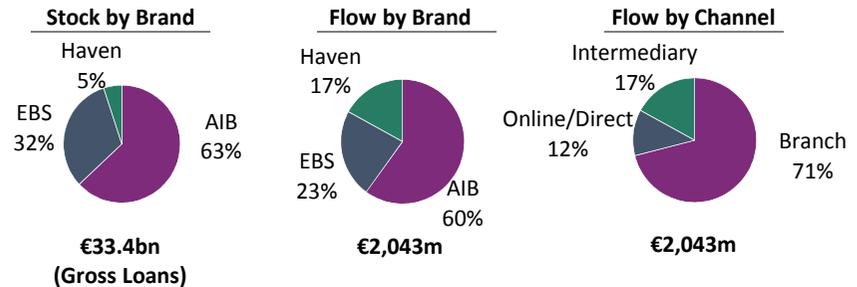
Outperforming the Industry Resulting in Market Share Gains

Mortgage Market Share (Flow) ⁽¹⁾
%



Diversified Brand and Channel Distribution

(FY 2016)



Mortgages: Multi-Brand Strategy Driving Pricing & Mix and Well Positioned for Further Opportunities

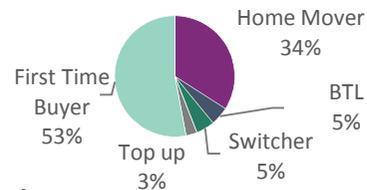


Strong Growth in New Lending in First Time Buyers

Drawdowns by Segment, % (as at 2016)

FTB new lending :

- 46% of total market is FTB
- AIB has largest share of FTB market at 42%



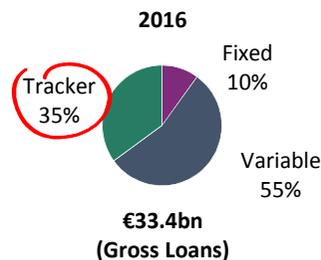
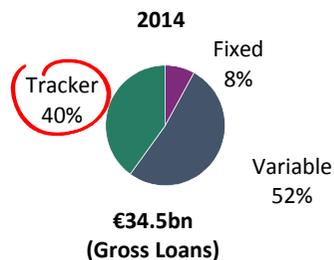
Focus on Variable and Short Term Fixed

%



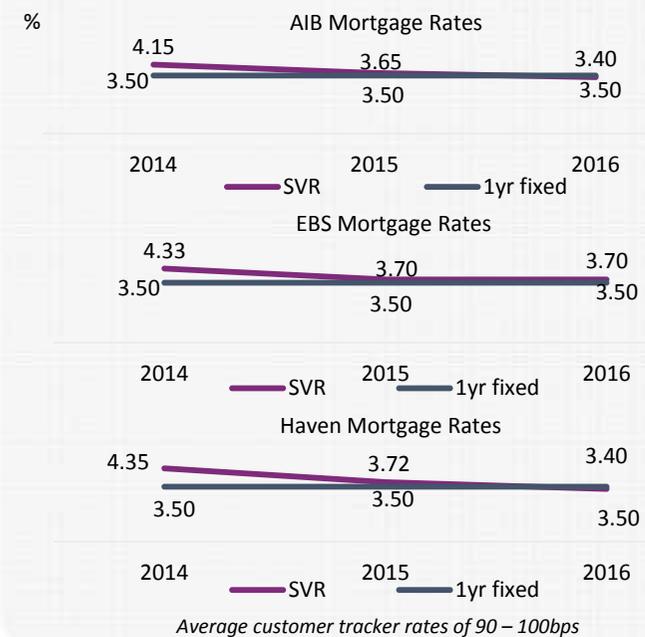
Tracker Stock Redeeming at c. €1.3bn pa

%



Source: Company information

Consistently Strong Customer Rates



SME: Established Business with National Reach and Scale

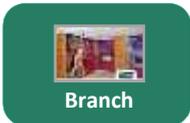


Customer Definition



Turnover <€20m / Exposure ⁽¹⁾ <€10m

Distribution Channels



- c. 185 Business RM's in the branches
- c. 130 BCA's (Business Customer Advisors) and c. 20 support staff



- 20 Business Centres
- c. 110 Relationship Managers and c. 100 Leads and Supports



- 2 locations (Naas and Swords) with c. 60 business RM's and c. 20 support staff
- €349bn digital payments in 2016, +8.5% YoY 15-16e
- SME cloud software – "My Business Toolkit"
- Auto-underwriting and decisioning (STP)

Product Offering

Term Lending	Overdrafts & Working Capital	Asset Finance & Leasing
Commercial Finance	Business Credit Cards	AIB Merchant Services
Current Accounts	Deposit Accounts	Treasury and FX Services
Cash Management Services	Internet Business Banking & SULC ⁽²⁾	Wealth Advice ⁽³⁾

Source: Company Information

(1) Excluding PDH

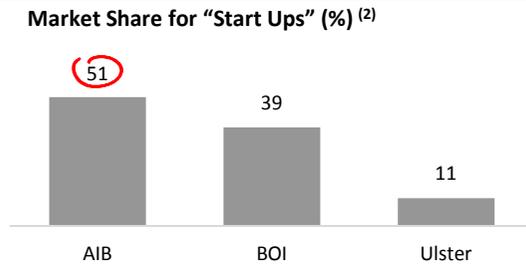
(2) Single user limited company internet banking

(3) Inheritance planning services and succession planning services to business customers

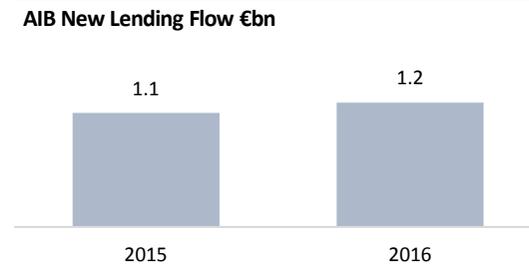
SME: Leading Position in Business Banking in a Recovering Market



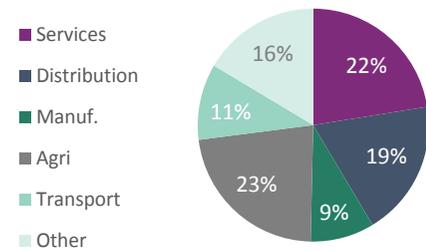
Strong Market Share ⁽¹⁾ in Key Attractive Products and Start-Ups



New Lending Up 10% YoY

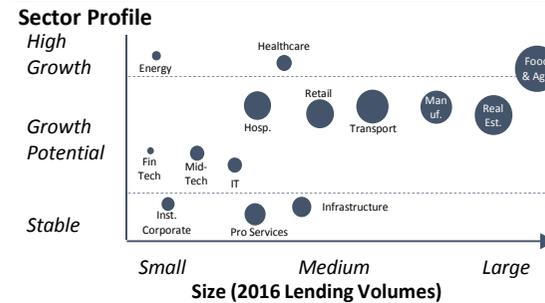


Flow Split by Sector



Source: Company Information
 (1) Source: AIB SME Financial Monitor 2016
 (2) Up to 3 years in operation

Sector Focus Driving Growth



Key Differentiators

- Market Position
- Brand Positioning
- Sector Specialism
- Service Efficiency
- Digital

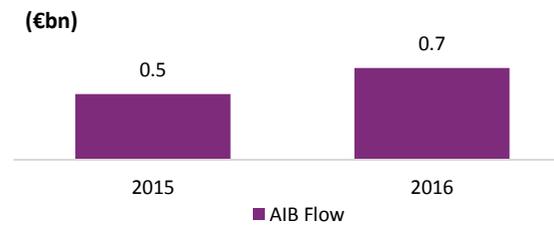
Personal Lending: Digital Enablement Facilitates Growing Market Share



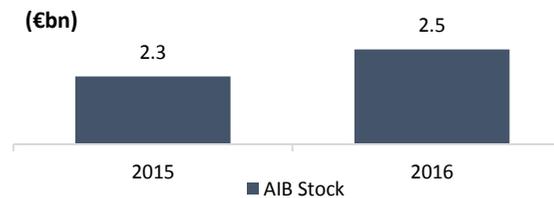
Digital Strategy Implemented across Portfolio

 #1 Market Share ⁽¹⁾	Personal <ul style="list-style-type: none"> • End-to-end digital journey drives strong growth (+58% YoY unit sales growth) • 61% of applications through digital channels (mobile) • 90% auto-decisioned with 3-hour approval • Personal Loan successful NPS: 75
 #1 Market Share	Credit Card <ul style="list-style-type: none"> • 2 in 3 card applications through direct channels • Launch of Credit Card in 2016 on mobile resulting in strong growth (+30% YoY unit sales growth) • Growing penetration with young customers taking out first cards • Credit Card Application NPS: 66
 #2 Market Share ⁽¹⁾	Car Finance <ul style="list-style-type: none"> • Digital enablement of Forecourt proposition • Strong Car Finance business - Lending growth up (+54% YoY unit sales growth)

AIB Personal Loans Flow



AIB Personal Loans Stock



Highly automated digital capability that is growing market share in a cost-effective manner

Source: Company Information

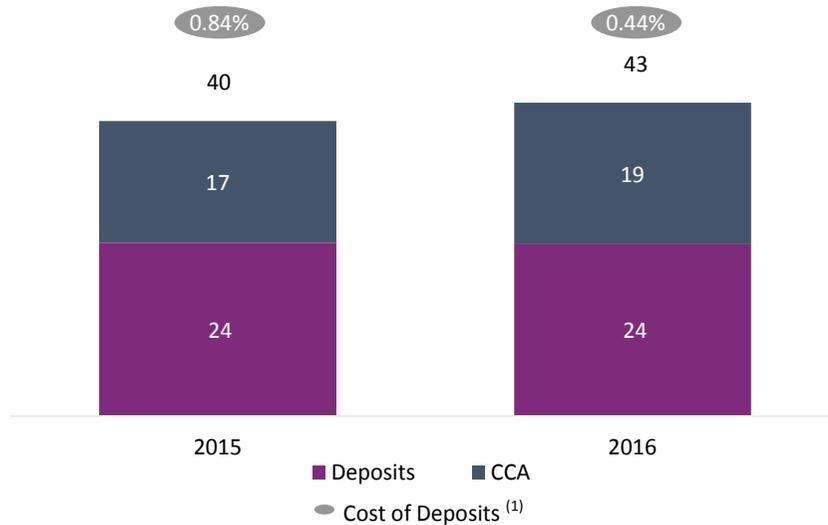
(1) Market share amongst banks in Ireland. Source: IPSOS/MRBI Personal Finance Tracker – New lending

Growing Customer Deposit Base with a Low and Declining Cost of Funds



Cost of Deposits Reduced and Changing Mix

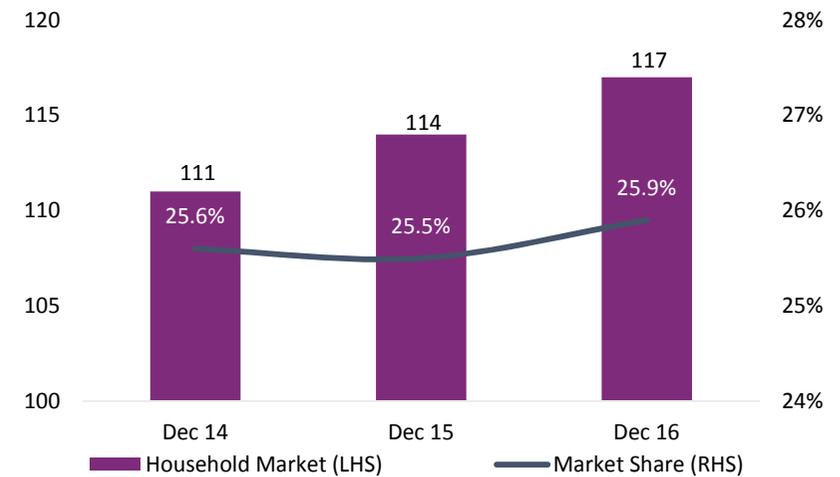
Split of Deposits by Type (€bn)



Maintaining Market Share in a Growing Market

Household Market (€bn)

Market Share



40% of deposits originated via digital channels

Source: Company Information
 (1) Based on average deposit balances

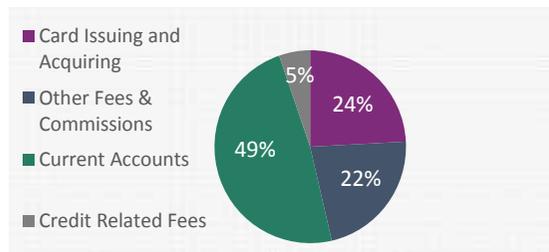
Strong Current Account Relationship Provides Platform for Other Income Generation and Growth



Total Other Income ⁽¹⁾



Other Income Composition ⁽²⁾



Growth Opportunities Across Other Income Lines

Growing Adoption of Digital Transactions Resulting in:

- ✓ Steady income stream
- ✓ Insightful and valuable customer data

Card Issuing & Acquiring

- ✓ Downward pressure on Interchange negated by growth in card adoption and usage
- ✓ Continuing to increase market share through JV yielding increasing dividend

FX

- ✓ Steady recurring income across broad customer base with further growth potential

Wealth & General Insurance

- ✓ Leveraging our customer base through 3rd party partnerships with Irish Life, AXA and Allianz
- ✓ Bancassurance #1 in market share on income ⁽³⁾
- ✓ New Home Insurance sales up 65% with market leading retention rates

Distribution and Reach through Strategic Partnerships

- Leads - Customer Analytics & Referrals
- Advisors - Partners & In Branch
- Channel - Branch, Direct & Digital



Source: Company Information

(1) Includes income recognised on loans previously restructured

(2) Excludes income recognised on loans previously restructured

(3) Source: Irish Life

RCB Financial Snapshot (Earning Book) – 2016



Earning Loan Portfolio (€bn)	New Lending 2016	Total Book 2016	Total Book 2015	Change Y-o-Y
Mortgages	2.0	23.4	23.3	0%
<i>Average yield</i>	<i>3.47%</i>	<i>2.67%</i>		
Personal lending	0.7	2.2	2.0	10%
<i>Average yield</i>	<i>8.98%</i>	<i>8.19%</i>		
Business lending	1.2	4.3	4.1	5%
<i>Average yield</i>	<i>5.04%</i>	<i>3.91%</i>		
Total ⁽¹⁾	3.9	29.9	29.4	2%
Customer Accounts (€bn)	2016	2015	Change Y-o-Y	
Current accounts	19.4	16.7	16%	
Deposit accounts	23.5	23.7	-1%	
Group Cost of Deposits	0.83%	1.12%		
Income Generation (€m)	2016	2015	Change Y-o-Y	
Net interest income	1,131	1,046	8%	
Other income	398	382	4%	
Total Income	1,529	1,428	7%	

Source: Company Information

(1) Excludes FSG related performing loans of €8.4bn

- Total RCB Income – 71% of Operating Contribution of AIB Group
- Interest Income up €85m (+8%) as yields improve
 - Mortgage multi-brand strategy driving market share growth in growing market
 - Trackers redeeming at c. €1bn pa
 - Lower cost of funds
- Strong Current account relationship provides stable Fees & Commissions Income with overall Other Income up 4%
- New lending €3.9bn (+20%) across all portfolios – driven by mortgage market share up to 36%; differentiated sector focus for SME and digital enablement for Personal
- Overall net growth of 2% in Earning loans with Personal up 10% and Business lending 5%

Market Leading Performance Driven by Strategic Priorities



Customer First	<ul style="list-style-type: none"> No. 1 franchise in Ireland commanding strong market share in key product lines and customer segments and well positioned to benefit from strong macro drivers
Simple & Efficient	<ul style="list-style-type: none"> Differentiated, highly efficient operating model, optimising physical distribution and investments in digital providing competitive advantage
Risk & Capital	<ul style="list-style-type: none"> RARoC ⁽¹⁾ organised business with relentless focus on operational excellence and credit quality
Talent & Culture	<ul style="list-style-type: none"> Focus on right people in right roles, empowering engaged workforce organised around the customer

Outcomes...

<p>Increasing Customer Advocacy & NPS</p> <p>Market Leader across key Sectors & Products</p> <p>Strong Lending and Income growth</p>		<p><i>Largest Irish Commercial & Retail Bank</i></p>	<p><i>#1 Digital Bank in Ireland</i></p>	<p><i>Strong contribution to Group results</i></p>	<p><i>Gallup 55th Percentile engagement score</i></p>
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Source: Company information
 (1) Risk adjusted return on capital



Wholesale, Institutional & Corporate Banking (WIB)



Colin Hunt
Managing Director, Wholesale,
Institutional & Corporate
Banking

Strong Franchise with Competitive Market Position



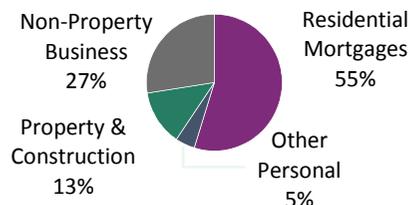
<p>Retail & Commercial Banking ⁽¹⁾</p>	<p>Wholesale, Institutional & Corporate Banking ⁽¹⁾</p>	<p>AIB UK – AIB GB & Northern Ireland</p>
<ul style="list-style-type: none"> • Largest retail and commercial bank in Ireland • 2.3m personal & SME customers • No. 1 distribution network with 297 locations and An Post partnership • Leading market shares and leading position in digital enablement • Multi-brand approach 	<ul style="list-style-type: none"> • Corporate Banking – relationship-driven model with sector specialisms • Real Estate Finance – centralised origination and management • Specialised Finance – structured finance, mezzanine finance • Syndicated & International Finance 	<ul style="list-style-type: none"> • >360k retail and SME customers • FTB – focused challenger in NI • GB – Niche business bank <p>Group Treasury & Support Functions</p> <ul style="list-style-type: none"> • Treasury activities • Central control & support functions

Net Customer Loans by Segment



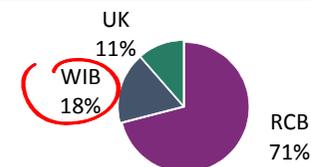
FY 2016 Total: €61.0bn ⁽²⁾

Net Customer Loans by Product



FY 2016 Total: €61.0bn ⁽²⁾

Operating Profit by Segment



FY 2016 Total: €1.3bn ^(2,3)

Source: Company Information

(1) RCB = Retail & Commercial Banking, WIB = Wholesale, Institutional & Corporate Banking

(2) Due to rounding, sum of values in pie charts may not equal total net loans figure shown

(3) Pre-provision Operating Profit (Before Group Treasury and Services)

Well-Established Business with Growth Opportunities

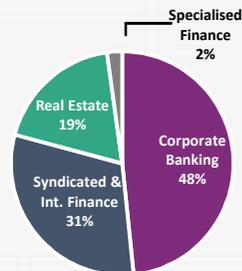


- Established business area serving the bank's larger customers and customers requiring specific sector or product expertise
- Delivering customer-focused solutions in private and public markets and providing attractive risk-adjusted returns
- Strong performance track record with market-leading positions in core domestic markets

Business Unit comprises:

- Corporate Banking
- Real Estate Finance
- Syndicated & Int. Finance
- Specialised Finance
- Corporate Finance

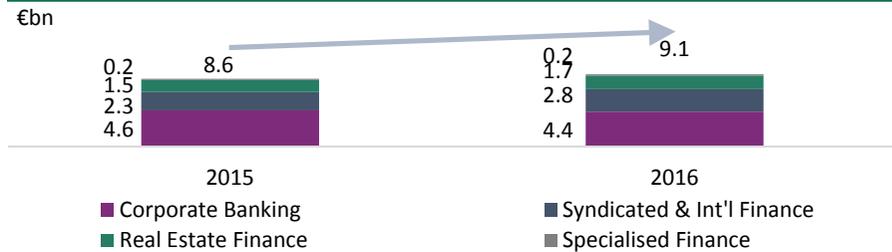
WIB loan book €9.1bn (2016)



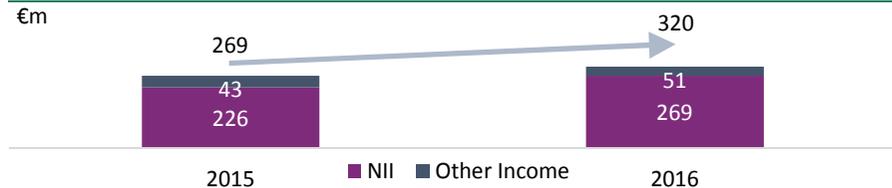
- New centre of expertise focused on Energy, Climate Change & Infrastructure
- Well-diversified and profitable business – predominantly a core domestic franchise

Source: Company Information

Evolution of Loan Stock



Evolution of Income



Evolution of Deposits



Sector and Product Focus to Meet Customer Needs



		Team	2016 Headcount: 258	Location
Wholesale Institutional & Corporate Banking	Sector specialists	Corporate Banking	70%	All units based at Bankcentre
		Real Estate Finance		
		Energy Climate Change & Infrastructure		
	Product specialists	Specialised Finance	30%	
		Advisory		
		Syndicated & International Finance		Ireland and US

Source: Company Information

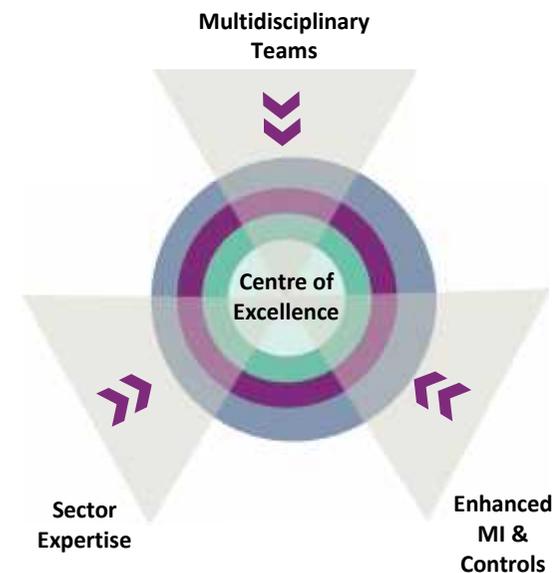
- Primary focus on senior debt origination through specialist sector coverage teams
 - Profitable business supporting core domestic corporates
- Specialist product teams with deep technical expertise
- Co-location of teams at Bankcentre facilitates cross-team collaboration
- Strong emphasis on talent development:
 - Multi-disciplinary teams
 - Professional qualifications
 - Structured training and development
 - Analyst (graduate) recruitment programme
 - Mandatory rotation at analyst level

Our Lending Model: Experienced Centres of Excellence



- “Centres of Excellence” ensuring learnings from past cycles are consistently applied
- Risk-aware approach to new business origination
- Multi-disciplinary teams for business origination – lenders, engineers, surveyors
- Cycle-hardened lenders with restructuring / work-out experience
- Enhanced MI and reporting providing visibility on exposures and concentrations
- Selective approach to new business origination with tightened underwriting standards

Selective Approach Based on Tight Standards and Controls



Disciplined approach on pricing utilising RARoC ⁽¹⁾ tools

Source: Company Information
(1) Risk adjusted return on capital

Leading Domestic Corporate Banking Franchise with Diversified Portfolio and End-to-End Relationship Model

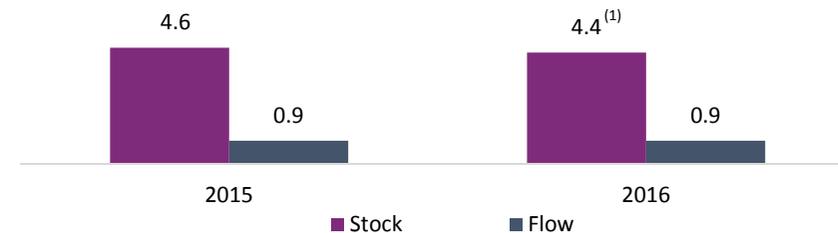


- **Ireland's leading Corporate Bank**
 - 40 years track record with deep customer relationships
 - Predominantly focused on domestic corporate customers with senior debt requirement of €10m+
 - No. 1 Bank for FDI - supporting Multinationals making inward investment
 - Primary Irish Banker to some of the world's largest companies
- **Customer base segmented, with differentiated service approach:**
 - Core Corporates: *c. 650 clients, high-touch, dedicated RM*
 - Institutional Corporates: *c. 20 clients, high-touch, dedicated RM*
 - Portfolio Corporates: *c. 600 clients (mostly FDIs), medium-touch*
- **End to end relationship model from credit assessment and execution to portfolio management**
- **Strong domestic position across a number of sectors (Hotels & Leisure, Food & Agri, Healthcare)**
- **Well-diversified and high quality credit portfolio:**
 - Max single loan exposure - 5% of loan book / 0.4% of AIB loan book
 - Top 20 loan exposures - 32% of loan book / 2% of AIB loan book

**Strong business performance...
...Opportunity now exists to create additional value through specialist product deployment**

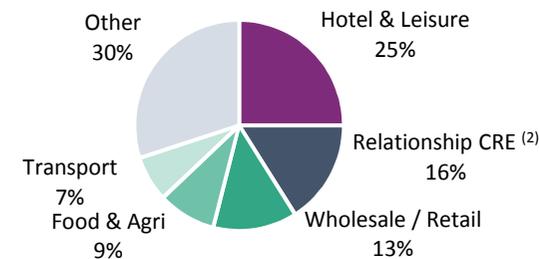
Financial Overview

Loan Stock and Flow (€bn)



Sector Diversification

Loan Stock Split
€4.2bn 2016



Source: Company Information

(1) Net of -€0.5b intra-group transfers

(2) Relationship CRE refers to financing business premises of corporate banking customers as well as some performing legacy exposures originated prior to establishment of AIB's centralised Real Estate Finance team. REF team provide specialist support as required

Sample Corporate Banking Customers (1)



<p>Joint Mandated Lead Arranger and Participant in €282m bank debt package to part fund the acquisition of the Moran Bewleys Hotel Group.</p>	<p>Participant in a new €100m 1 year Committed Revolver to facilitate investment in Ireland's Water & Waste Water Infrastructure.</p>	<p>Mandated Lead Arranger & Participant in €400m RCF and Term Loan syndicate facilities.</p>	<p>Binary Hub Student Accommodation Property Dublin 8. Sole provider of €24.4m of development finance.</p>
<p>Participant in new €20m term debt and RCF debt facilities, refinancing existing debt and the provision of acquisition finance. Provider of bi-lateral facilities.</p>	<p>Provision of €1m term finance and working capital to part fund the construction of a new craft brewery and whiskey distillery.</p>	<p>Term debt and development facilities for Nursing Home, Primary Care Centre and Independent Living Unit campus.</p>	<p>Development finance for the construction and fit out of a new 165 bed nursing home.</p>
<p>The refinancing and restructuring of all term debt facilities for the Kearys of Cork group.</p>	<p>Term Finance & Development Facilities.</p>	<p>Mandated Lead Arranger & Participant in €300m RCF syndicate facility.</p>	<p>Syndicate Agent, Mandated Lead Arranger and Security Trustee for refinancing & development facilities.</p>
<p>Provision of a full suite of banking facilities.</p>	<p>Term debt and Refinance of 5 nursing homes.</p>	<p>Mandated Lead Arranger in €175m RCF.</p>	<p>Participant in €675m Term Loan Facility.</p>
<p>Former Business Developments plc's acquisition of FBD Hotels.</p>	<p>Provision of Term Finance and RCF facilities totalling €166m.</p>	<p>Provision of €25m Term Finance to Treacy Group - Sole Banker to the Group.</p>	<p>Hotel expansion and fully funded Capex reinvestment programme.</p>
<p>Participating Lender in new €300m Syndicate Debt facility.</p>	<p>Refinance of Term Loan debt and provision of new banking facilities.</p>	<p>Provision of Term Debt and RCF facilities to fund acquisition.</p>	<p>RCF existing and fund acquisition of 15 additional retail pharmacies.</p>
<p>Provision of new term debt and working capital facilities to refinance previous debt.</p>	<p>Provision of banking facilities to fund the acquisition of Carroll's Cuisine together with the provision of working capital facilities.</p>	<p>Mandated Lead Arranger & Participant in €450m RCF - increased participation from €29m to €56.25m.</p>	

Source: Company Information

(1) As published in national print media February 2016

Centralised Approach to Real Estate Finance with Multi-Disciplinary Team and Tightened Underwriting



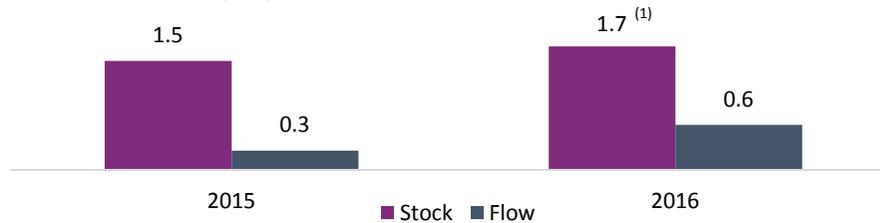
- **Centre of Excellence for real estate finance applying lessons learned from past cycles – previously fragmented approach now largely centralised with enhanced controls**
- **Specialist, multi-disciplinary team: seasoned property lenders (strong restructuring experience), chartered surveyors and engineers with through-the-cycle experience**
- **Predominantly focused on:**
 - Commercial Real Estate customers with senior debt requirement of >€10m and
 - Land & Development customers with senior debt requirement of >€1m
 - Strong focus on prime Retail sector reflective of market activity
- **Established market position – strong relationships with key market participants and intermediaries and favourable feedback**
- **Key differentiators – speed of execution and strong upfront analysis**
- **Selective approach to new business origination with tightened underwriting standards e.g.**
 - Cashflow-based approach
 - Focus on entry and exit LTVs for CRE lending
 - Focus on pre-lets / pre-sales
 - Phased approached to residential development lending

Source: Company Information

(1) Net of -€0.1b intra-group transfers

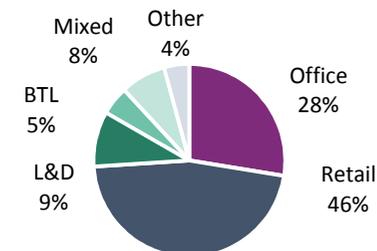
Financial Overview

Loan Stock and Flow (€bn)



Sector Diversification

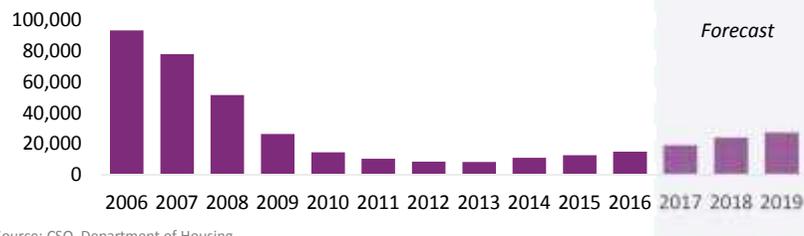
Loan Stock Split
€1.6bn 2016



Real Estate Finance – Development Lending Aligns to Housing Strategy Addressing Fundamental Market Requirement



Projections on Residential House Completions



Source: CSO, Department of Housing

Residential House Demand

- New house completions peaked in 2006 with c. 90,000 units
- Activity collapsed with the onset of the financial crisis
- Low point of c. 8,000 completions per annum from 2011 – 2014 resulting in current supply shortage
- On average, c. 25,000 new units per annum required until 2030
- Rate of supply expected to reach 25,000 per annum by 2019

Source: Company Information

AIB Case Study



- Cairn plc is a leading Irish homebuilder with a total housing pipeline of c. 12,000 units
- Cairn plc is currently developing 7 schemes with 3 further schemes being added during 2017
- Projections are for Cairn plc to deliver 375-400 units in 2017 (1,200 by 2019)
- AIB is primary banker to Cairn plc and led the arrangement of a €200m senior debt facility

Diversified Syndicated and International Finance Portfolio with Highly Selective Approach and Proven Flexibility

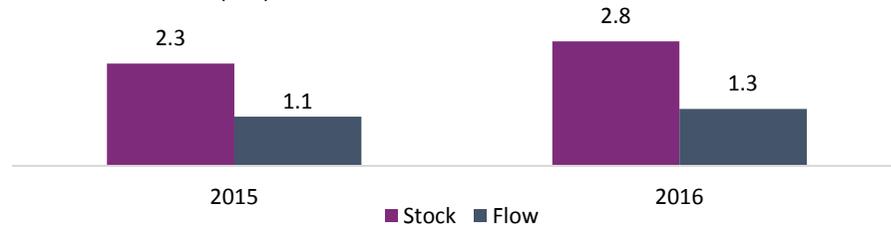


- **Conservatively-sized diversified portfolio of acquisition finance loans delivering strong risk-adjusted returns at low cost-income ratio**
- **Flexible business with proven ability to provide liquidity through the cycle**
 - Provides growth opportunities in which AIB can tactically participate
 - US business successfully wound down at par to provide liquidity as required
- **Experienced team with strong track record and market reputation. Centralised interface to public loan markets - US presence provides access to deep and liquid US market**
- **Predominantly focused on senior-secured large-cap and selected mid-cap opportunities in US and European Markets**
- **Highly selective approach**
- **Target defensive, non-cyclical, cash generative industries. Small positions spread across large number of names with average holding <€20m**

Source: Company Information

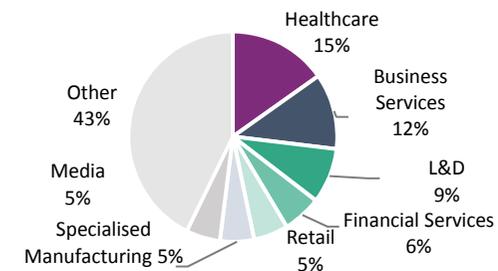
Financial Overview

Loan Stock and Flow (€bn)



Sector Diversification

Loan Stock Split
€2.8bn 2016



Energy, Climate Change & Infrastructure Centre of Expertise to Help Ireland Become Low Carbon Economy

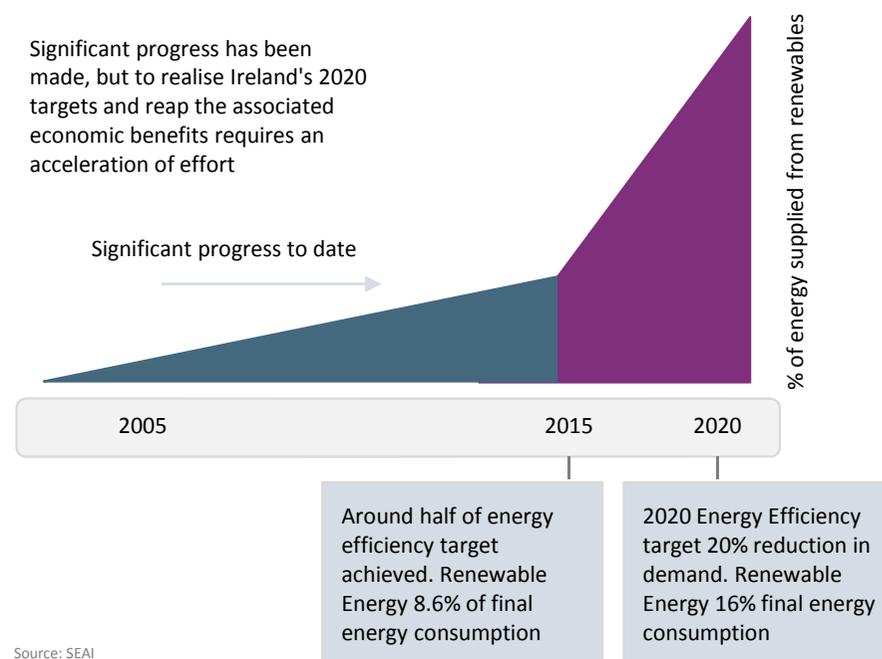


- Established lending business with experienced project finance lenders
- Increasing focus on renewable energy:
 - Helping Ireland meet its 2020 sustainability targets
 - Become a leading player in underweight industry
- Key stakeholders
 - Government agencies and semi-state enterprises
 - Renewables developers and asset owners
- Strategy to maximise existing relationships and use full product suite to attract new business
- Multi-disciplinary team comprising existing AIB resources and targeted external hires
- Centre of excellence offering full capital support throughout the development cycle

Source: Company Information

Ireland 2020 Sustainability Targets

Significant progress has been made, but to realise Ireland's 2020 targets and reap the associated economic benefits requires an acceleration of effort



Source: SEAI

WIB Financial Snapshot – 2016



Loan Portfolios (€bn)	New Lending 2016	Total book 2016	Total book 2015	Change Y-o-Y
Corporate	0.9	4.4	4.6	-4%
<i>Average yield</i>	3.27%	3.24%		
Syndicated & International	1.3	2.8	2.3	22%
<i>Average yield</i>	3.90%	4.03%		
Real Estate	0.6	1.7	1.5	13%
<i>Average yield</i>	2.71%	3.25%		
Specialised Finance	0.1	0.2	0.2	
Total	2.9	9.1	8.6	
Customer Accounts (€bn)	2016	2015	Change Y-o-Y	
Current accounts	3.7	2.6	42%	
Deposit accounts	2.7	3.4	-21%	
Group Cost of Deposits	0.83%	1.12%		
Income Generation (€m)	2016	2015	Change Y-o-Y	
Net interest income	269	226	19%	
Other income	51	43	19%	
Total Income	320	269	19%	

Source: Company Information

- WIB Income – 18% of Operating Contribution of AIB Group
- Income up €51m (+19%) from established Corporate Banking business, activity in new sectors and lower cost of funds.
- Customer Accounts €6.4bn (+7%) – increase in Current Accounts and reduced deposits due to selective pricing strategy
- New lending €2.9bn (+16%) – stable core Corporate Banking business and growth in Syndicated & International and Real Estate Finance in line with strategy.
- Overall net growth of 6% in loans with Syndicated & International up 22% and Real Estate up 13%

Performance Driven by Strategic Priorities



<p>Customer First</p>	<ul style="list-style-type: none"> Market-leading customer-centric franchise business serving the bank's larger customers and customers with specialised product requirements
<p>Simple & Efficient</p>	<ul style="list-style-type: none"> Simple and Efficient operating model with Centre of Expertise approach to management of key sectors and specialised products
<p>Risk & Capital</p>	<ul style="list-style-type: none"> Steady development of franchise business with favourable growth dynamic Focus on strong risk-adjusted returns
<p>Talent & Culture</p>	<ul style="list-style-type: none"> High-performing, multi-disciplinary teams ensuring executional excellence

<p>Outcomes...</p> <ul style="list-style-type: none"> Balance sheet growth Sustainable income Returns accretive 		<p>Scalable business</p>	<p>More complete service model</p>	<p>Sustainable value growth</p>
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Source: Company Information

AIB UK



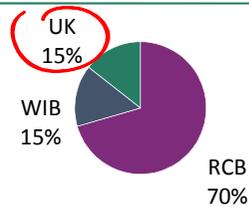
Brendan O'Connor
Managing Director, AIB UK

Strong Franchise with Competitive Market Position



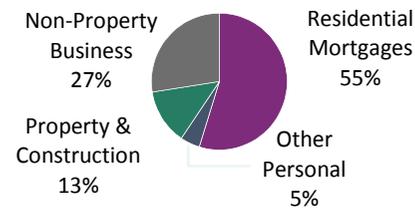
Retail & Commercial Banking ⁽¹⁾	Wholesale, Institutional & Corporate Banking ⁽¹⁾	AIB UK – AIB GB & Northern Ireland
<ul style="list-style-type: none"> • Largest retail and commercial bank in Ireland • 2.3m personal & SME customers • No. 1 distribution network with 297 locations and An Post partnership • Leading market shares and leading position in digital enablement • Multi-brand approach 	<ul style="list-style-type: none"> • Corporate Banking – relationship-driven model with sector specialisms • Real Estate Finance – centralised origination and management • Specialised Finance – structured finance, mezzanine finance • Syndicated & International Finance 	<ul style="list-style-type: none"> • >360k retail and SME customers • FTB – focused challenger in NI • GB – Niche business bank 
		Group Treasury & Support Functions
		<ul style="list-style-type: none"> • Treasury activities • Central control & support functions

Net Customer Loans by Segment



FY 2016 Total: €61.0bn ⁽²⁾

Net Customer Loans by Product



FY 2016 Total: €61.0bn ⁽²⁾

Operating Profit by Segment



FY 2016 Total: €1.3bn ^(2,3)

Source: Company Information

(1) RCB = Retail & Commercial Banking, WIB = Wholesale, Institutional & Corporate Banking

(2) Due to rounding, sum of values in pie charts may not equal total net loans figure shown

(3) Pre-provision Operating Profit (Before Group Treasury and Services)

Evolution of the UK Business – Near Term Focus on Optimisation of Platform



Journey to Date

AIB UK (2012 – 2016)

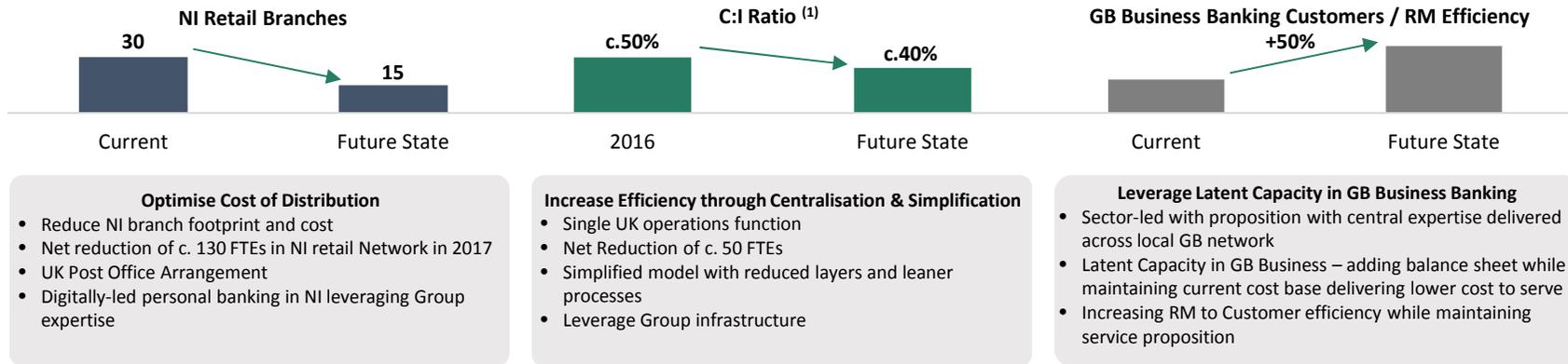
- AIB UK largely in holding pattern as Group restructuring, transformation and full recovery prioritised
- Aggressive Cost reductions actions taken across both GB and NI networks
- Focus on Credit Management of and restructuring/reduction of criticised and non-performing loans impaired loans



AIB UK (2016 – 2017)

- Focus on Optimising the distribution and operations platform to support measured growth
- Reducing Cost to Serve & Improving Return on Capital
- Narrower Business Banking focus playing to strengths in both GB and NI

Key Initiatives



- Optimise Cost of Distribution**
- Reduce NI branch footprint and cost
 - Net reduction of c. 130 FTEs in NI retail Network in 2017
 - UK Post Office Arrangement
 - Digitally-led personal banking in NI leveraging Group expertise

- Increase Efficiency through Centralisation & Simplification**
- Single UK operations function
 - Net Reduction of c. 50 FTEs
 - Simplified model with reduced layers and leaner processes
 - Leverage Group infrastructure

- Leverage Latent Capacity in GB Business Banking**
- Sector-led with proposition with central expertise delivered across local GB network
 - Latent Capacity in GB Business – adding balance sheet while maintaining current cost base delivering lower cost to serve
 - Increasing RM to Customer efficiency while maintaining service proposition

Prioritising delivery of improved cost to serve to support improved returns, optimising platform for future growth optionality and Clear Focus on Business Banking strengths

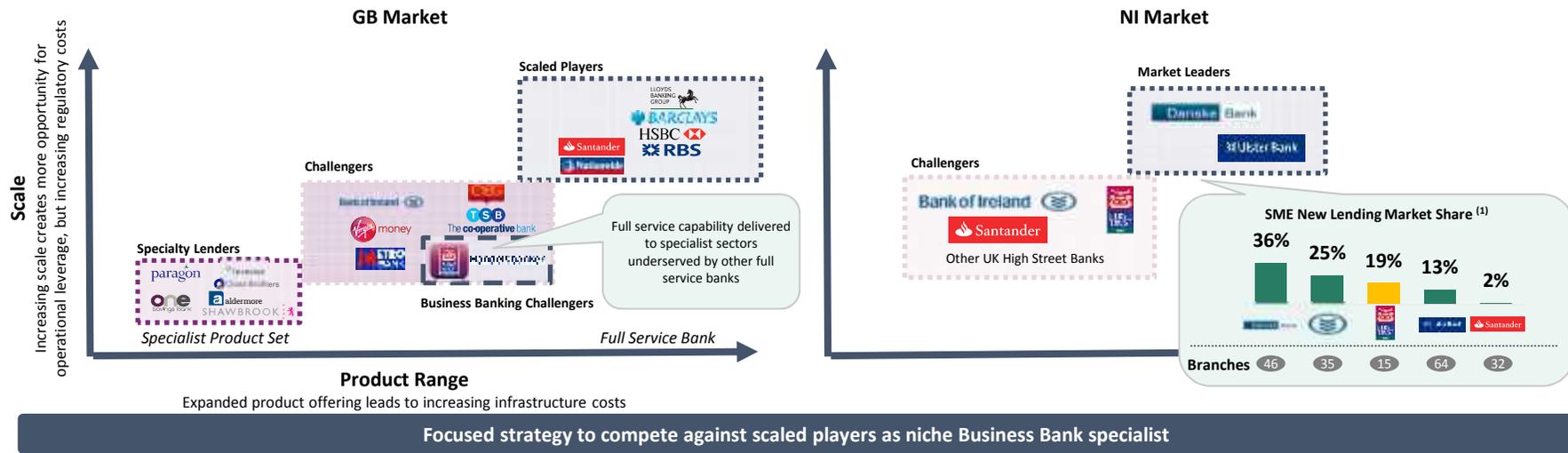
Source: Company Information
 (1) Reflects cost allocation for AIB UK segment

AIB Full Service Business Banking Offering Well Positioned to Compete in the UK Market



UK Banking Market – Macro Considerations

- Lower for longer increasing focus on asset volumes – current accounts less profitable
- Regulation forcing scaled players to focus on commoditised offerings
- UK Scale players dealing with significant legacy issues, cost restructuring, network rationalisation
- Technology and government policy supporting competition in a concentrated market



Source: Company Information
 (1) Based on Q2 2016 SME post code lending data

AIB GB: Niche Business Bank in the UK with Expertise in Chosen Sectors



Overview of Current Offering & Distribution Platform

	Business Banking	Corporate Banking
Balances ⁽¹⁾	£2.4bn	£2.8bn
Overview	<ul style="list-style-type: none"> Typically SMEs Full banking service proposition delivered locally Central low touch direct contact centre 	<ul style="list-style-type: none"> Larger, more complex customers Mid-size corporates
Distribution	<ul style="list-style-type: none"> RMs based in 15 Business Centres throughout GB 140 RMs 	<ul style="list-style-type: none"> 70 RMs providing specialist industry and sectoral expertise in London & Birmingham

Note: Direct Banking in GB is a low-touch contact centre model with Business Banking accounting for £0.44bn loan balances and significant resource base

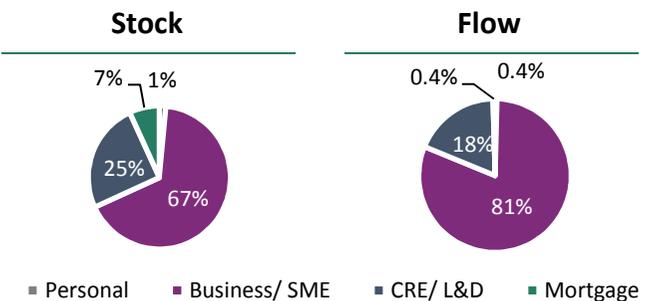
Strategy

Sector Focused	<ul style="list-style-type: none"> Niche relationship Business Bank with a focus on mid-tier corporates and larger SMEs Clear market & customer proposition. RM and Service-led Full banking proposition delivering consistently across GB local markets Aligned with RCB SME sector proposition and expertise
Optionality	<ul style="list-style-type: none"> Provides wider Group with expansion opportunities through UK exposure Provides wider Group with business and asset diversification opportunities
Lean & Efficient	<ul style="list-style-type: none"> Reduce cost to serve through adoption & development of "ONE UK" business support model Leverage Group support capabilities Narrower focus on Business Banking opportunity. Continue to review feasibility of marginal business lines

Source: Company Information

(1) Based on gross loans as at 31 December 2016

2016 AIB GB Lending Volumes ⁽¹⁾



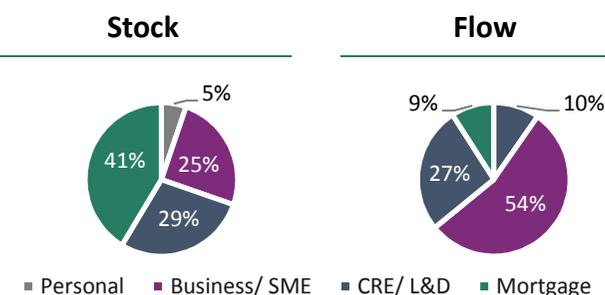
FTB: Focused Challenger Bank in Northern Ireland with Business Banking Focus



Overview of Current Offering & Distribution Platform

	Personal Banking	Corporate Banking
Balances ⁽²⁾	£1.29bn ⁽¹⁾	£1.47bn
Overview	<ul style="list-style-type: none"> Transactional banking services to personal mass market Leverage Group digital capability Significant Resource Base 	<ul style="list-style-type: none"> Belfast-based dedicated RM teams for large value SME > £1m loan exposure Branch-led relationship banking service SME > £150K loan exposure
Distribution	<ul style="list-style-type: none"> Mid-sized retail network of 30 branches Low cost delivery service through digital and self-service channels 	<ul style="list-style-type: none"> Specialist relationship banking service for SMEs and small corporates

2016 AIB FTB Lending Volumes ⁽¹⁾



Strategy

Local Business Bank	<ul style="list-style-type: none"> Segmented business banking with Central Corporate team in Belfast, 3 regional business centre hubs (plus 2 satellites) Dedicated business acquisition team Direct banking operation for micro/small business customers
Lean & Efficient	<ul style="list-style-type: none"> Rationalised branch footprint supported by NI Post Office network Reduce cost to serve Leverage Group capabilities through adoption and development of single "ONE UK" support platform
Digitally Enabled	<ul style="list-style-type: none"> Deliver a digitally enabled personal proposition - leveraging RCB customer engagement platforms where relevant Offer a clear mortgage proposition through intermediary online platform

Source: Company Information

(1) Includes £1.16bn of mortgages

(2) Based on gross loans as at 31 December 2016

Focus on Business Banking Opportunity Supported by a Simple and Efficient Operating Platform



Strategic Opportunities

- ✓ Significant market opportunity for niche players/specialists
- ✓ Underserved customers value local, relationship managed distribution
- ✓ Specialist capability not consistently distributed locally/regionally by scaled players
- ✓ SMEs value full suite of products – specialty lenders unable to provide full banking relationship

Critical Success Factors

Distribution

- Lean & Efficient Omni-Channel distribution in NI
- Compelling Local Market RM & Service-led Capability
- Sectoral Focus & Expertise
- Agility & Speed of Response

Strategic Direction

GB	Sector and Regional Business Banking Specialist
	Growth Optionality & Diversification
Northern Ireland	Focused Challenger Business Banking Specialist
	Enhanced Digital Led Retail Channels and Propositions
UK-Wide	Lean and Efficient Lower Cost to Serve Increased Returns

Source: Company Information

UK Financial Snapshot - 2016



Loan Portfolio (£bn)	New Lending 2016	Total Book 2016	Total Book 2015	Change Y-o-Y
AIB GB	1.3	5.1	5.1	0%
<i>Average yield</i>	<i>3.30%</i>	<i>3.60%</i>		
First Trust Bank	0.2	2.4	2.5	-4%
<i>Average yield</i>	<i>3.71%</i>	<i>3.03%</i>		
Total	1.5	7.5	7.6	-1%

Customer Accounts (£bn)	2016	2015	Change Y-o-Y
Current accounts	5.2	4.6	12%
Deposit accounts	3.7	4.0	-8%
Group Cost of Deposit Accounts	0.83%	1.12%	

Income Generation (£m)	2016	2015	Change Y-o-Y
Net interest income	183	183	0%
Other income	54	36	50%
Total Income	237	219	8%

Source: Company Information

- UK Income – 11% of Operating Contribution of AIB Group
- Income increased 8% from stable interest income and higher levels of lending related fee income.
- Stable net interest income despite BoE rate cut
 - Low cost self-funding model
 - Stable asset yields
- Current accounts up 12% to £5.2bn and reduced term and treasury deposits (-8%) supports lower funding costs
- New lending £1.5bn across a range of key sectors and lower than 2015 (£1.9) due to :
 - Brexit impact
 - Discipline around returns
- Overall stable loans £7.5bn

UK Strategy Fully Aligned with AIB Group Strategic Priorities



Customer First	<ul style="list-style-type: none"> • GB – linking central sectoral expertise with local relationship distribution network to provide compelling full service banking proposition for target customers and sectors • Northern Ireland – multi-channel access for retail customers with increasing digital enablement, expanded direct banking proposition for mass market SME clients and local relationship distribution network for higher value business and corporate customers
Simple & Efficient	<ul style="list-style-type: none"> • Moving to a more simple business support model with single OneUK operational platform and back office supporting both AIB GB and First Trust • Leveraging AIB Group operating platform and efficiencies wherever possible • Reducing FTEs by c.180-200
Risk & Capital	<ul style="list-style-type: none"> • Sustainable balance sheet growth within strong risk parameters • Focus on strong risk-adjusted returns and embedding RARoC ⁽¹⁾ discipline across UK business
Talent & Culture	<ul style="list-style-type: none"> • Refreshed senior management team in AIB UK • Flattening and simplifying AIB UK organisational structures

<p>Outcomes...</p> <ul style="list-style-type: none"> Balance sheet growth Sustainable returns Cost Efficiency 	  <p><i>Further growth in GB and NI</i></p>	 <p><i>Lower Cost to Serve</i></p>	 <p><i>Lean and Efficient Business</i></p>
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Source: Company information
 (1) Risk adjusted return on capital

Operating Platform & Investment Strategy



Tomás O'Midheach
Chief Operating Officer

Investment Approach



2012-2014 Investment strategy focused on:

- Rationalisation of our infrastructure
- Digital & Direct Channel investment

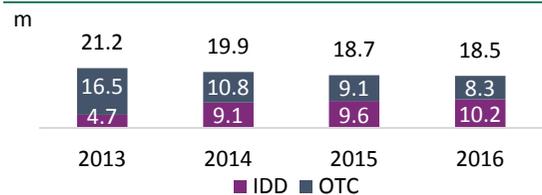
Digital investment has enhanced our customer experience

Complete

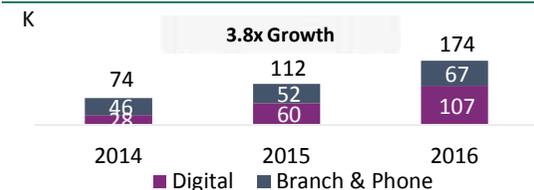
Consistent

Connected

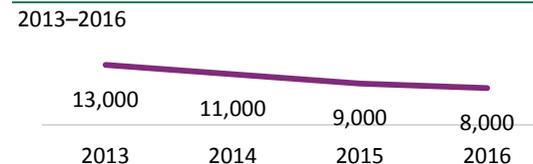
Branch Transactions



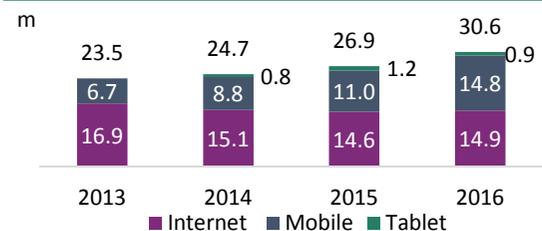
Growth of Lending on Digital



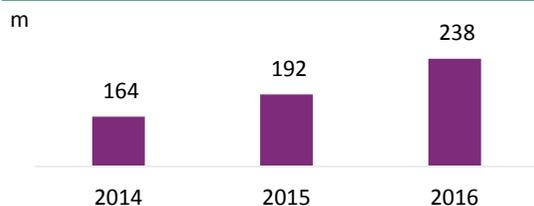
Phone Banking Avg. Daily Calls



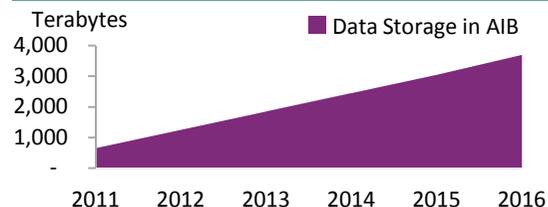
Transactions via Digital Channel



Debit Card – 45% Increase in Transaction Activity Since 2014



Data Storage – 600% Increase in Five Years



Success led to increased activity and a need to invest in our operating platform - Investment strategy 2015-2017

Source: Company Information

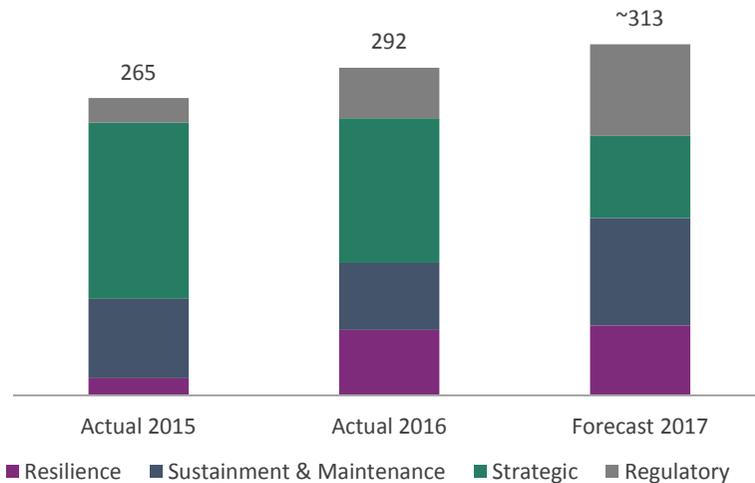
Investment Plan: 2015-2017

Substantially Complete - Focus on Harvesting



€870m Investment (2015-2017) on Track

€m



Source: Company Information

Commentary

Significant uplift of spend for this period,
3 year Investment Plan focused on four key areas

- **Resilience** - Ensuring our infrastructure is current & resilient with investments being made in the following areas: Payments & Treasury Transformation Programmes
- **Sustainment & Maintenance** – Ongoing investment in planned maintenance and routine change
- **Strategic** - Initiatives principally focused on customer engagement channels , Process efficiencies (BPM-Business Process Management) (AOM-Active operations Management) & Data & Analytics
- **Regulatory** - Spend ongoing and significantly more funding required in 2017 due to projects such as IFRS9 and PSD2

Expect to return to more normalised level of spend from 2018

Our focus is now on **harvesting a return** on the digital capability that we have put in place

Impact of Investment on the Target Architecture

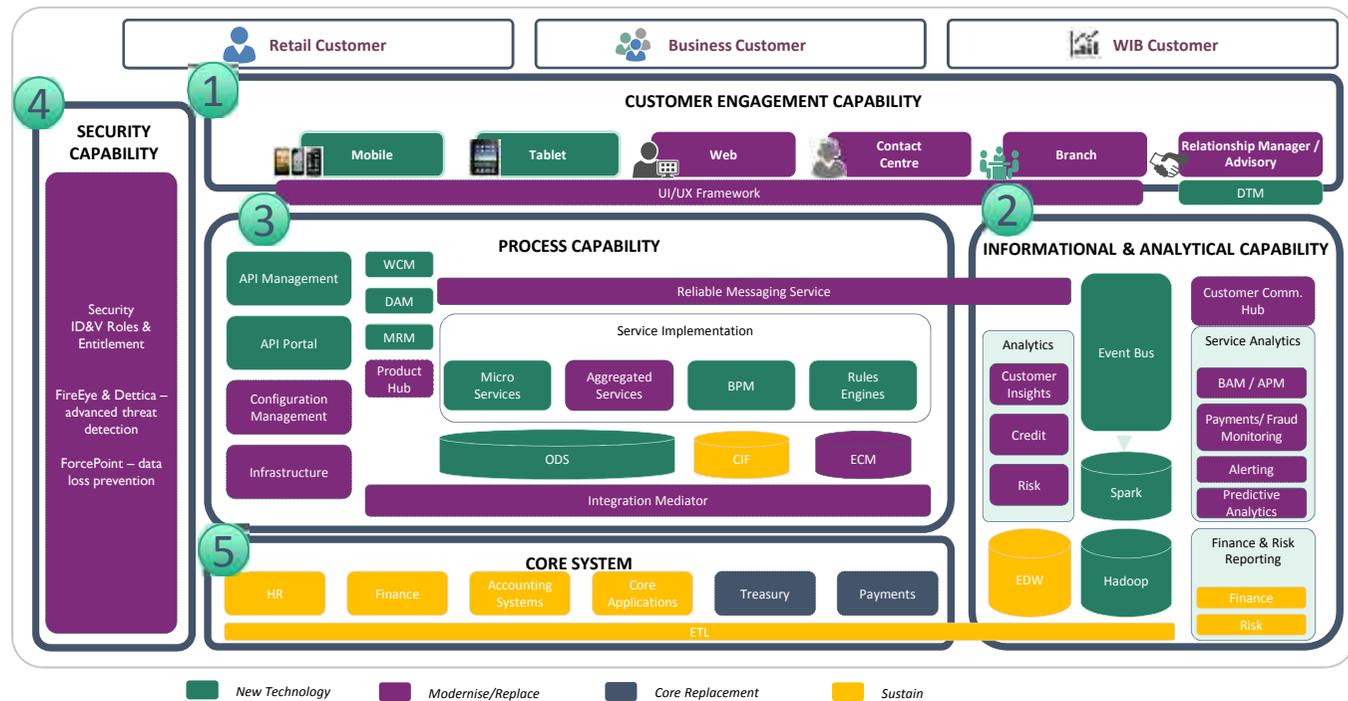
Fit for Purpose Platform with Clear, Cost Effective Go-Forward Strategy



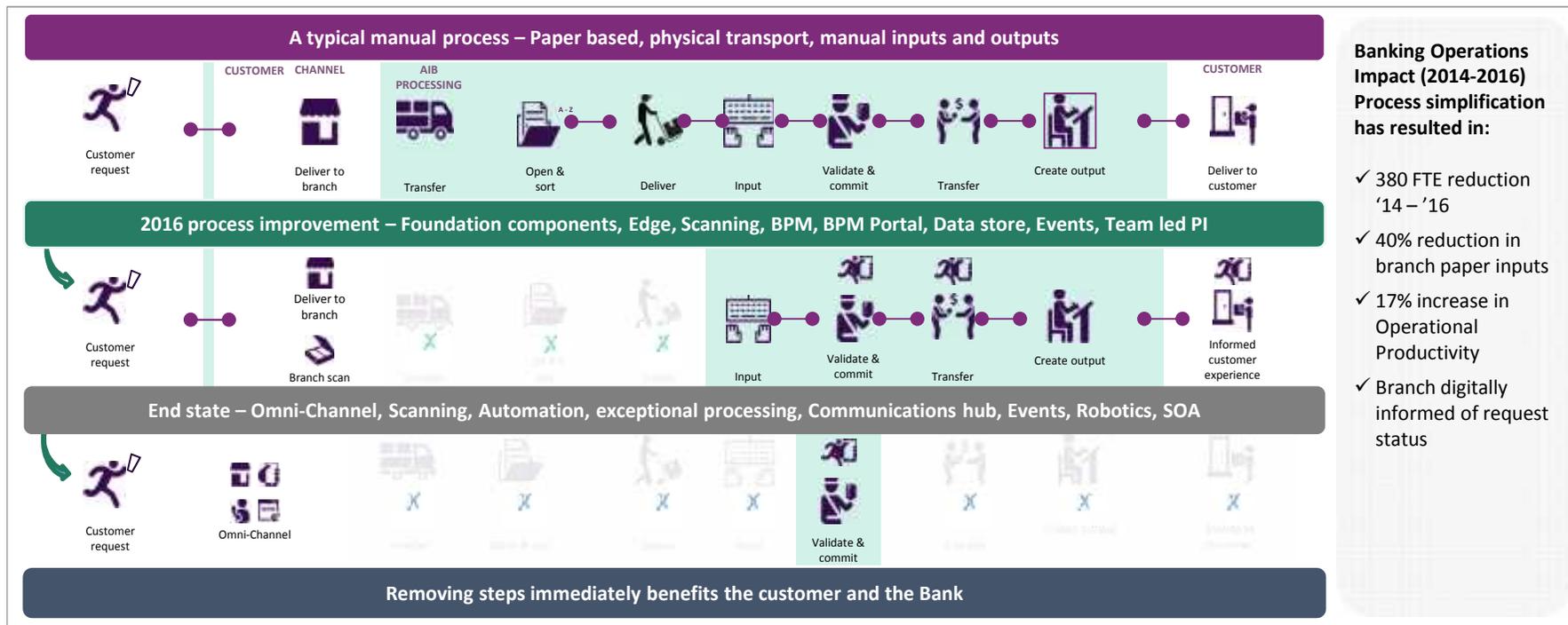
Modular approach – no “big-bang” IT solution

- ✓ Continued investment in front end, customer engagement technology
- ✓ Modernised processing and analytical solutions to deliver enhanced capability
- ✓ Fit for purpose security leveraging industry best practices
- ✓ Core replacement of our Treasury & Payments System

Source: Company Information



Simple & Efficient: Example of Process Efficiency, Automation Customer Data & Displacement



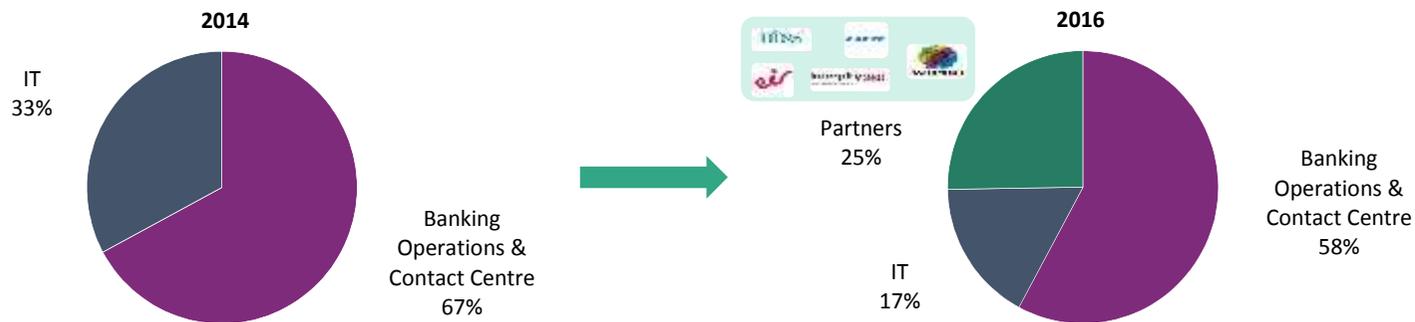
Source: Company Information

IT & Operations – Evolved People Capability

Increased Expertise, Flexibility and Access



Focus on Optimisation of Resources



- 6 major contracts with 5 new strategic technology partners , 500 staff transitioned , key part of enabling our transformation programme
- Leveraging partners in our operating model where appropriate for critical skills and/or reduce time and cost to deliver
- Greater resource flexibility enabled
- Cyber capability strengthened, outsourced Security Operations Centre resulting in enhanced detective controls and third party collaboration
- New Digital function established with focus on Design, Process, Data & Channel Development

Nature of AIB resource capability is changing – embed design, optimise cost, build skills and maximise value from strategic partners

Source: Company Information

Performance Driven by Strategic Priorities



<p>Customer First</p>	<ul style="list-style-type: none"> • We are building Complete, Consistent and Connected Omni-Channel solutions • Investment strategy is rooted in customer experience.
<p>Simple & Efficient</p>	<ul style="list-style-type: none"> • By automation we are delivering standardised, repeatable, de-risked straight through processing end to end • Post 2017 focus is on harvesting the on-going benefits from the increased investment made
<p>Risk & Capital</p>	<ul style="list-style-type: none"> • Delivering a more secure, resilient and flexible IT Architecture • Significant investment made in cyber security
<p>Talent & Culture</p>	<ul style="list-style-type: none"> • Enabling flexibility in our operating model by leveraging partners where appropriate for critical skills • Significant engagement with Third Level Institutions creating pipeline for future talent and development

<p>Outcomes...</p> <ul style="list-style-type: none"> Digitalisation Simplification Resilience 		<p><i>Digital Capture of Inputs</i></p>	<p>BPM</p> <p><i>Process Automation</i></p>	<p><i>Informing our Customers</i></p>	<p><i>Systems Resilience</i></p>
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Source: Company Information

NPL Evolution & Strategy



Mark Bourke
Chief Financial Officer

Significant Progress Already Made in De-Risking Balance Sheet

Impaired Loans 14% of Gross €65bn Loans; Down From 35% in 2013



Impaired loan evolution:

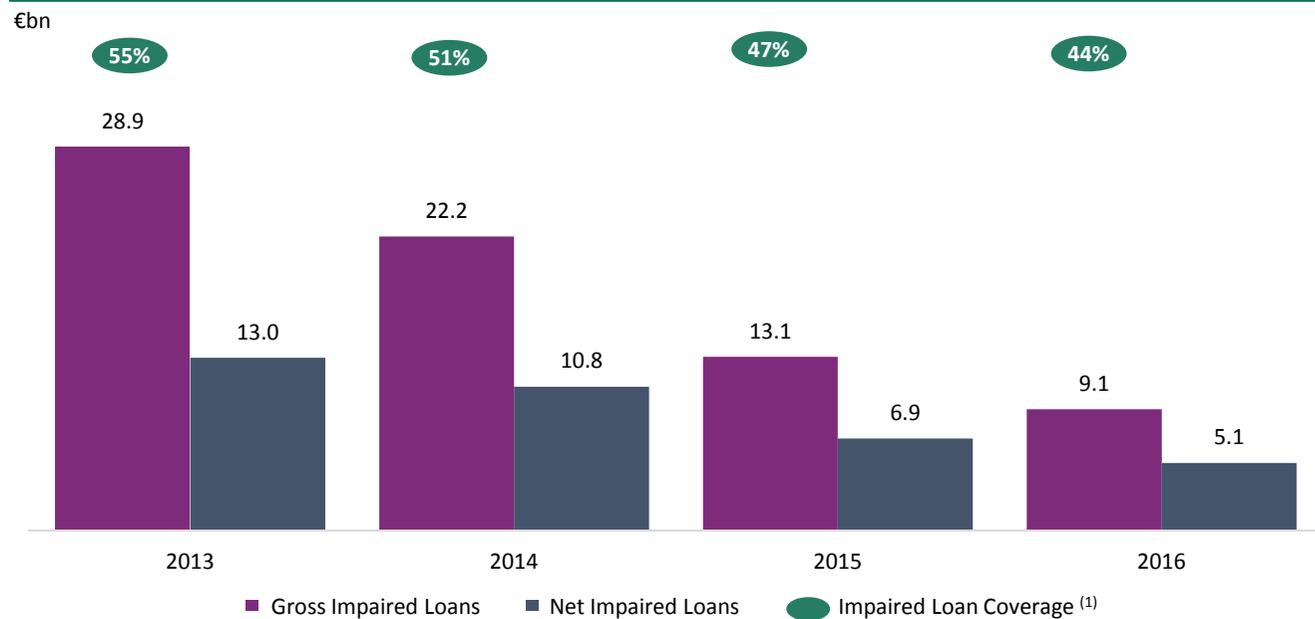
- **Reduction of c. €20bn since 2013**
 - Dedicated work out unit set up
 - Case by case restructuring
 - Customer focused solutions
 - Based on affordability
- **Coverage evolution reflects mix of impaired loans and current profile of the impaired book**
 - Coverage on Mortgages 38% (2016)
 - Coverage on Non-Mortgages 51% (2016)
- **Improving LTV on mortgage portfolio**

LTV	2013	2016
Rol Mortgage Stock	103%	74%
Rol Impaired Mortgage	130%	103%

Source: Company Information

(1) Coverage metrics based on specific provisions (i.e. excl. IBNR provisions)

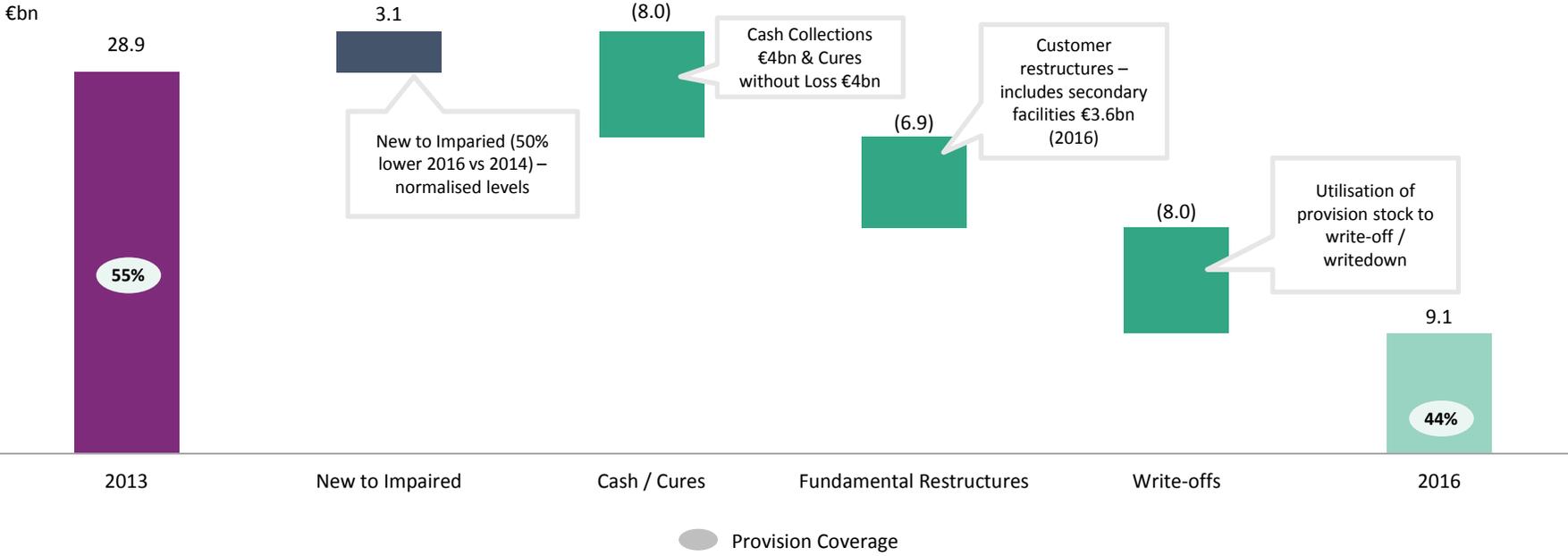
AIB Impaired Loan Evolution



Tangible Success in Curing Customers and Using Provisioning to De-Lever the Balance Sheet



Impaired Loans Reduced Within Existing Balance Sheet Provisioning Levels and Without Significantly Impacting Capital



Source: Company Information

Full Set of Solutions Designed to Provide Customer Focused Outcomes and Reduce Risk

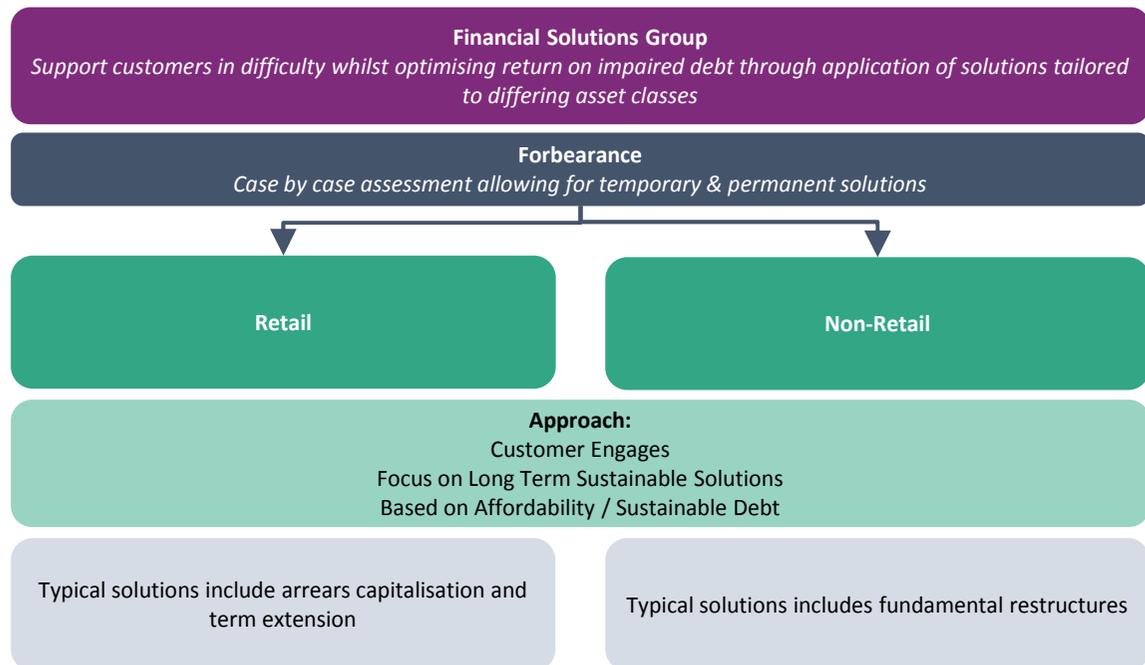


Work Out Unit (FSG):

- Dedicated work out unit set up in 2012
- Team with appropriate skillset focusing on customer solution and post restructure monitoring
- AIB has developed a comprehensive tool kit of solutions to support customers
- Solutions are designed to meet customer needs – with short or long term solutions utilised on a case by case basis
 - These solutions form a critical part of AIB's deleveraging strategy and provide a range of levers to support future planned de-risking

FSG 2016 Metrics	
Costs	€87m
FTEs	c.1,100

Source: Company Information



Non-Performing Exposures a Key Focus in Regulatory Process



Impaired:

- IFRS accounting definition

NPEs:

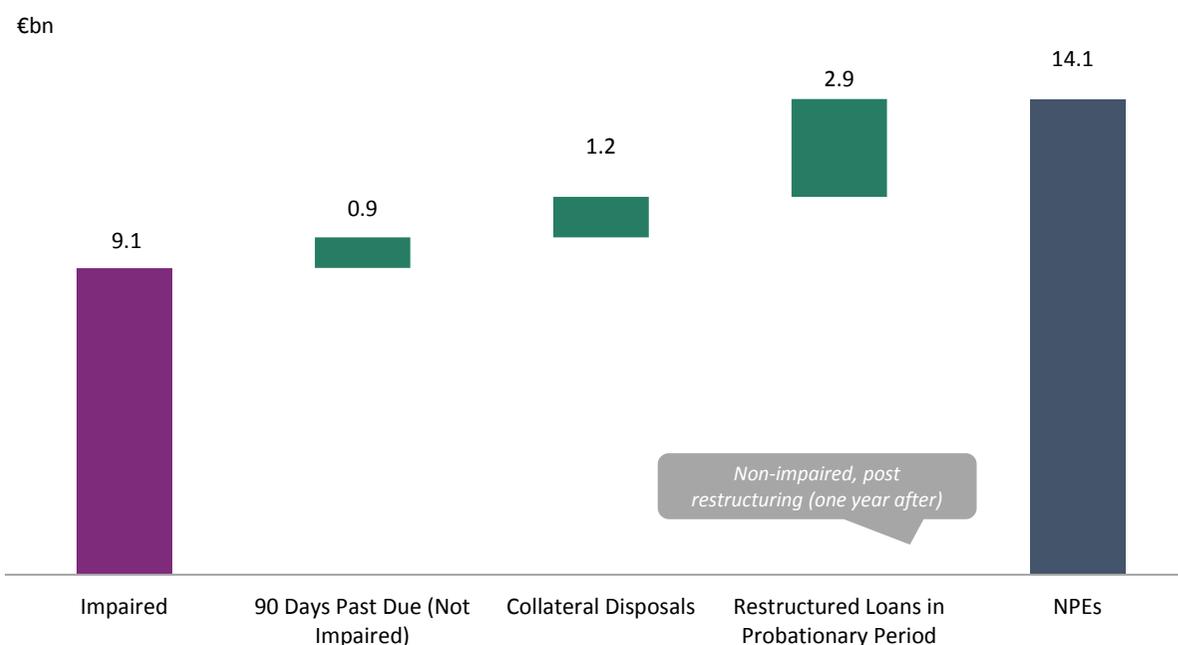
- EBA regulatory definition
- Relevant for Regulatory Reporting (FINREP), EBA stress testing & capital planning

Reconciliation

- NPEs include
 - All 90 DPD ⁽¹⁾ which are not impaired - €0.9bn
 - Collateral Disposals - €1.2bn
 - Loans previously receiving forbearance solution for a period of one year thereafter - €2.9bn

Convergence of NPEs to Impaired driven by timing lag on forbearance / restructured loans

Impaired to NPE Reconciliation



Source: Company Information

(1) Includes 90 DPD related to connected debt

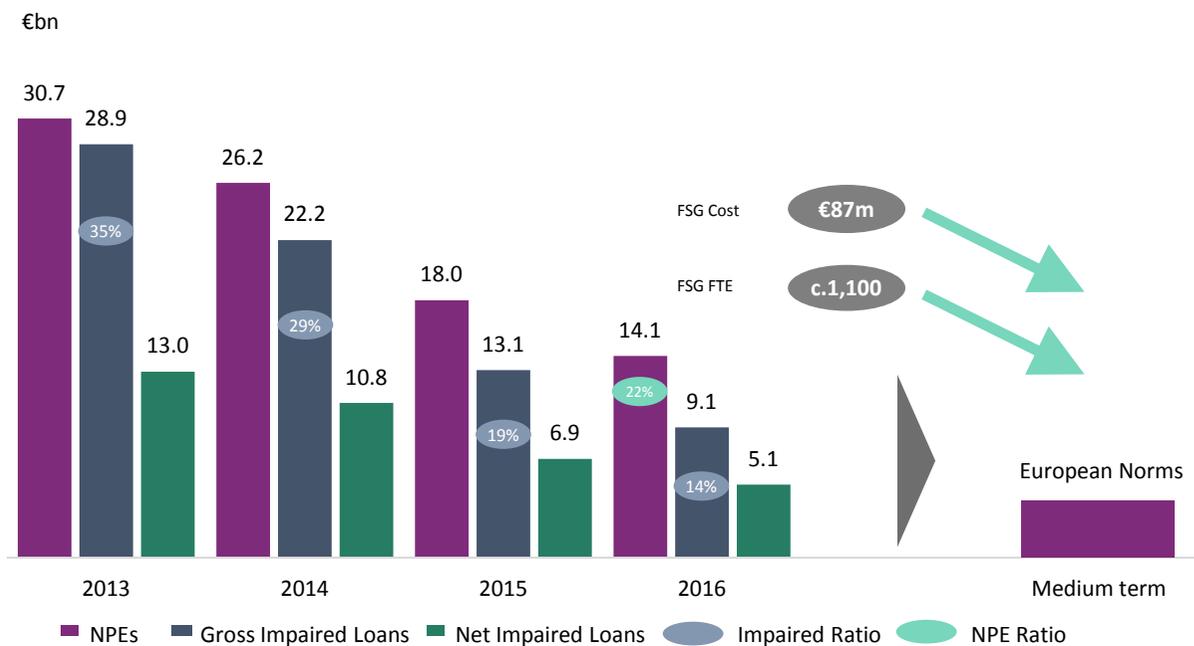
NPE Strategy: Medium Term Target of Bringing NPE in Line with European Banking Norms



- 54% reduction in NPEs from 2013 to 2016 through normal restructuring
- NPE Plan to reduce Impaired loans through:
 - Sales & Redemptions
 - Cures
 - Restructures
 - Portfolio sales & strategic initiatives
- Maintain appropriate sized FSG team with cost opportunity as portfolio reduces
- European Banks NPE ratio ⁽¹⁾ - 5.4%

Source: Company Information
 (1) ECB Risk Dashboard, Q3, 2016

Targeting Further Deleveraging to European Norms



Financial Performance

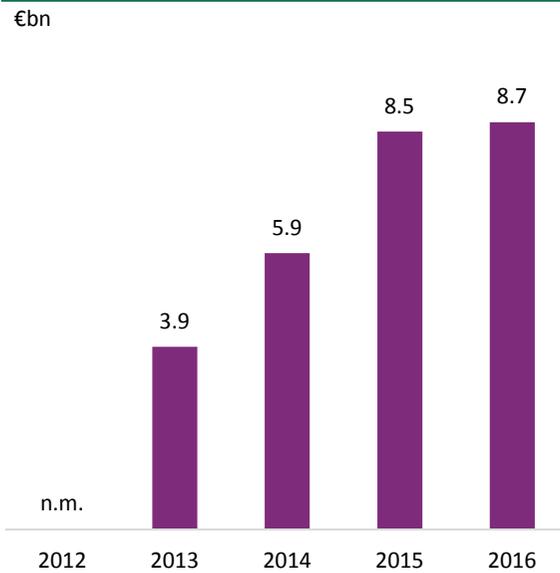


Mark Bourke
Chief Financial Officer

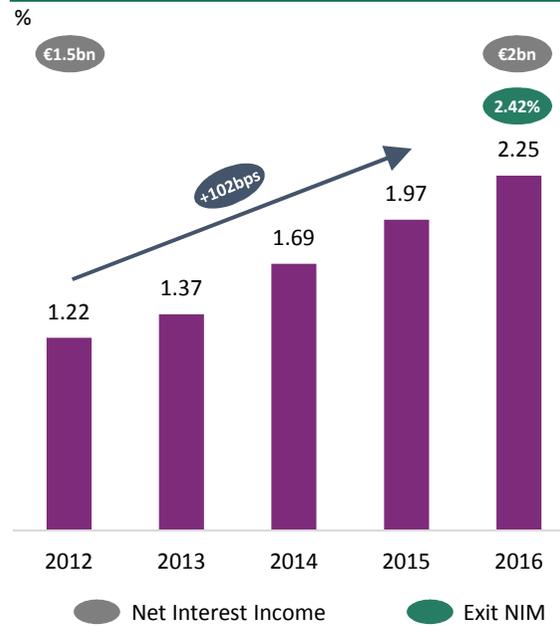
2012-2016: Business Model Delivering Growth



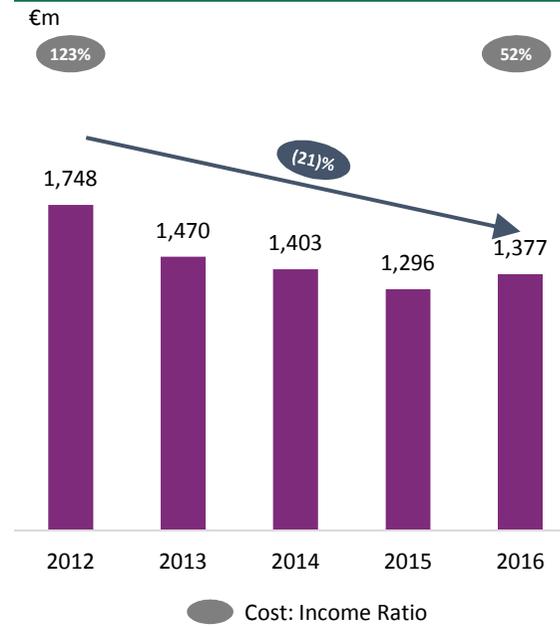
✓ New Lending



✓ Increased NIM ⁽¹⁾ and NII



✓ Reduced Operating Costs ⁽²⁾

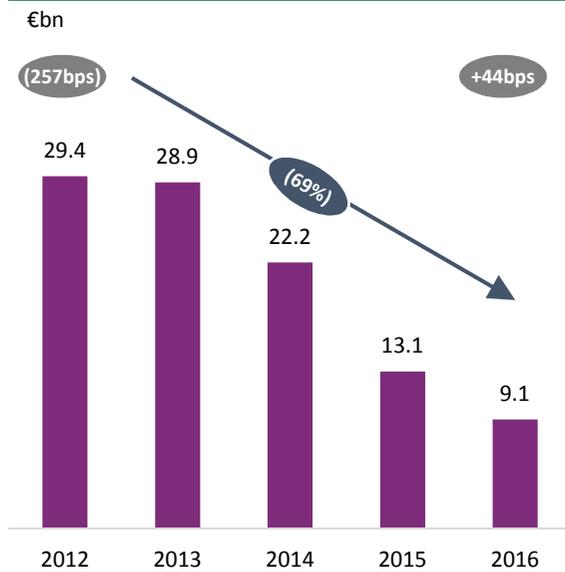


Source: Company Information
 (1) NIM Excl ELG
 (2) Excluding exceptional items

2012-2016: Business Model Delivering Growth - Cont'd

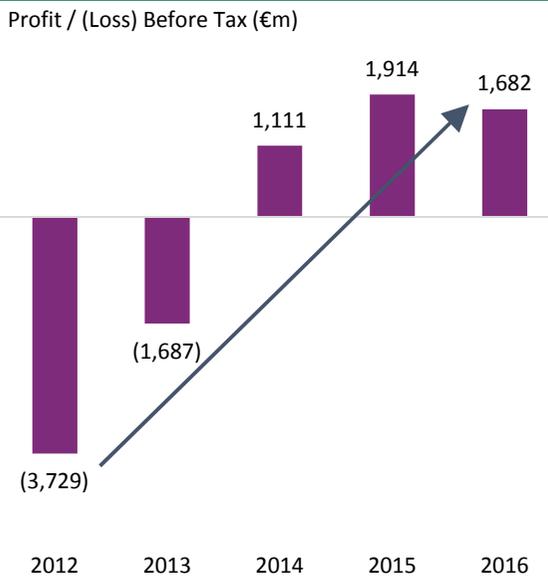


✓ NPLs Reduced

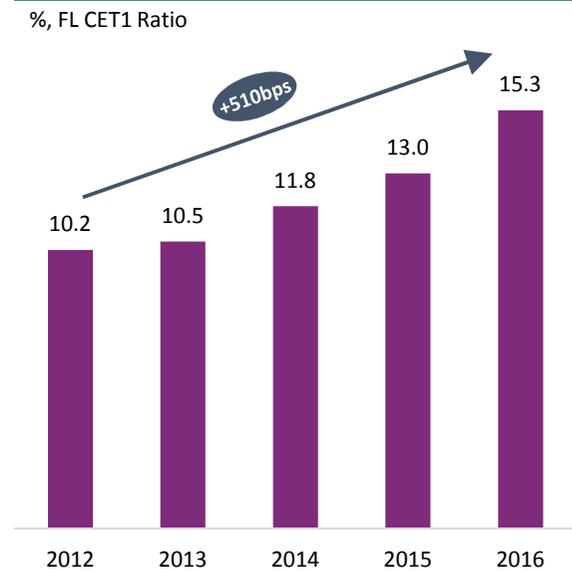


● CoR

✓ Return to Profit ⁽¹⁾



✓ Capital Accretion ⁽²⁾



Source: Company Information

(1) Figures shown for continuing operations and post the effect of exceptional items

(2) 2012 - 2014 FLT CET1 stated inclusive of 2009 preference shares

Financial Highlights in 2016

Key Performance Metrics in Line with Expectations



-  Sustainable underlying profitability underpinned by positive NII and margin trajectory
NIM 2.25% ⁽¹⁾ - exit NIM 2.42% ⁽²⁾
-  Stable earning loan book (ex-FX) driven by strong momentum in new lending
New lending €8.7bn
-  Continued reduction in impaired loans; pace and quantum of writebacks moderating
Impaired loans reduced from €13.1bn to €9.1bn
-  Robust capital position supporting growth and capital return
CET1 (FL) 15.3% ⁽³⁾

Source: Company Information

(1) Excludes Eligible Liabilities Guarantee (ELG)

(2) Q4 2016

(3) CET1 Ratio of 15.3% is inclusive of proposed €250m dividend



Operating Performance

Income Statement

Sustainable Underlying Profitability



Summary Income Statement (€m)	2016	2015
Net interest income	2,013	1,927
Other income	617	696
Total operating income	2,630	2,623
Total operating expenses ⁽¹⁾	(1,377)	(1,292)
Operating Profit Before Provisions	1,253	1,331
Bank levies and regulatory fees	(112)	(71)
Provisions	298	923
Associated undertakings & profit on sale	36	28
Operating profit before exceptionals	1,475	2,211
Exceptional items	207	(297)
Profit Before Tax From Continuing Operations	1,682	1,914
Metrics	2016	2015
Net interest margin (excluding ELG)	2.25%	1.97%
Cost income ratio ⁽¹⁾	52.0%	49.0%
Return on average ordinary shareholders' equity ⁽²⁾	11.1%	12.4%
Return on assets	1.40%	1.30%

Source: Company Information

(1) Excludes exceptional items, bank levies and regulatory fees

(2) ROE: Profit attributable to ordinary shareholders after deduction of dividend on AT1 as % of average ordinary shareholders' equity (excludes AT1)

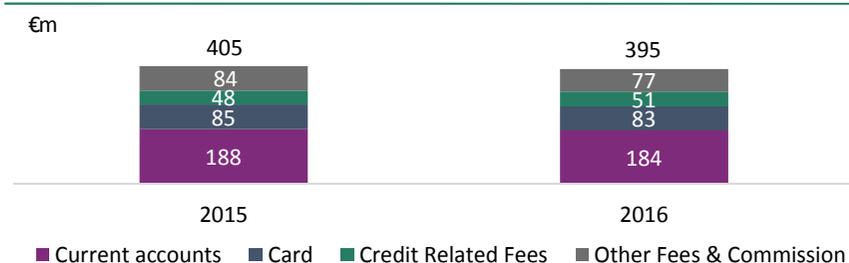
- Operating income €2.6bn
 - Net interest income up 4%
 - Net interest margin up 28bps to 2.25%; continued positive NIM trajectory
 - Underlying other income stable excluding one-off benefits
- Operating expenses increased €85m (+7%) in line with expectations
 - Investment programme
 - Wage inflation and increased headcount in loan restructuring & regulatory compliance functions
- Net provision writeback of €298m includes €281m new to impaired charge
 - Primary restructuring period concluding
- PBT of €1.7bn enhanced by one-off items

Other Income

Stable Net Fees and Commission Income



Net Fee & Commission Income



Other Income (€m)	2016	2015
Net fee and commission income	395	405
Other business income	98	128
Business Income	493	533
Gains on disposal of AFS securities	31	85
Re-estimation of the timing of cash flows on NAMA bonds	10	6
Settlements and other gains	83	72
Other Items	124	163
Total Other Income	617	696

Source: Company Information

- Stable underlying fee and commission income of €395m
 - Current accounts represent c. 50% of net fees and commission income
- Other business income fluctuated due to valuations on long term customer derivative positions
- Continued flow of income from other items in 2016
 - AFS disposals €31m
 - NAMA bonds cashflow re-estimation €10m
 - Settlements and other gains €83m

Costs

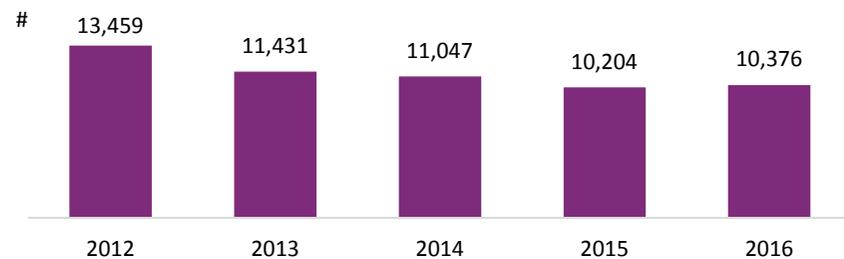


Continued Focus on Cost Discipline While Progressing on Strategic Investment Programme

Operating Expenses ⁽¹⁾



Full Time Equivalent – Employees ⁽²⁾



Source: Company Information

(1) Excluding exceptional items and bank levies

(2) Period end

(3) P&L impact of this investment spend is reflected in the P&L in operating expenses and in exceptional items for certain strategic elements

- Disciplined cost management
 - Significant reduction in cost base from 2012 - €365m (-21%)
 - 2016 operating expenses €1,377m (+7%) in line with expectations
- Factors impacting cost
 - Staff costs down €8m since 2015 – average number of FTE down 4% and incorporating wage inflation and outsourcing for future resilience
 - Continued investment in loan restructuring operations
 - Increased burden of regulatory compliance
- Investment in strategic programmes
 - Total investment programme €870m (2015 to 2017)
 - Spend to date c. €600m ⁽³⁾ of which approx. 75% is capital expenditure
 - Investment in line with strategic agenda – delivering growth, efficiency and customer satisfaction

P&L - Other Items



Exceptional Benefits and Provision Writebacks Partially Offset by Regulatory Fees & Levies

Other PL items (€m)	2016	2015
Operating Profit Before Provisions	1,253	1,331
Bank Levies and Regulatory Fees	(112)	(71)
Provisions	298	923
Associated Undertakings & Profit on Sale	36	28
Operating Profit Before Exceptionals	1,475	2,211
Total Exceptional Items (€m)	2016	2015
Operating Profit Before Exceptionals	1,475	2,211
Restitution & Restructuring Expenses	(58)	(250)
Gain on Transfer of Financial Instruments	17	5
Profit on Disposal of Visa Europe	272	0
Termination Benefits	(24)	(37)
Other Exceptional Items	0	(15)
Profit Before Taxation	1,682	1,914

Source: Company Information

(1) Includes other regulatory fees +€1m – UK FSCS

(2) Single Resolution Fund; Deposit Guarantee Scheme

(3) Excludes non-credit provision writebacks of €4m provision

(4) €188m cash, €19m deferred consideration, and €65m fair value of preferred stock in Visa Inc

- Bank levies and regulatory fees €112m ⁽¹⁾
 - Bank Levy €60m
 - SRF ⁽²⁾ €18m
 - DGS ⁽²⁾ €35m
- Net credit provision writeback of €294m⁽³⁾ mainly due to case by case restructuring of customers in difficulty
 - €281m new to impaired charge in line with 2015
 - €452m net writeback of specific provisions
 - €123m IBNR release
- Exceptionals in 2016 include
 - €58m of restitution & restructuring expenses
 - €17m gain on transfer of financial instruments
 - €272m ⁽⁴⁾ profit on Visa Europe transaction
 - €24m of termination benefits

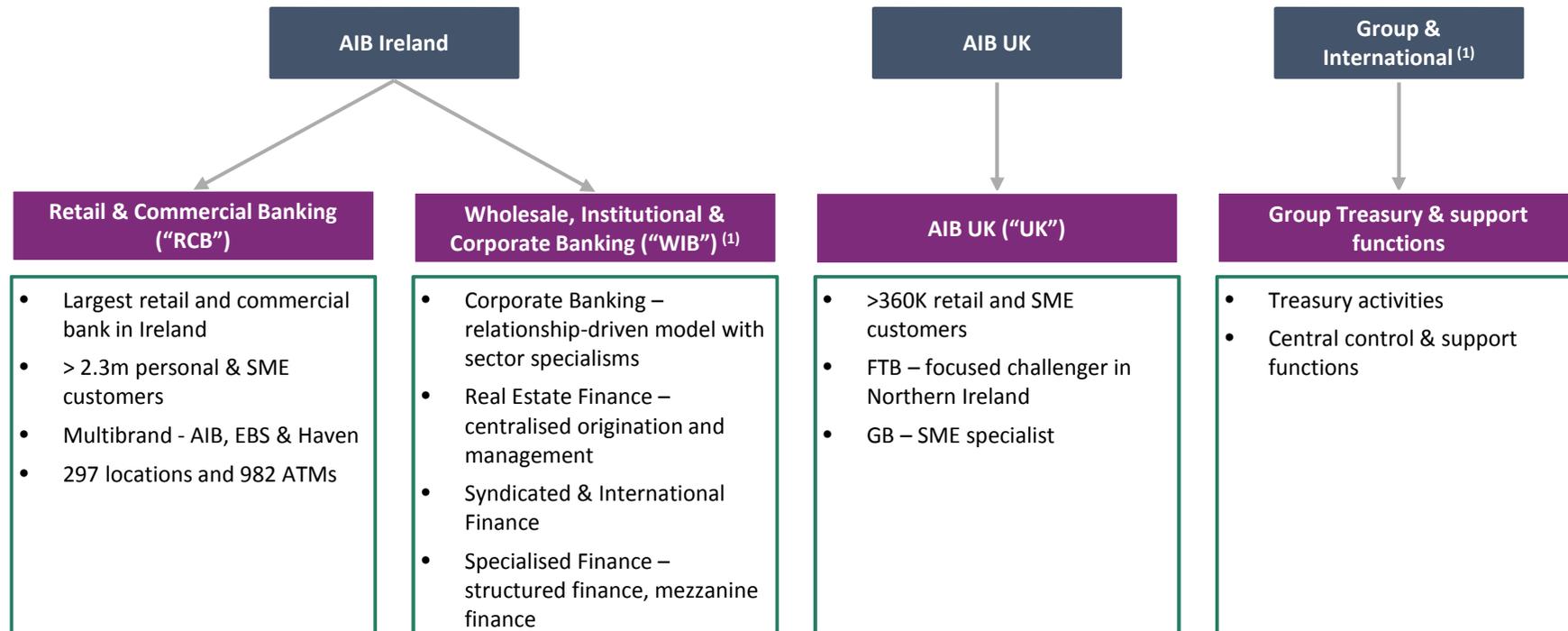


Segmental Financial Performance

AIB Revised Segments in Line with Business



See Appendix Slide 124 for Reconciliation of Segments to Group



Source: Company Information

(1) Syndicated & International Finance previously part of Group & International, from 2017 reported in WIB

RCB (Earning Book) – Dec 2016



P&L Items (€m)	2016	2015	Change Y-o-Y
Net Interest Income	1,131	1,046	+8%
Other Income	398	382	+4%
Total Operating Income	1,529	1,428	+7%
Operating Expenses	(655)	(591)	+11%
Operating Contribution	874	837	+4%
Balance Sheet Items (€bn)	2016	2015	Change Y-o-Y
Mortgages	23.4	23.3	+0%
Personal	2.1	1.9	+11%
Business	4.4	4.2	+5%
Total RCB Core Book	29.9	29.4	+2%
FSG Performing Loans	8.4	8.4	0%
Total Net Loans	38.3	37.8	+1%
New Lending	3.9	3.3	+18%
Current Accounts	19.4	16.7	+16%
Deposits	23.5	23.7	(1%)
Customer accounts	42.9	40.4	+6%
Key Metrics	2016	2015	Change Y-o-Y
Asset Yield (%) – Loans to Customers	3.20%	3.30%	(10bps)
Group Cost of Deposits(%)	0.83%	1.12%	(29bps)
Cost Income Ratio (CIR) ⁽¹⁾	43%	41%	+2%-pts

- Total RCB Income – 71% of Operating Contribution of AIB Group
- Interest Income up €85m (+8%)
 - Cost of deposits reduce and changing mix (increase in current accounts)
 - Mortgage multi-brand strategy driving pricing
 - Trackers redeeming at c. €1bn pa
- Strong Current account relationship provides stable Fees & Commissions Income
- Costs up €64m due to investment programme, wage inflation and regulatory burden
- New lending €3.9bn (+20%) across all portfolios – driven mortgages market share up to 36%; differentiated sector focus for SME and digital enablement for Personal
- €8.4bn of restructured loans and connected debt are included in RCB segment with lower Ave Gross Yield (2.89%) which are Performing

Source: Company Information

(1) Cost based on direct and centrally managed costs

RCB (Impaired Book) – Dec 2016



P&L Items (€m)	2016	2015	Change Y-o-Y
Net Interest Income	142	174	(18%)
Other Income	0	0	0%
Total Operating Income	142	174	(18%)
Operating Expenses	(90)	(90)	0%
Operating Contribution	52	84	(38%)
Balance Sheet Items (€bn)	2016	2015	Change Y-o-Y
Mortgages	2.7	3.7	(27%)
Personal	0.2	0.3	(33%)
Business	1.3	1.6	(19%)
Legacy Distressed Book	0.4	0.3	(33%)
Total RCB – Impaired Book	4.4	5.9	(25%)
Key Metrics	2016	2015	Change Y-o-Y
Asset Yield (%) – Loans to Customers	2.41%	2.61%	(20bps)
Cost Income Ratio (CIR) ⁽¹⁾	63%	52%	+11%-pts

- Interest Income recognised on Impaired Loans €142m
 - Average Asset Yield on Impaired Book 2.41%
- Costs remain flat as work out continues on case by case restructuring
- RCB Impaired Book – Net Impaired Loans €4.4bn reduced from €5.9bn through case by case restructuring

Source: Company Information

(1) Cost based on direct and centrally managed costs

Wholesale, Institutional & Corporate Banking – Dec 2016



P&L Items (€m)	2016	2015	Change Y-o-Y
Net Interest Income	269	226	+19%
Other Income	51	43	+19%
Total Operating Income	320	269	+19%
Operating Expenses	(96)	(85)	+13%
Operating Contribution	224	184	+22%
Balance Sheet Items (€bn)	2016	2015	Change Y-o-Y
Corporate	4.4	4.6	(4%)
Syndicated & International	2.8	2.3	+22%
Real Estate Finance	1.7	1.5	+13%
Specialised Finance	0.2	0.2	0%
Total Net Loans	9.1	8.6	+6%
New Lending	2.9	2.5	+16%
Current Accounts	3.7	2.6	+42%
Deposits	2.7	3.4	(21%)
Customer accounts	6.4	6.0	+7%
Key Metrics	2016	2015	Change Y-o-Y
Asset Yield (%) – Loans to Customers	3.50%	3.35%	+15bps
Group Cost of Deposits(%)	0.83%	1.12%	-29bps
Cost Income Ratio (CIR) ⁽¹⁾	30%	32%	(2%-pts)

- WIB Income – 18% of Operating Contribution of AIB Group
- Income up €43m (+19%) due to strong loan growth and attractive risk adjusted returns (NIM 3.06%)
- Costs increase €8m, due to additional resources in response to loan growth and business development. Low cost model with CIR c. 30%
- New lending €2.9bn (+16%) – growth in Syndicated & International and Real Estate Finance in line with strategy and stable core Corporate Banking business.
- Customer Accounts €6.4bn (+7%) – increase in Current Accounts and reduced deposits due to selective pricing strategy

Source: Company Information

(1) Cost based on direct and centrally managed costs

AIB UK – Dec 2016



P&L Items (£m)	2016	2015	Change Y-o-Y
Net Interest Income	183	183	0%
Other Income	54	36	+47%
Total Operating Income	237	219	+8%
Operating Expenses	(115)	(114)	+1%
Operating Contribution	121	105	+15%
Balance Sheet Items (£bn)	2016	2015	Change Y-o-Y
AIB GB	5.1	5.1	+0%
FTB	2.4	2.5	(4%)
Total Net Loans	7.5	7.6	(1%)
New Lending	1.5	1.9	(21%)
AIB GB	4.7	4.8	(2%)
FTB	4.2	3.8	+11%
Customer accounts	8.9	8.6	+3%
Key Metrics	2016	2015	Change Y-o-Y
Asset Yield (%) – Loans to Customers	3.42%	3.48%	(6bps)
Group Cost of Deposits (%)	0.83%	1.12%	(29bps)
Cost Income Ratio (CIR) ⁽¹⁾	49%	52%	+3%-pts

Source: Company Information

(1) Cost based on direct and centrally managed costs

- UK Income – 11% of Operating Contribution of AIB Group
- Operating Income broadly stable
 - Stable net interest income despite BoE rate cut
 - Low cost self-funding model
 - Stable asset yields
- Costs flat but scope for further cost efficiencies as they reduce physical infrastructure costs and FTE
- New lending £1.5bn - written across a range of key sectors and the developing strategies will build on momentum developed through 2016
 - Leveraging ROI digital capability in FTB
 - Central sectoral expertise delivered across GB



Balance Sheet & Asset Quality

Balance Sheet

Well Funded Balance Sheet Management and Strong Capital Ratios; Well Positioned for Growth



Balance Sheet €bn	Dec-16	Dec-15
Gross loans to customers	65.2	70.2
Provisions	(4.6)	(6.8)
Net loans to customers	60.6	63.3
Financial investment (AFS & HTM)	18.8	20.0
NAMA senior bonds	1.8	5.6
Other assets	14.4	14.3
Total Assets	95.6	103.1
Customer accounts	63.5	63.4
Monetary Authority funding	1.9	2.9
Other market funding	5.8	11.0
Debt securities in issue	6.9	7.0
Other liabilities	4.4	6.7
Total Liabilities	82.5	91.0
Shareholders' equity	13.1	12.1
Total Liabilities & Shareholders' Equity	95.6	103.1
Key Metrics (%)		
Loan deposit ratio	95	100
LCR	128	116
NSFR	119	111
CRD IV transitional CET 1 ratio	19.0	15.9
CRD IV fully loaded CET 1 ratio	15.3	13.0
€bn		
Risk weighted assets (Transitional)	54.2	58.5

Source: Company Information

Assets

- Net loans €60.6bn
 - Earning loans (ex FX) up €0.6bn driven by new lending €8.7bn

Liabilities

- Customer accounts of €63.5bn up €1.9bn (ex FX)
 - Positive mix with increased demand deposits and current accounts (+€4.7bn) partly offset with lower treasury and corporate deposits (-€2.5bn) and retail (-€0.3bn)
- Shareholders equity increase €1bn in 2016, primarily due to profit of €1.4bn offset by AFS reserves decrease €0.4bn
- Robust capital ratio – CET 1 (FL) 15.3%

Customer Loans

New Lending €8.7bn

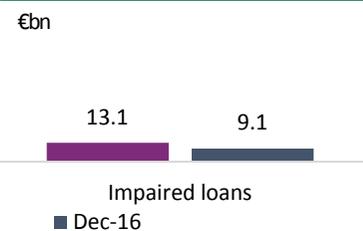


Customer Loans (€bn)	Earning loans	Impaired Loans	Gross Loans	Specific Provisions	IBNR Provisions	Net Loans
Opening Balance (1 January 2016)	57.0	13.1	70.1	(6.2)	(0.7)	63.2
New lending volumes	8.7	0.0	8.7	0.0	0.0	8.7
New impaired loans	(0.8)	0.8	0.0	(0.3)	0.0	(0.3)
Restructures and writeoffs ⁽¹⁾	1.5	(3.3)	(1.8)	2.1	0.0	0.3
Redemptions of existing loans	(9.1)	(0.9)	(10.0)	0.0	0.0	(10.0)
Foreign exchange movements	(1.5)	(0.2)	(1.7)	0.1	0.0	(1.6)
Other movements	0.3	(0.4)	(0.1)	0.2	0.2	0.3
Closing Balance (31 Dec 2016)	56.1	9.1	65.2	(4.1)	(0.5)	60.6

Earning Loan Book Movements (excluding FX)



Impaired Loans Reducing



- Growth and improvement in quality of earning loans (ex FX)
- New lending of €8.7bn and climbing towards redemption levels
 - Strong momentum across key sectors – mortgage lending in Ireland up 22% and increased market share
 - New lending at higher grades and maintained margins
- Continued reduction in impaired loans

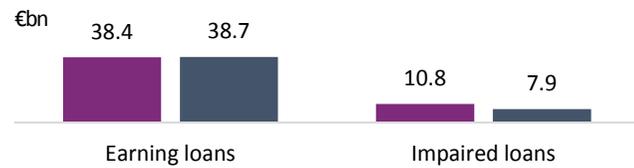
Source: Company Information
 (1) Includes non contractual writeoffs

Earning Loans Increasing by Segment and Sector in Ireland

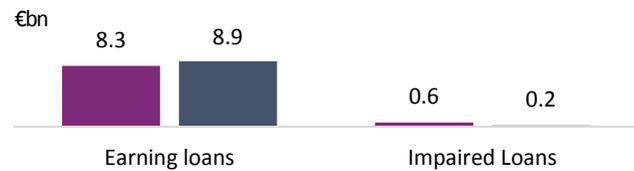
Impaired Loans are Reducing



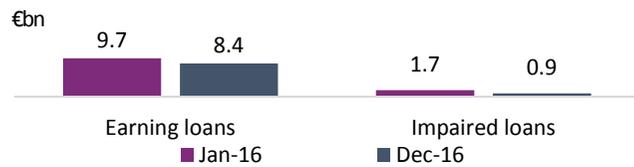
Retail & Commercial Banking



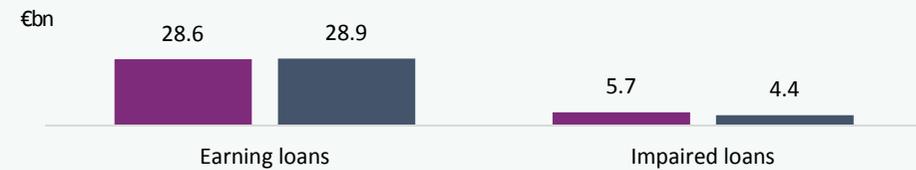
Wholesale, Institutional and Corporate Banking



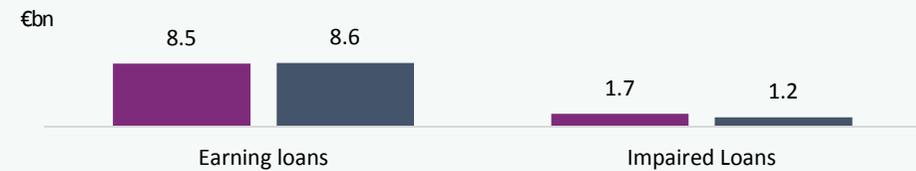
AIB UK



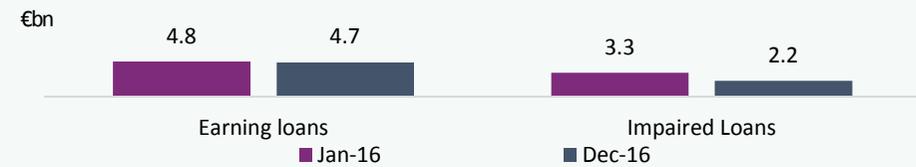
Rol Mortgages



Non-Property Business ⁽¹⁾



Property & Construction ⁽¹⁾



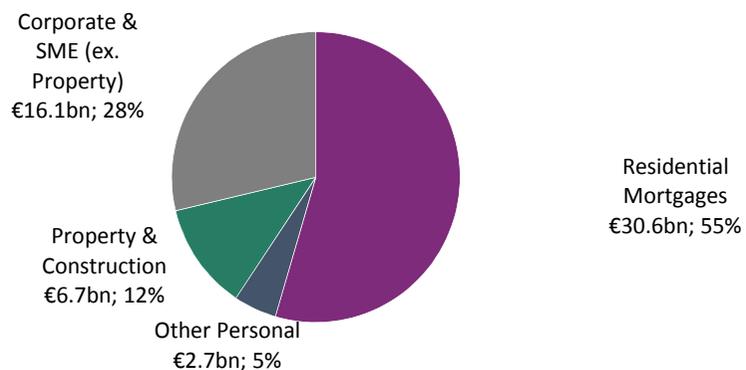
Source: Company Information
 (1) In Ireland

Customer Loans

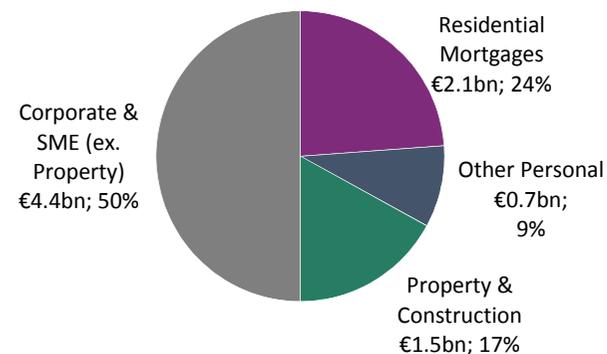
Corporate & SME Driving New Lending Growth



Dec 2016 – Earning Loans €56.1bn



Dec 2016 – New Lending €8.7bn



- Mortgages 55% of total earning loans
 - Positioned for increase in mortgage market activity
- Corporate & SME (ex property) 50% of new lending
- Earning loan balances stable (ex FX) and growing across all key portfolios

Source: Company Information

Asset Quality

Continued Progress as Impaired Loans Reduce Across All Sectors



Dec-16 €bn	Residential Mortgages	Other Personal	Property and Construction	Non-Property Business Lending	Total
Loans and receivables to customers	35.2	3.1	9.4	17.5	65.2
Impaired	4.6	0.4	2.7	1.4	9.1
Balance sheet provisions (specific + IBNR)	2.0	0.3	1.5	0.8	4.6
Specific provisions / impaired loans (%)	38%	58%	50%	51%	44%

Dec-15 €bn	Residential Mortgages	Other Personal	Property and Construction	Non-Property Business Lending	Total
Loans and receivables to customers	36.8	3.5	11.5	18.3	70.1
Impaired	6.0	0.7	4.3	2.1	13.1
Balance sheet provisions (specific + IBNR)	2.3	0.5	2.6	1.3	6.7
Specific provisions / impaired loans (%)	34%	70%	57%	55%	47%

Year on Year Movements €bn	Residential Mortgages	Other Personal	Property and Construction	Non-Property Business Lending	Total
Impaired	(1.4)	(0.3)	(1.6)	(0.7)	(4.0)
Balance sheet provisions (specific + IBNR)	(0.3)	(0.2)	(1.1)	(0.5)	(2.1)

Impaired loans net
of specific
provisions €5bn

Impaired loans net
of specific
provisions €6.9bn

Source: Company Information

Balance Sheet Provisions

Working Well Within Provision Stock While Maintaining Coverage



Balance Sheet Provisions Movement (€bn)	Residential Mortgages	Other Personal	Property and Construction	Non-Property Business	Total
Opening Balance Sheet Provisions 1 Jan 2016					
Specific	2.0	0.5	2.5	1.2	6.2
IBNR	0.3	0.0	0.2	0.2	0.7
Balance Sheet Provisions	2.3	0.5	2.6	1.3	6.8
Income Statement - Credit Provision Charge / Writebacks					
Specific	(0.1)	0.0	(0.1)	0.0	(0.2)
IBNR	0.0	0.0	(0.1)	(0.0)	(0.1)
Total	(0.1)	0.0	(0.1)	(0.0)	(0.3)
Balance Sheet Provisions – Amounts Written Off / Other					
Total	(0.2)	(0.2)	(1.0)	(0.5)	(1.9)
Closing Balance Sheet Provisions 31 Dec 2016					
Specific	1.7	0.3	1.4	0.7	4.0
IBNR	0.3	0.0	0.1	0.1	0.5
Balance Sheet Provisions	2.0	0.3	1.5	0.9	4.6

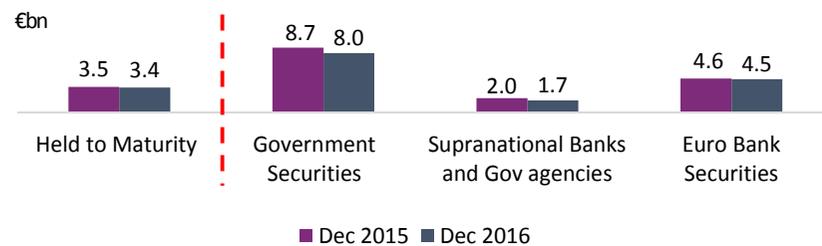
Source: Company Information

Financial Investments

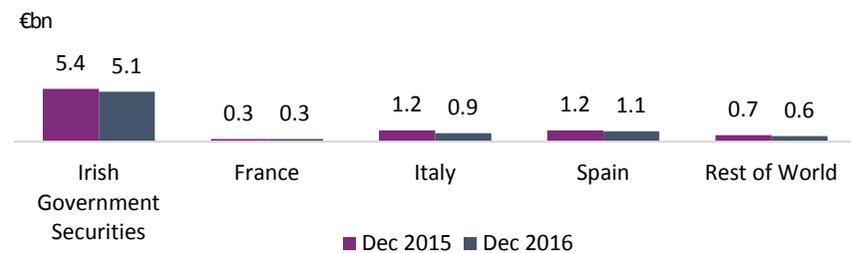
€18.8bn Portfolio of Financial Investments Including €3.4bn as HTM



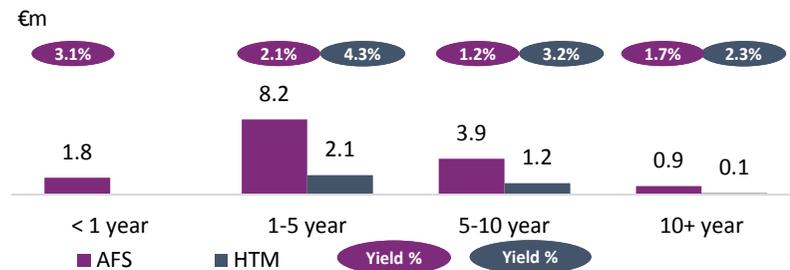
Key Components of AFS - Debt Securities ⁽¹⁾



AFS - Components of Government Securities



Maturity & Yield Profile of HTM* & AFS Securities ⁽²⁾



AFS - Debt Securities:

- €15.4bn down from €16.5bn - in line with plans to reduce overall AFS holdings with lower liquidity requirements
 - Net gains from disposal of AFS debt securities in 2016 €31m
- Average yield on AFS of 1.22% and HTM 3.83%
 - Yield reducing as high yielding assets mature
 - Embedded value on AFS and HTM €0.8bn
 - c. 70% of the book maturing < 5yrs

Source: Company Information

(1) Excludes NAMA senior bonds of c. €1.8bn and NAMA sub bonds of €0.5bn

(2) Maturity and yield profile excludes swaps

*Corrected to align to published financial statements



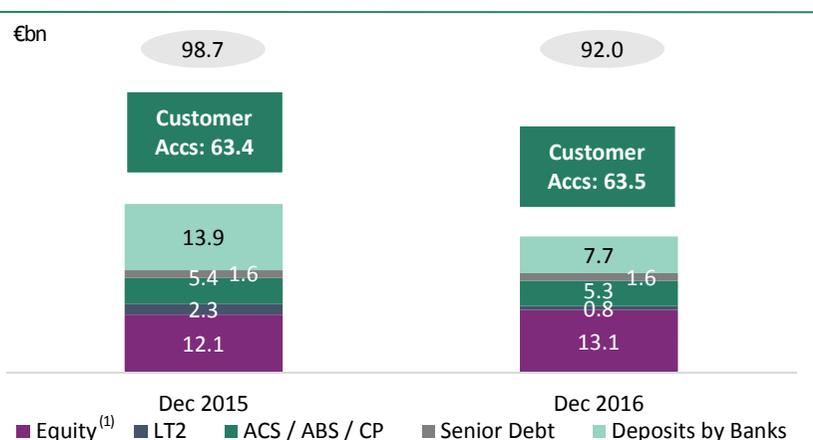
Funding & Capital

Funding Structure

Stable Deposit Base Driving Strong Funding Position



Total Funding



Key Funding Metrics	Dec-16	Dec-15
Loan to Deposit ratio (LDR)	95%	100%
Liquidity Coverage ratio (LCR)	128%	116%
Net Stable Funding ratio (NSFR)	119%	111%

Source: Company Information
 (1) Equity includes AT1
 (2) MREL: Minimum required eligible liabilities

- Customer deposits represent 69% of total funding
 - Low cost stable source of funds, LDR ratio 95%
 - Wholesale funding
- 7 year AIB Mortgage Banks ACS issuance €1bn
 - LCR 128% (minimum 70%, rising to 100% by 1 Jan 18)
 - NSFR 119% (NSFR scheduled to be introduced in Jan 18)
- SRB preferred resolution strategy
 - Single Point of Entry (SPE)
 - Hold Co
 - MREL⁽²⁾ issuance manageable

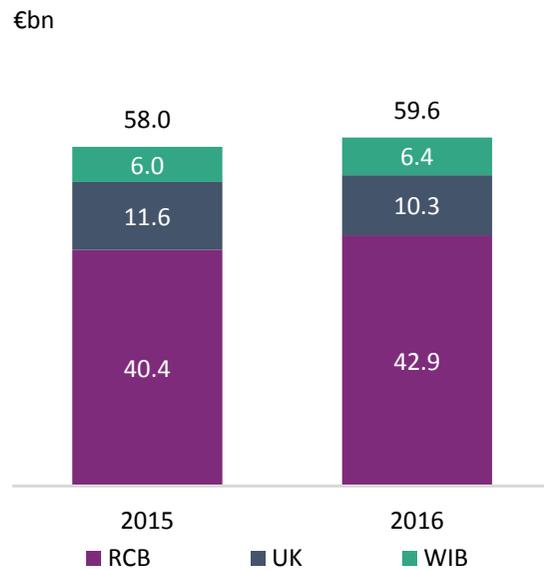
Rating Agency Upgrades

AIB plc	Long-Term Rating		AIB Mortgage Bank	Covered Bond Rating	
	2014	2017		2016	2017
S&P	BB	BBB-	S&P	AA	AAA
Moody's	Ba3	Baa2			
Fitch	BB	BB+	Moody's	Aa1	AAA

Stable Deposit Base with Low & Declining Cost of Funds



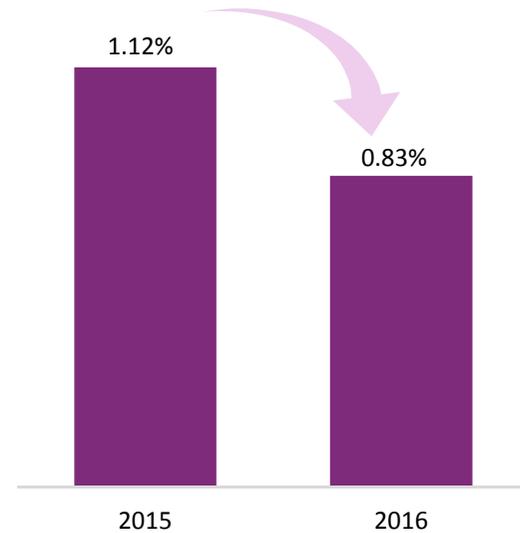
Strong Deposit Contribution Across Group Segments



Mix Shift to Current Account



Mix Shift and Pricing Actions Driving Decline in Cost of Funds



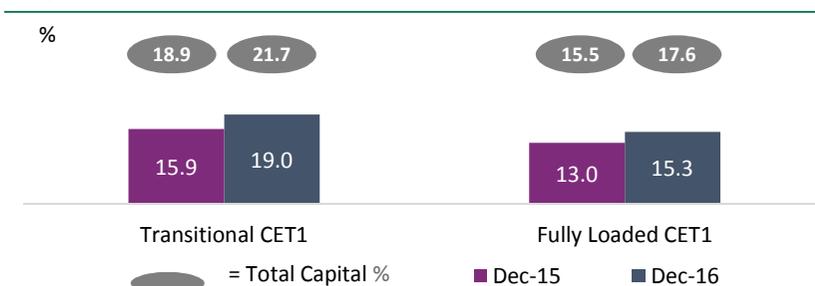
Source: Company Information

Capital Ratios

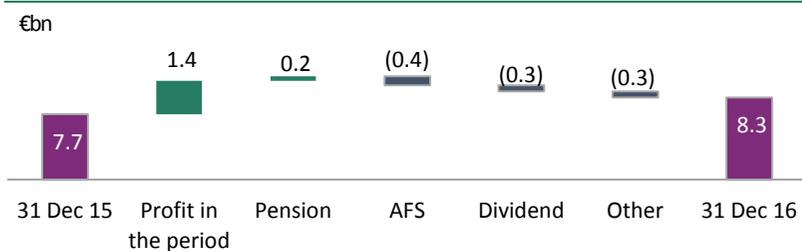
Strong Capital Base with Fully Loaded CET 1 of 15.3% - Normalised Capital Stack



Capital Ratios



Fully Loaded CET1 - Capital Movements



Source: Company Information
(1) Excludes P2G

AIB Group - RWA (€m) (Transitional)			
Risk Weighted Assets (€m)	31-Dec-16	31-Dec-15	Movement
Credit risk	48,843	53,596	(4,753)
Market risk	288	457	(169)
Operational Risk	3,874	3,139	735
CVA / Other	1,230	1,357	(127)
Total Risk Weighted Assets	54,235	58,549	(4,314)

- Robust capital position – fully loaded CET1 of 15.3%
- Capital accretive mainly due profit after tax €1.4bn offset by movement in AFS reserves of €0.4bn
- Proposed dividend of €250m declared for 2016
- RWA reduced by €4.3bn to €54.2bn as AIB continue to de-risk balance sheet
 - decrease in credit risk of €4.7bn reflecting positive grade migration, redemptions and FX impact €1.7bn which were partially offset by new drawdowns
- Operational risk up €0.7bn due to higher average 3 year income
- AIB's 2017 SREP is 9.0%⁽¹⁾ (transitional CET1) and 12.5% (total capital ratio)
- Significant buffer above MDA levels

Risk Weighted Assets and RWA Density



RWAs and RWA Density

AIB Group – RWA (€m) (FL)		
Risk Weighted Assets (€m)	2016	2015
Credit Risk	49,027	54,105
Market Risk	288	457
Operational Risk	3,874	3,139
CVA/Other	1,230	1,357
Total Risk Weighted Assets	54,419	59,058
RWA Density⁽¹⁾	57%	57%

- Overall RWA reduction of €4.6bn
 - Improvement in Credit Risk RWAs (€3.7bn) driven by restructuring activity and positive grade migrations, net redemptions and FX impact (~€1.4bn)
- Operational risk up €0.7bn due to higher average 3 year income
- RWA density of 57% in 2016
- IRB Roll-Out Plan to expand the use of IRB models from c. 40% to 85% by 2019 but approval dependent on SSM, so longer term opportunity

Source: Company Information
 (1) Calculated as total RWAs / total assets

Steady-State Target CET1 Range of 13%



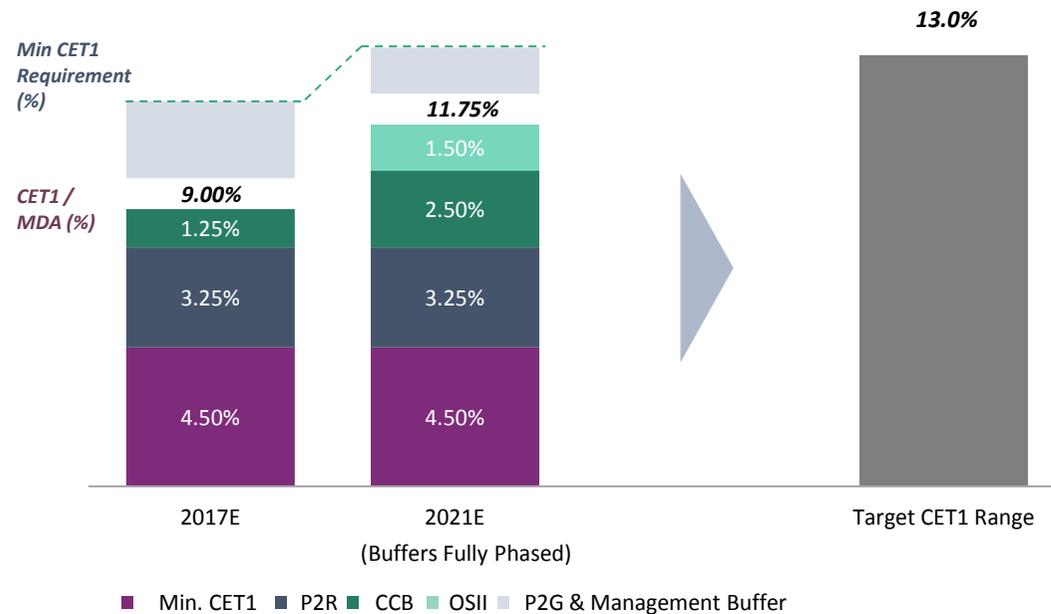
- In a steady-state, SREP CET1 requirement will take into account of fully phased in capital buffers (CCB and O-SII)
 - 2.50% CCB
 - 1.50% O-SII

- Target CET1 range taking into account fully phased in buffers and potential impact from successful execution of NPL deleveraging strategy
 - European peer 2017 P2R in range of 150bps – 250bps

- **Steady state CET1 target of 13% subject to discussions with the Regulator**

Illustrative SREP CET1 Evolution

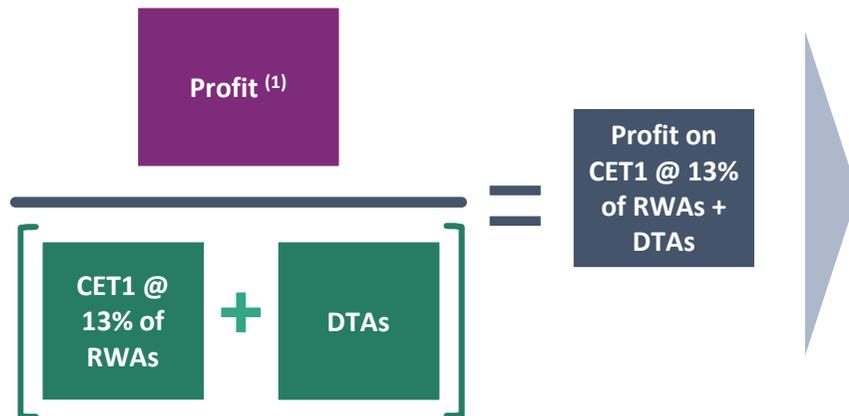
Target CET1 Range



Source: Company Information

How We Think About Returns

(PAT – AT1 Coupon + DTA Utilisation) / (FL CET1 @ 13% + DTAs)



(€m)	2016
PAT	1,356
(-) AT1 coupon	37
(+) DTA utilisation	97
Profit (Numerator)	1,416
RWAs	54,419
CET1 at 13% RWAs	7,075
(+) DTAs	3,050
Adjusted CET1 (Denominator)	10,125
Average Adjusted CET1 (Denominator)	10,486
Profit on CET1 @ 13% of RWAs + DTAs	13.5% (2)

Source: Company Information

(1) PAT – AT1 coupon + DTA utilisation = Profit

(2) ROTC reflects a strong underlying performance enhanced by one-off items (e.g. Visa transaction, writebacks)

Financial Targets: Focused on Delivering Sustainable Performance



Metric	2016	Medium Term (3-5 Years)	Guidance & Targets
Net Interest Margin (excl. ELG)	2.25%	2.40%+	"Maintain strong and stable NIM, 2.40%+"
Cost / Income Ratio	52%	<50%	"Below 50% by end 2019 reflecting robust and efficient operating model"
Fully Loaded CET1 Ratio	15.3%	13.0%	"Strong capital base with normalised CET1 target of 13%"
RoTE	13.5%	10%+	"10%+ return using (PAT – AT1 coupon + DTA utilisation) / (CET1 @13% plus DTA)"
Dividends	"Working towards annual pay-out ratio in line with normalised European banks with capacity for excess capital levels to be returned to shareholders through special dividends and/or buybacks – all subject to regulatory and Board approval"		

Source: Company Information

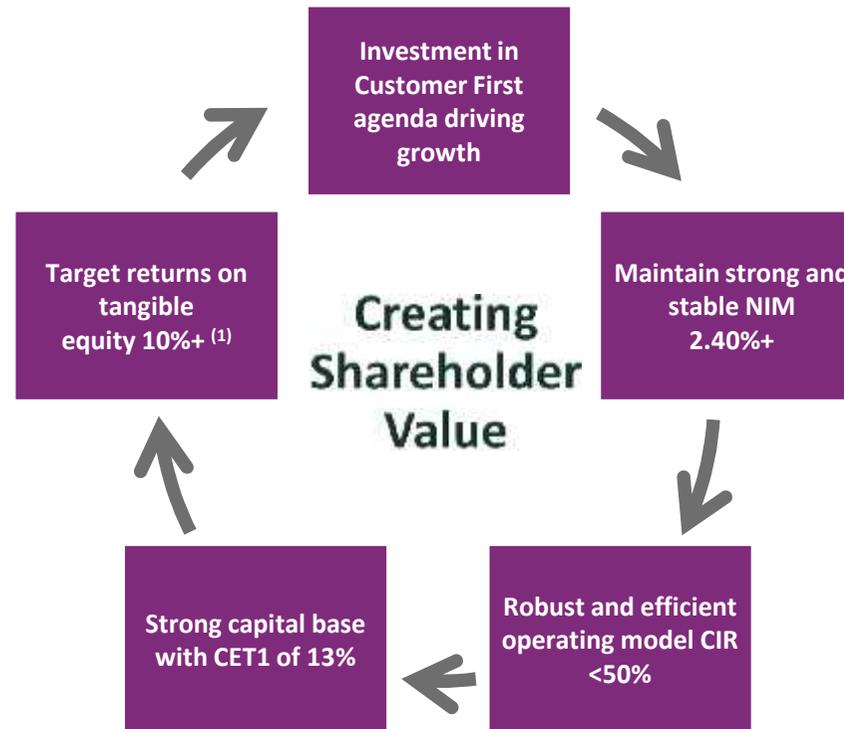
Concluding Remarks



Bernard Byrne
Chief Executive Officer

Focused on Delivering Sustainable Performance

Based on Strong Customer Franchise, Capital Accretion and Returns, and Sustainable Growth



Source: Company Information

(1) ROTE based on (PAT - AT1 coupon + DTA utilisation) / (CET1 @13% plus DTA)





Appendix

AIB Segment Performance – Dec 2016



Segmental Financials	RCB				WIB		UK		Group		AIB Group	
	Earning	Impaired	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Contribution statement (€m)	1,131	142	1,273	1,220	269	226	224	252	247	229	2,013	
Net interest income	398	0	398	382	51	43	65	50	103	221	617	
Total operating income	1,529	142	1,671	1,602	320	269	289	302	350	450	2,630	
Total operating expenses	(655)	(90)	(745)	(681)	(96)	(85)	(139)	(158)	(397)	(368)	(1,377)	
Operating Profit Before Provisions	874	52	926	921	224	184	150	144	(47)	82	1,253	
Bank levies & regulatory fees											(112)	
Provisions											298	
Associated undertakings & profit on sale											36	
Operating Profit Before Exceptionals											1,457	
Exceptionals											207	
Profit Before Tax											1,682	
Segmental Financials	RCB				WIB		UK		Group		AIB Group	
Balance sheet metrics (€bn)			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net Loans	38.4	4.4	42.7	43.7	9.1	8.6	8.7	10.3	0.1	0.6	60.6	
Financial Investmetns (AFS & HTM)									18.8	20	18.8	
NAMA Senior Bonds									1.8	5.6	1.8	
Other Assets											14.4	
Total Assets											95.6	
Customer Accounts	42.9		42.9	40.4	6.4	6.0	10.3	11.6	3.9	5.4	63.5	
Market Funding											7.7	
Debt Securities											6.9	
Other Liabilities											4.4	
Shareholders Equity											13.1	
Total Liabilities											95.6	

Source: Company Information

Improving Asset Quality by Segment



€m	Dec-16					Dec-15				
	RCB	WIB	UK	Group	Total	RCB	WIB	UK	Group	Total
Residential mortgages	33,408	36	1,795		35,239	34,372	48	2,362	36	36,818
<u>of which: owner-occupier</u>	28,624	7	1,564		30,195	28,834	10	2,048	36	30,928
<u>of which: buy-to-let</u>	4,784	29	231		5,044	5,538	38	314		5,890
Other personal	2,768	102	230		3,100	2,935	221	356		3,512
Property and onstruction	4,403	2,499	2,492		9,394	5,641	2,448	3,443		11,532
Non-property business lending	6,025	6,520	4,800	150	17,495	6,267	6,173	5,292	569	18,301
Total	46,604	9,157	9,317	150	65,228	49,215	8,890	11,453	605	70,163
Impaired Loans	7,908	231	961	36	9,136	10,785	600	1,668	32	13,085
Impairment Provisions	3,915	77	572	25	4,589	5,452	265	1,098	17	6,832
<u>of which: Specific</u>	3,462	44	516	25	4,047	4,896	218	1,027	17	6,158
<u>of which: IBNR</u>	453	33	56	0	542	556	47	71	0	674
Specific provisions / impaired loans	44%	19%	54%	69%	44%	45%	36%	62%	53%	47%
Net Loans	42,689	9,080	8,745	125	60,639	43,763	8,625	10,355	588	63,331

Source: Company Information

Improving Asset Quality by Segment



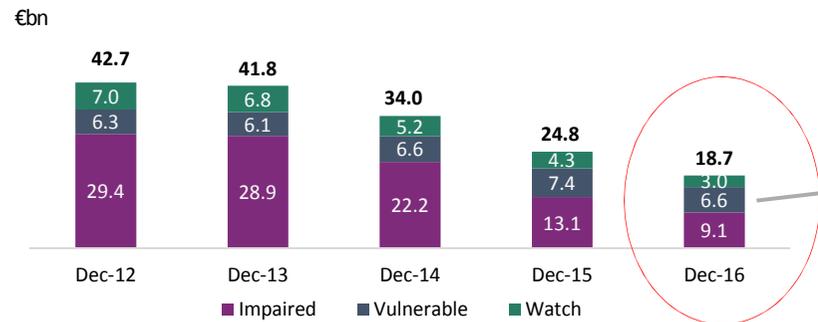
Balance Sheet Provisions Movement					
(€m)	RCB	WIB	UK	Group	Total
Opening Balance Sheet Provisions 1 Jan 2016					
Specific	4,896	218	1,027	17	6,158
IBNR	556	47	71	0	674
Balance Sheet Provisions	5,452	265	1,098	17	6,832
Income Statement - Credit Provision Charge/Writebacks					
Specific	(183)	35	(31)	8	(171)
IBNR	(103)	(14)	(6)	0	(123)
Total	(286)	21	(37)	8	(294)
Impairment charge / avg loans					0.44bps
Balance Sheet Provisions - mounts written off / other ⁽¹⁾					
Total	(1,251)	(209)	(489)	0	(1,949)
Closing Balance sheet provisions 31 Dec 2016					
Specific	3,462	44	516	25	4,047
IBNR	453	33	56	0	542
Balance Sheet Provisions	3,915	77	572	25	4,589

Source: Company Information

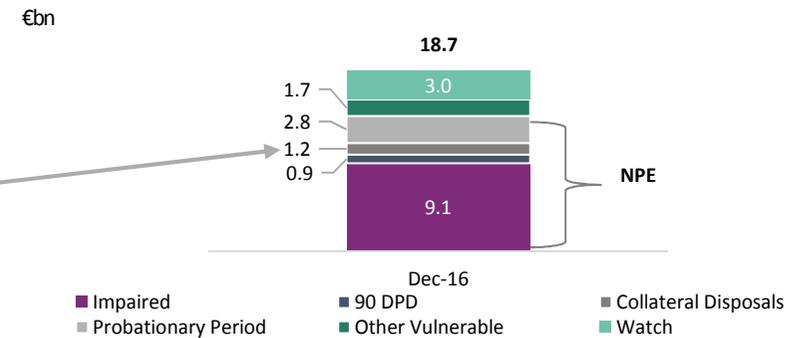
Criticised Loans and Definitions



Credit Profile – Criticised Loans



Credit Profile – Criticised Loans



Watch
Vulnerable
Impaired

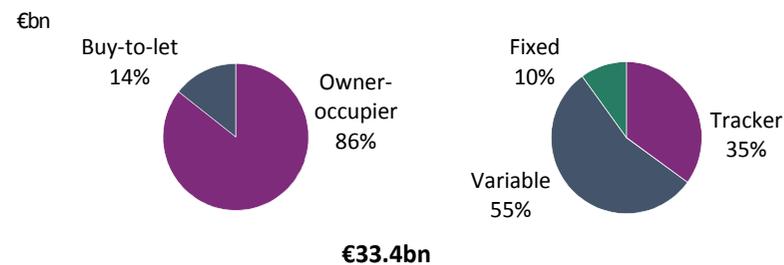
- The credit is exhibiting weakness but with the expectation that existing debt can be fully repaid from normal cash flows
- Credit where repayment is in jeopardy from normal cash flows and may be dependent on other sources
- A loan is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact such that the present value of estimated future cash flows is less than the current carrying value of the financial asset or group of assets and requires an impairment provision to be recognised in the income statement

Source: Company Information

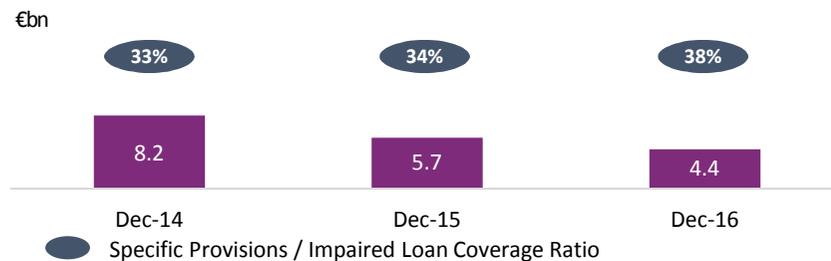
ROI Residential Mortgages – Arrears Significantly Lower



ROI Mortgage Portfolio – Dec 2016

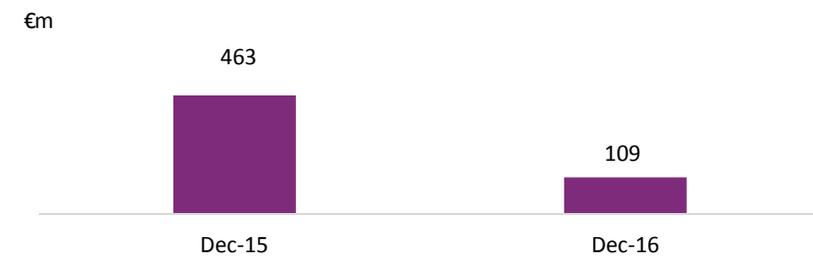


Impaired Loans



Source: Company Information
(1) Arrears by no of accounts

Impairment Writeback

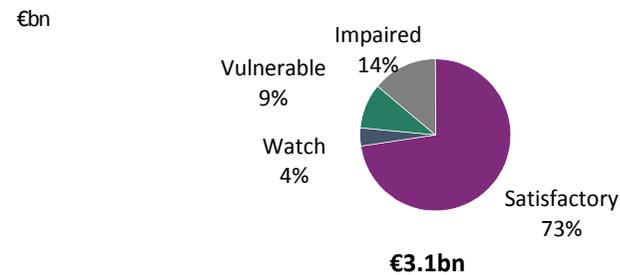


- 86% of the ROI mortgage portfolio is owner occupier and 14% is buy to let
- Arrears levels down 15%⁽¹⁾ YTD 2016 due to restructuring activity and improving economic conditions
 - Arrears owner-occupier down 16% YTD 2016
 - Arrears buy-to-let down 13% YTD 2016
- Impaired loans down €1.3bn since Dec 2015 to €4.4bn mainly due to restructuring, write-offs and repayments
- c. €0.7bn of forbore mortgages in “probationary period” currently performing to terms

Other Personal



Personal Loan Portfolio – Dec 2016

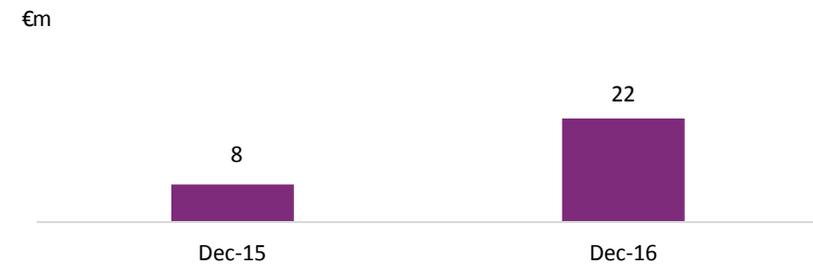


Impaired Loans



Source: Company Information

Impairment Writeback

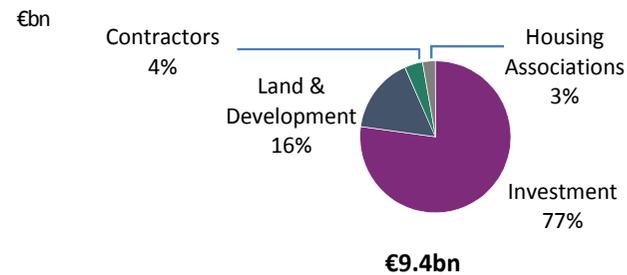


- Portfolio comprises €2.2bn loans and overdrafts and €0.9bn in credit card facilities
- Increase in demand for personal loans due to both improved economic environment and expanded service offering (including on line approval through internet, mobile and telephone banking) offset by restructuring and redemptions
- Decrease in specific provision cover 70% to 58% driven by the write-off of impaired balances with a high provision cover

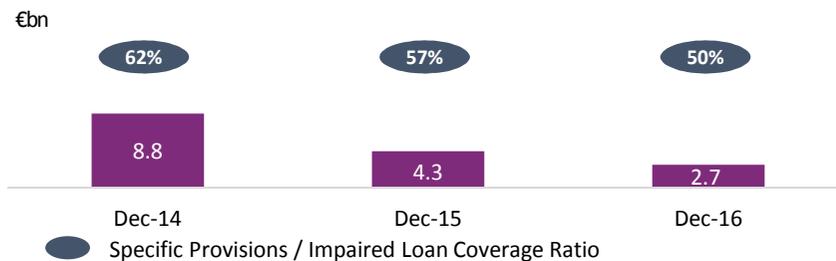
Property & Construction



Property & Construction Portfolio – Dec 2016

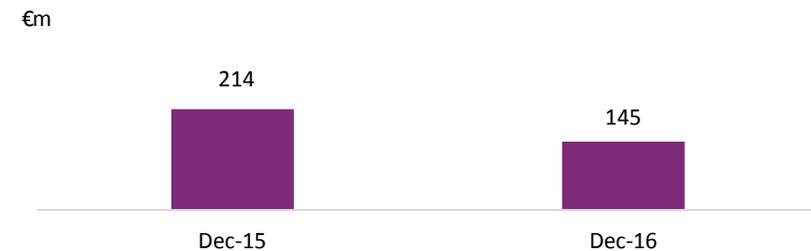


Impaired Loans



Source: Company Information

Impairment Writeback

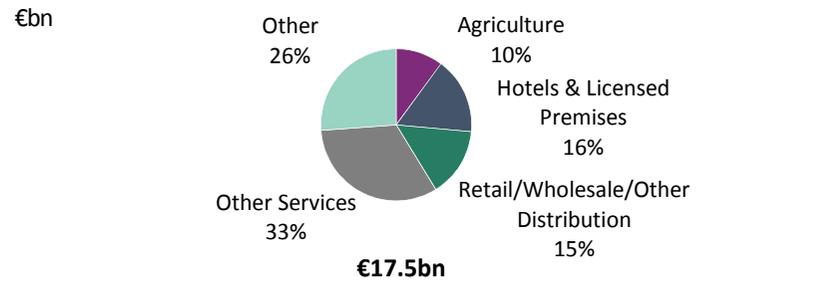


- Overall portfolio has reduced by €2.1bn (19%) since Dec 2015 primarily due to:
 - Restructuring activity and write-offs
 - Investment Property (77% of the total portfolio) reduced by €0.8bn to €7.2bn largely due to loan redemptions (asset sales), restructures & write-offs
 - €1.8bn of which is in the UK
- Impaired loans reduced by €1.6bn to €2.7bn in Dec 2016
- Specific provision cover reduced from 57% in Dec 2015 to 50% in Dec 2016

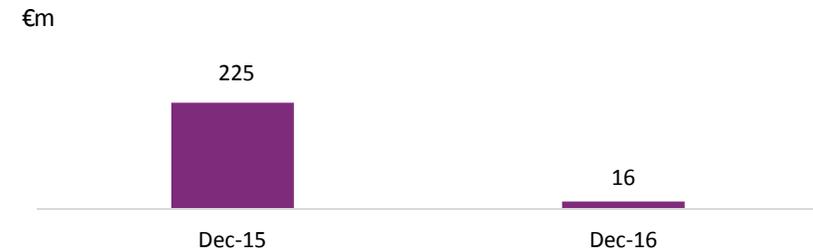
Non-Property Business



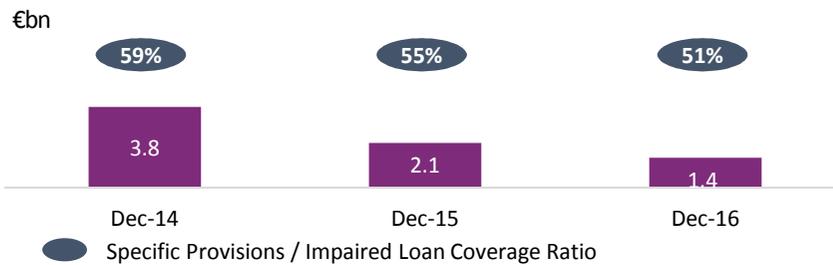
Non-Property Business – Dec 2016



Impairment Writeback



Impaired Loans



Source: Company Information

- Portfolio comprises Corporate and SME lending
 - 56% in Ireland, 27% in the UK and 16% in Group and International
- Earning loans increased to 92% of the portfolio (Dec 2015: 88%)
 - Upward grade migration reflecting improved economic conditions
- Impaired loans reduced by €0.7bn to €1.4bn in Dec 2016
- Specific provision cover reduced to 51%

ROI Mortgages – Stock of Forbearance



Forbearance Type by Mortgage	Dec 2016 - Total		of which: loans > 90 days in arrears and/or impaired		Dec 2015 - Total		of which: loans > 90 days in arrears and/or impaired	
	Number	Balance (€m)	Number	Balance (€m)	Number	Balance (€m)	Number	Balance (€m)
Interest only	7,204	1,208	3,621	640	3,338	629	1,448	292
Reduced payment (greater than interest only)	1,800	388	1,043	231	1,400	315	781	181
Payment moratorium	1,833	281	438	58	682	95	314	44
Fundamental restructure	1,197	169	378	53	1,184	185	99	16
Restructure	1,107	110	903	84				
Arrears capitalisation	16,509	2,452	6,829	1,087	18,854	2,779	9,279	1,475
Term extension	2,476	322	473	74	5,781	638	582	73
Split mortgages	3,204	511	731	125	2,902	455	1,183	179
Voluntary sale for loss	813	53	351	41	693	48	348	37
Low fixed interest rate	1,171	183	170	29	1,250	197	109	20
Positive equity solution	1,480	160	62	6	1,240	136	99	11
Other	580	94	292	51	16	4	0	0
Total	39,374	5,931	15,291	2,479	37,340	5,481	14,242	2,328

- Delivering sustainable long term solutions to mortgage customers
- Permanent forbearance solutions are reported within the stock of forbearance for 5 years
- Following restructuring, loans are reported as impaired for a further 12 months (probationary period)
 - c. €0.7bn of forborne mortgages are in 'Probationary Period' performing to terms

Source: Company Information

Non-Mortgage – Stock of Forbearance



Forbearance Type by Non-Mortgage	Dec-16				Dec-15			
	Other Personal	Property and Construction	Non-Property Business Lending Balance	Total (€m)	Other Personal	Property and Construction	Non-Property Business Lending Balance	Total (€m)
	Balance (€m)	Balance (€m)	Balance (€m)		Balance (€m)	Balance (€m)	Balance (€m)	
Interest only	58	235	191	484	71	203	188	462
Reduced payment (greater than interest only)	25	90	64	179	14	38	37	89
Payment moratorium	109	8	17	134	51	5	14	70
Arrears capitalisation	17	44	42	103	23	43	64	130
Term extension	141	193	202	536	123	207	154	484
Fundamental restructure	48	829	448	1,325	49	1,089	498	1,636
Restructure	187	355	530	1,072	304	556	617	1,477
Asset disposals	25	141	33	199	-	-	-	-
Other	5	51	56	112	15	169	195	379
Total	615	1,946	1,583	4,144	650	2,310	1,767	4,727

- Non-mortgage forborne loans of €4.1bn at Dec 2016
 - 47% of forborne loans in property and construction sector
- €1.5bn of “fundamental restructures” (including €0.2bn BTL mortgages)
 - New facilities (main & secondary) recognised at ‘Fair Value’ at inception
 - Main facilities reflects the estimated sustainable cashflows such that the main facility is repaid in full
 - Carrying value of main facilities of €1.5bn with associated contractual secondary facilities of c. €3.1bn
 - €82m recognised in the year on secondary facilities

Source: Company Information

Funding Market Access



	2013			2014		2015				2016	
	ACS Issuance January 2013	ACS Issuance September 2013	Senior Unsecured	ACS Issuance March 2014	Senior Unsecured April 2014	ACS Issuance January 2015	Senior Unsecured March 2015	ACS Issuance July 2015	Tier 2 November 2015	AT1 December 2015	ACS Issuance January 2016
Issuer	AIB Mortgage Bank	AIB Mortgage Bank	AIB	AIB Mortgage Bank	AIB	AIB Mortgage Bank	AIB	AIB Mortgage Bank	AIB	AIB	AIB Mortgage Bank
Ratings	Baa1/A/A	Baa1/A/A	B1/BB/BBB	Baa1/A/A	B1/BB/BBB	A3 / A+ / A	Ba3/BB/BBB	Aa2/AA-/A+	B2/B/BB	B3 (Moody's) / B- (Fitch)	Aa1/AA+/A+
Pricing Date	22-Jan-13	03-Sep-13	20-Nov-13	19-Mar-14	08-Apr-14	27-Jan-15	09-Mar-15	20-Jul-15	19-Nov-15	26-Nov-15	28-Jan-16
Tenor	3.5-year	5-year	3-year	7-year	5-year	7-year	5-year	5-year	10-year	Perpetual	7-year
Size	€500m	€500m	€500m	€500m	€500m	€750m	€500m	€750m	€750m	€500m	€1bn
Reoffer Spread	MS + 185bps	MS + 180bps	MS +235bps	MS +95bps	MS +180bps	MS+27bps	MS+108bps	MS+22bps	MS+395bps	MS+733.9bp	MS+54bps
Coupon	2.625% annually	3.125% annually	2.874% annually	2.33% annually	2.75% annually	0.625% annually	1.375% annually	0.625% annually	4.125% annually	7.375% semi-annually	0.875% annually

Source: Company Information

Shareholders' Equity



Shareholders' Equity €m	Year ended 31 December 2016 €m		Year ended 31 December 2015 €m	
Opening Shareholders' Equity	12,148		11,572	
PAT 2016	1,356		1,380	
Net actuarial gains in retirement benefit schemes	103		743	
Net change in fair value of AFS securities	(359)		103	
Net change in cash flow hedge reserves	106		(29)	
Net change in foreign currency translation reserves	(168)		31	
Net change in property revaluation reserves	(1)	(319)	-	848
Distribution on AT1 instrument	(37)			
2015 AT1 issuance			494	
2015 capital reorganisation			(2,146)	
Shareholders' Equity	13,148		12,148	

Source: Company Information

Regulatory Capital and Ratios



Regulatory Capital (€m)	Transitional Basis		Fully Loaded Basis	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Shareholders' equity	13,148	12,148	13,148	12,148
Less: AT1 capital	(494)	(494)	(494)	(494)
Proposed ordinary dividend	(250)		(250)	
Regulatory adjustments				
Goodwill and intangibles	(392)	(292)	(392)	(292)
Cash flow hedging reserve	(460)	(354)	(460)	(354)
AFS securities reserve	(445)	(1,250)	–	–
Pension	(140)	(91)	(126)	(153)
Deferred tax	(610)	(317)	(3,050)	(3,171)
Reversal of fair value of CoCo		(46)		
Other	(50)	(19)	(62)	(9)
	(2,097)	(2,369)	(4,090)	(3,979)
Total CET1 Capital	10,307	9,285	8,314	7,675
AT1 capital	485	494	494	494
Tier 2 capital	980	1,269	783	993
Total Capital	11,772	11,048	9,591	9,162
RWA	54,235	58,549	54,419	59,058

Source: Company Information

Regulatory Capital Ratios

	Transitional Basis	
	31 Dec 2016	31 Dec 2015
CET 1 ratio	19.0%	15.9%
Tier 1 ratio	19.9%	16.7%
Total capital ratio	21.7%	18.9%
	Fully Loaded Basis	
	31 Dec 2016	31 Dec 2015
CET 1 ratio	15.3%	13.0%
Tier 1 ratio	16.2%	13.8%
Total capital ratio	17.6%	15.5%