



Debt IR Update

- Capital, HoldCo & MREL

5th December 2017



Capital Requirements

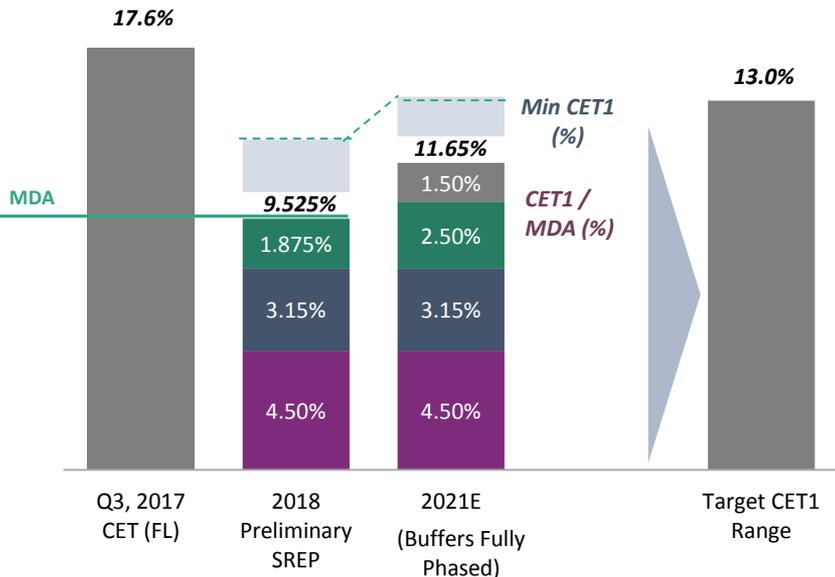
Steady-state target CET1 range of 13%



CET1 - Q3, 2017 & SREP

Target CET1 Range

Minimum capital requirements / SREP⁽¹⁾⁽²⁾



- 9.525% Preliminary⁽³⁾ CET 1 requirement for 2018 is composed of
 - 4.50% Pillar 1 CET1
 - 3.15% Pillar 2 Requirement (P2R) – down 10bps from 2017
 - 1.875% Capital Conservation Buffer (CCB) – further 0.625% phased in 2018
- 11.65% fully loaded CET 1 requirement for 2021 includes
 - 2.5% CCB phased in from 1.875%
 - 1.50% Other Systemically Important Institution fully loaded
- Target CET1 range taking into account fully phased in buffers and potential impact from successful execution of NPL deleveraging strategy

■ Pillar 1 CET1 ■ P2R ■ CCB ■ OSII ■ P2G & Management Buffer

(1) SREP: Supervisory Review and Evaluation Process

(2) On the 28th November the Financial Policy Committee (UK) announced the UK CCyB will increase to 1% from November 2018, this equates to c. 0.2% for the Group.

(3) AIB has received preliminary SREP requirement from ECB.

HoldCo structure

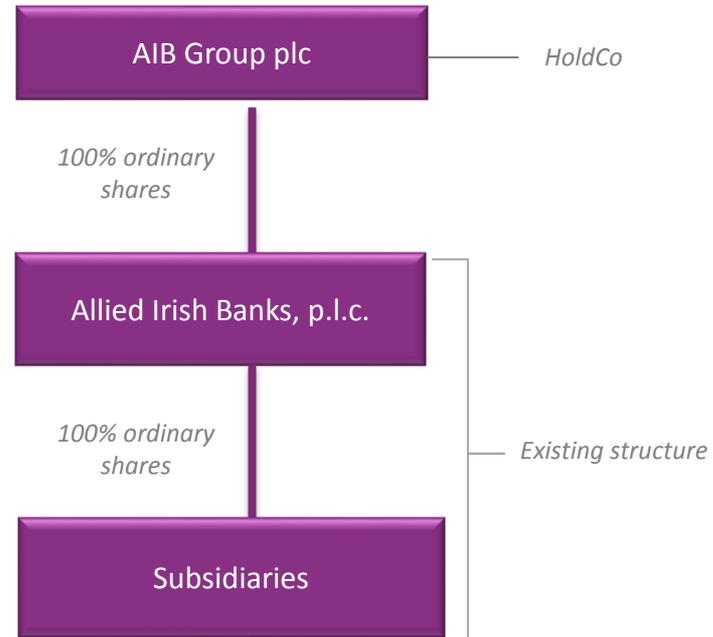
HoldCo on track to be in place by end 2017



On track to be completed by end of 2017

- Preferred resolution strategy is single point of entry strategy through HoldCo (AIB Group plc)
- All required regulatory approvals and shareholder approvals are in place
- Subject to obtaining Court approval on 6th December, AIB Group plc will become the new parent company of the AIB Group at close of business on 8th December
- AIB Group plc. to hold all shares in Allied Irish Banks, p.l.c.
- AIB Group plc will become the sole issuer of external capital and MREL debt
- No change to the groups existing operating companies

Group legal structure post implementation of HoldCo



Minority interest restriction

Impact of minority interest



Q3, 2017 – Capital Ratios

| Q3, 2017 – Capital Ratios | Fully Loaded % | Transitional % |
|------------------------------|-------------------|-------------------|
| CET1 ratio | 17.6% | 21.0% |
| Total capital ratio | 20.0% | 23.8% |

| H1, 2017 – Capital Ratios | Fully Loaded % | Transitional % |
|------------------------------|-------------------|-------------------|
| CET1 ratio | 16.6% | 19.9% |
| Total capital ratio | 19.0% | 22.7% |

Pro-forma impact at AIB Group plc. level

- No impact on CET1
- Minority interest restriction – a portion of the AT1 and T2 instruments that are issued out of Allied Irish Banks, p.l.c. will not be reflected in the consolidated Group T1 and Total Capital ratios.
- A pro-forma* impact of the restriction is estimated at:
 - Fully loaded: 0.4% Tier 1 and 1.0% Total capital
 - Transitional: 0.5% Tier 1 and 1.1% Total capital
- The impact of this restriction will be reduced as and when outstanding AT1 and Tier 2 instruments may be redeemed and re-issued out of AIB Group plc.

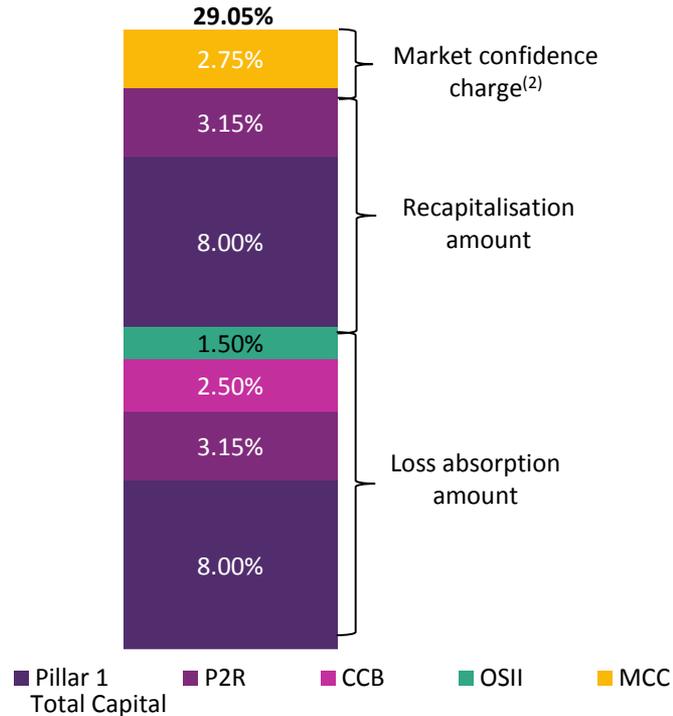
*The Minority Interest calculation may require adjustment pending the final communication of the EBA's position on the matter

MREL

Indicative MREL target



MREL calculation⁽¹⁾



MREL

- AIB MREL indicative target 29.05%
 - based on SRB published methodology for MREL calculation
 - The Capital Conservation Buffer (CCB) and Other Systemically Important Institutions (O-SII) buffers have been “fully loaded”
- MREL target is expressed as a percentage of total RWA
- SRB note that ‘MREL indicative target’ does not consider bank specific analysis
- AIB ‘specific’ MREL requirement expected to be communicated in early 2018.
- MREL issuance manageable – €3-5bn

(1) MREL informative target = Loss Absorption Amount + Recapitalisation Amount + Market Confidence Charge

(2) Market Confidence Charge = CCB + OSII – 1.25%

Credit Ratings

Improving Credit Ratings



AIB Credit Ratings – Investment Grade ratings for Allied Irish Bank p.l.c.

| | STANDARD & POOR'S | MOODY'S | FitchRatings |
|--|---|--|---|
| Allied Irish Bank p.l.c. – Long Term Issuer Rating | BBB- (Stable) | Baa2 (Stable) | BBB- (Positive) |
| Progress on AIB Credit Ratings | <p>Jan 2017: S&P upgraded AIB's long term rating by one notch to BBB- (investment grade).</p> <p>July 2017: S&P affirmed the rating</p> | <p>June 2017: Moody's upgraded AIB's long term rating one notch to Baa2 from Baa3 (investment grade), with stable outlook</p> | <p>Dec 2017: Fitch upgraded AIB one notch to BBB- (investment grade) with a positive outlook</p> |
| | STANDARD & POOR'S | MOODY'S | |
| Covered Bonds (ACS) | AAA | Aaa | |