Annual Financial Results 2015

For the financial year ended 31 December 2015

Allied Irish Banks, p.l.c.

Important information and forward looking statement

This presentation should be considered with AIB's Annual Financial Report 2015, Interim Management Statement November 2015 and all other relevant market disclosures, copies of which can be found at the following link:

http://investorrelations.aib.ie

Forward-looking statements

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 Risk and Uncertainties on pages 50 to 59 in the AIB Annual Financial Report 2015. 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 59 of the AIB Annual Financial Report 2015 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.

Performance & Strategic Objectives

Bernard Byrne
Chief Executive Officer

2015 highlights

- ✓ Simplified and strengthened capital structure with significant repayment of capital to the State
- ✓ Strong financial performance, sustainably profitable and further improvement in asset quality
- ✓ Momentum in new lending growth supported by a growing macroeconomic environment, capitalising on leading franchise positions and differentiated customer centric business model
- ✓ Generating significant capital, creating value and delivering robust capital ratios

Continued progress and underlying sustainable profitability

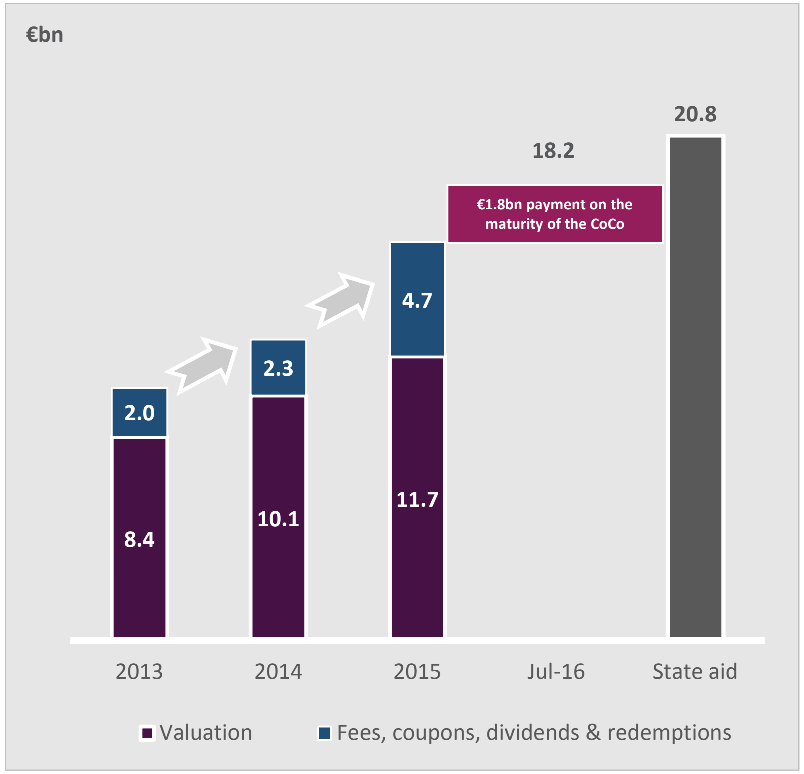
Financial Highlights	2015	2014	Change	
Profit before tax	€1.9bn	€1.1bn	↑ 72%	Strong underlying profitability benefiting from net credit provision writebacks of €925m
Operating Expenses	€1.3bn	€1.4bn	↓ 8%	Ongoing cost control and management Reduction of c. €450m since December 2012
Performing loan book	€57.0bn	€53.6bn	↑ €3.4bn	Growth in new lending and restructuring customers in financial difficulty resulting in increase in performing loans
Impaired loan balances	€13.1bn	€22.2bn	↓ €9.1bn	Implementation of sustainable restructure solutions for customers and improved economic conditions
Shareholders' equity	€12.1bn	€11.6bn	↑ €0.5bn	Generating significant levels of capital

Financial targets delivered

	December 2015	
Franchise strength	No. 1 market shares	✓
New lending approvals	€14.4bn	✓
Net interest margin (ex ELG)	1.97% - exit NIM 2.02%	✓
Cost / income ratio	49%(1)	✓
Loan / deposit ratio	100%	✓
Fully loaded CET 1 capital ratio	13.0%	✓

(1) Cost/income ratio excludes exceptional items and bank levies

Payment of €6.5bn to the State by July 2016



- € 4.7bn of State aid payment to date
  - €1.7bn preference share redemption
  - €3.0bn of fees, coupons, dividends & levies
- A further €1.8bn will be paid in July 2016
  - Maturity of € 1.6bn Contingent Capital Notes (CoCo)
  - €160m final coupon due on the CoCo
- €11.7bn[1] valuation of the Irish State's 99.9% shareholding

Well positioned to repay further capital to the State and return to private ownership over time

[1] *NTMA valuation of AIB equity stake in November 2015*

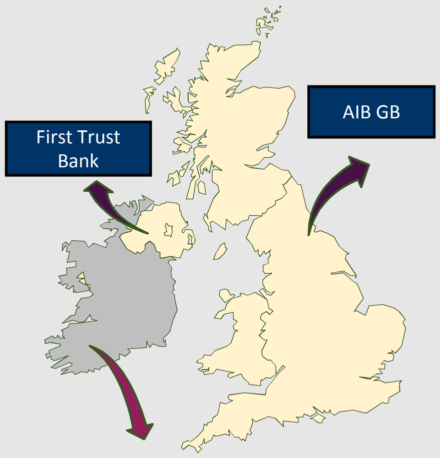
Customer centric approach driving sustainable performance

Strategic priorities

Ambition	At the heart of our customers' financial lives by always being useful, always informing and always providing an exceptional customer experience		Compelling, sustainable capital returns and a considered, transparent, and controlled risk profile	
Competitive Market Position	Pillar bank	Challenger brands	GB – niche player	
Priorities	Customer First	Simple & Efficient	Risk & Capital Management	Talent & Culture
Outcomes	Sustainable Growth	Enhanced Returns	Capital Accretion	

Competitive market position

Leading Franchise Bank



Retail, Corporate & Business Banking

Group & International

AIB Ireland

- Pillar bank supporting economic recovery
- Personal, Private, Business and Corporate Banking
- Two distinct brands
  - AIB is a leading, highly recognised financial brand
  - EBS is a challenger brand

2.3m retail and business customers

€50bn customer loans
€50bn customer deposits

AIB UK

- Leading bank for owner managed businesses in Great Britain
- Focused challenger bank in Northern Ireland

300k retail and business customers

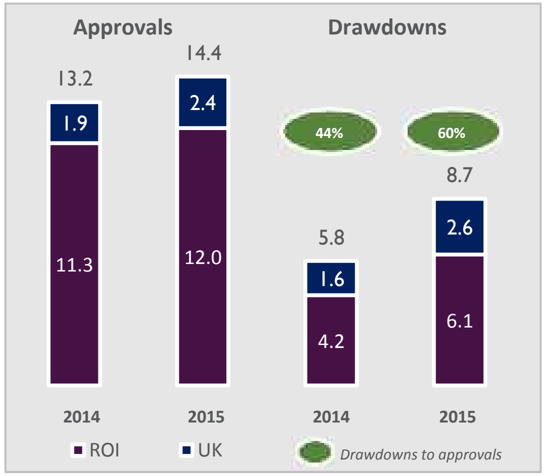
£8bn customer loans
£9bn customer deposits

AIB Group & International

- Central control and support functions
- Corporate business in Europe and the USA

Strong franchise with leading market shares

Strong momentum in approvals and drawdowns



	Approvals - €14.4bn (+10%)		Drawdowns - €8.7bn (+49%) % year on year	
Mortgages	c.€2.0bn	+ 16%	c.€1.7bn	+ 32%
Personal	c.€0.8bn	+ 13%	c.€0.5bn	+ 40%
Business	c.€4.8bn[1]	- 25%	c.€1.1bn	+ 28%
Corporate	c.€4.4bn	+ 79%	c.€2.8bn	+ 63%
AIB UK	c.€2.4bn	+ 28%	c.€2.6bn	+ 60%

Strong market share positions in retail and business banking

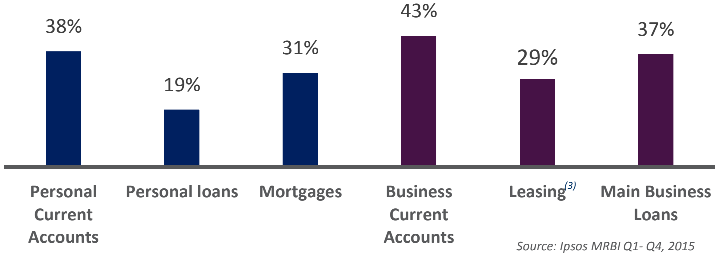
1 Mortgages

#1 Personal & Business Current Accounts

#1 Personal[2] & Business loans

#1 Business Leasing

#1 Personal & Business Credit Cards



Source: Ipsos MRBI Q1- Q4, 2015
Central Bank of Ireland – Dec 15

[1] Higher levels of refinance and restructures in the SME business portfolio in H2 2014
[2] Amongst banks
[3] Main Business Leasing Agreement

Investment aligned with strategic priorities already delivering

Customer First	Simple & Efficient	Risk & Capital Management	Talent & Culture

Focused Investment of €870m (2015- 2017)

Clear Focus

Customer First	Simple & Efficient	Risk & Capital Management	Talent & Culture
• Simple and innovative services • Omni-channel distribution and advice capability	• Resilient and agile technology platform • Customer data and analytics insights	• Risk adjusted return on capital measurement • Appropriate risk appetite	• Customer-first culture and conduct a priority • Attract and retain the best talent

Delivering & Measuring Success

✓ ✓ ✓ ✓

Personal Loan Journey

3-hour approval for Personal Loan applications launched

- Efficient, low cost to serve process
- 60% of personal loan applications now completed online
- 40% increase in lending drawdowns in 2015
- A Net Promoter Score (NPS) of 68 for the Personal Lending Journey

Complaints Handling Journey

Complaints Toolkit launched across branch network

- Dedicated, empowered Branch 'Resolvers' appointed
- 25% reduction in complaints year on year in 2015
- A Net Promoter Score improvement of 10 points for the Complaints Journey

Omni-channel model driving efficiency, growth & customer advocacy

No.1 Physical & Digital Channel Distribution Network in Ireland

203 Branches | 20 Business Centres | Mobile App | 14 Campus Locations

71 Locations | 1,100 An Post Locations | Tablet Banking | Internet Banking

Investment in Key Customer Propositions

- Reduced mortgage rates for 155,000 customers
- Mortgage customers enjoy no current accounts fees
- Extended opening hours for SME customers
- 48 hour approval for SME lending up to €30,000

With Growing Levels of Customer Interaction and Adoption

- > 1 million customers active on digital channels
- c. 50% of key products opened via direct channels

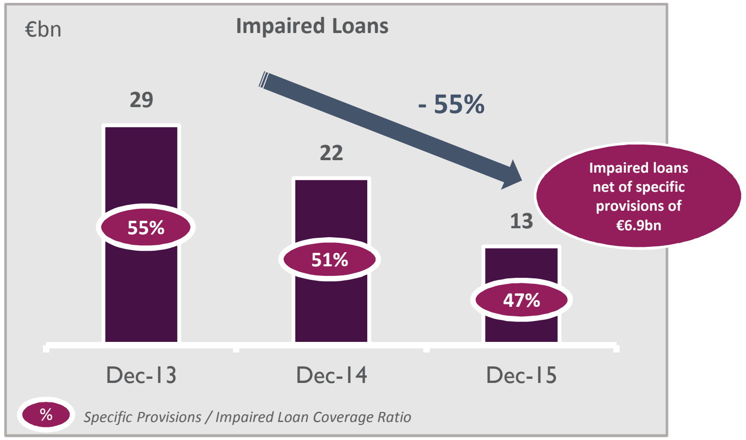
Daily interactions on 17 December 2015

All Delivering Substantial Improvements in Customer Experience

AIB NPS Q4 2014	AIB NPS Q4 2015
16	36

Customer First ✓ | Simple & Efficient ✓ | Risk & Capital Management ✓ | Talent & Culture ✓

Progress on addressing legacy challenges



Overall Total Arrears*

Early and late arrears

- 24%

Owner Occupier Arrears*

>90 days in arrears

- 24%

** by number of mortgage accounts in 2015*

Delivering for customers in financial difficulty

- Case by case restructuring of personal and business customers in financial difficulty
- €9.1bn reduction in non-performing loans to €13bn in 2015
- Comprehensive suite of sustainable solutions made available for customers
- c. 37,300 forbearance solutions provided to mortgage customers
- Reduction of c. 20,600 in the number of owner occupier mortgage accounts in arrears since peak

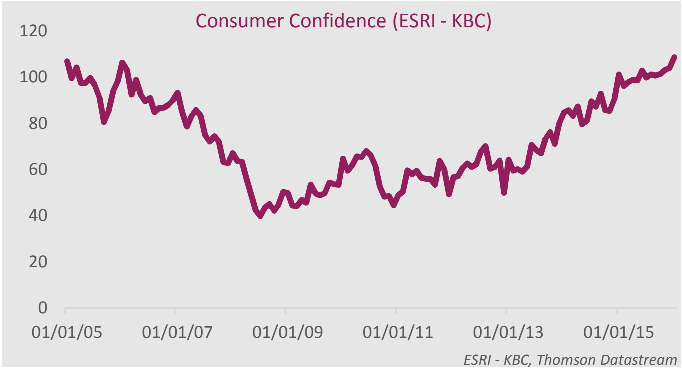
Resolving legacy customer challenges

- Prudent provision and dedicated resources focused on satisfactory completion of ongoing mortgage review

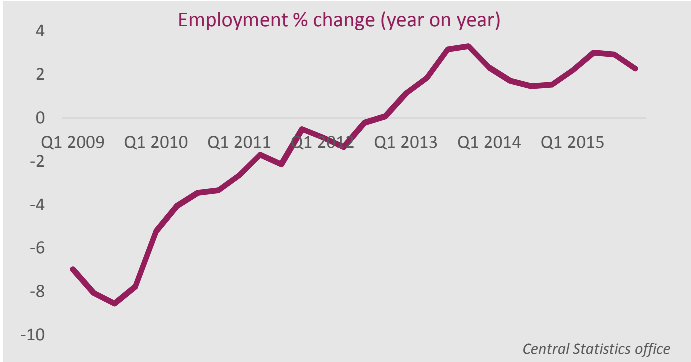
Customer First ✓ | Simple & Efficient ✓ | Risk & Capital Management ✓ | Talent & Culture ✓

Improving economy supporting performance

Consumer confidence at a 15 year high

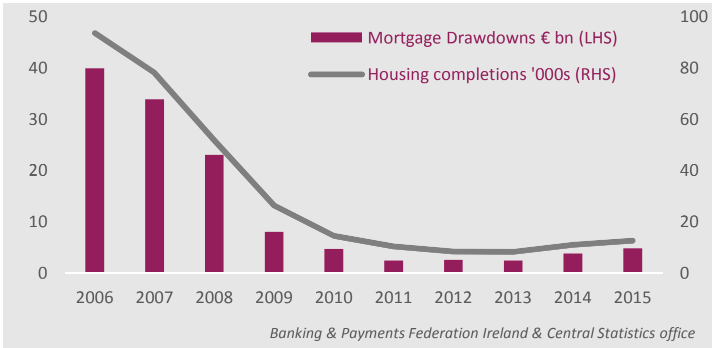


Employment at 7 year high

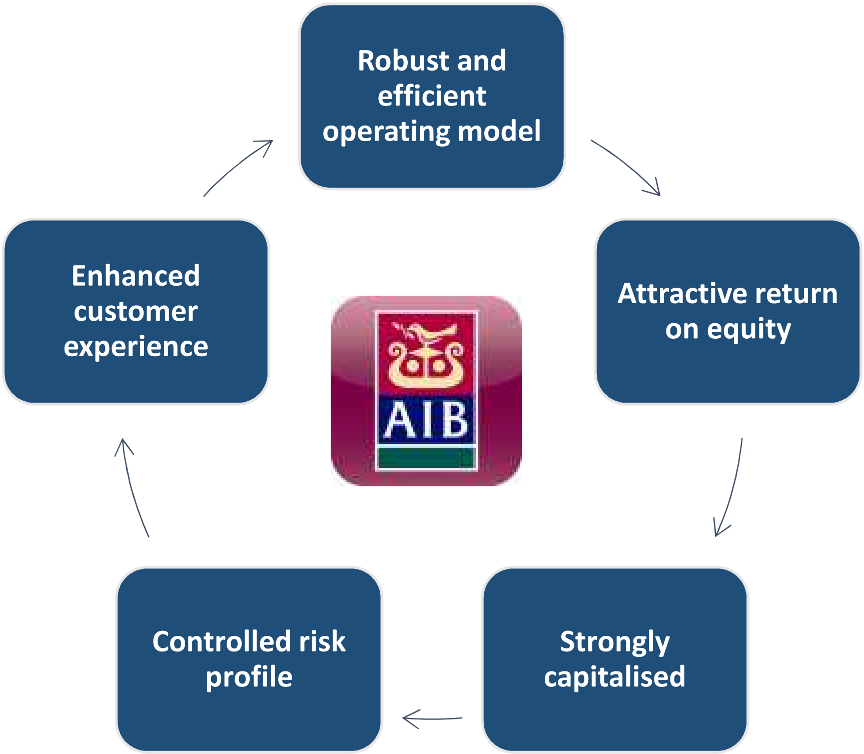


Household debt at 2005 levels

Housing completions recovering from record lows



Focused on delivering sustainable performance



Delivering value creation for shareholders

Summary

- ✓ Profitable with strong capital base and well positioned to deliver capital to the State
- ✓ Ongoing improvement in asset quality with significant reduction in impaired loans
- ✓ Market leading brand supporting lending growth through a differentiated and efficient customer centric business model enhanced by digital innovation
- ✓ Executing a clear strategy to deliver enhanced customer experience and sustainable value accretion to shareholders

Strong progress and well positioned for the future

2015 Financial Results

Mark Bourke
Chief Financial Officer

Financial highlights

Momentum and improvement across key performance metrics

- ✓ Improved financial performance across all metrics and sustainable underlying profitability
- ✓ Strong growth in new lending
- ✓ Significant reduction in impaired loans
- ✓ Strong capital stack and ratios

Operating performance

Income Statement

Underlying operating profit up 18% to €1.3bn

Summary income statement (€m)	2015	2014	Change %
Net interest income	**1,927**	1,687	14%
Other income	**696**	843	-17%
Total operating income	**2,623**	2,530	4%
Total operating expenses (1)	**(1,296)**	(1,403)	-8%
Operating profit before provisions	**1,327**	1,127	18%
Bank levies	**(68)**	(60)	
Provisions	**923**	188	
Associated undertakings & profit on sale	**28**	29	
Operating profit before exceptionals	**2,210**	1,284	
Exceptional items	**(296)**	(173)	
Profit before tax from continuing operations	**1,914**	1,111	

Metrics	2015	2014	Change
Net interest margin (excluding ELG)	**1.97%**	1.69%	28bps
Cost income ratio (1)	**49%**	55%	6%
Return on average ordinary shareholders' equity (2)	**12.4%**	8.0%	4.4%
Return on assets	**1.3%**	0.8%	0.5%

- Operating profit before provisions €200m higher (+18%) to €1.3bn
  - higher levels of net interest income (+14%)
  - lower operating expenses (-8%)
- Profit before tax €1.9bn, a €0.8bn improvement on Dec 2014
  - significant net credit provision write back of €0.9bn
- Exceptional items €296m (2014 - €173m) includes restitution, restructuring and voluntary severance
- Key financial metrics trending positive
  - continued positive NIM trajectory
  - improvement in cost income ratio
  - strong ROE, enhanced by writebacks

(1) *Excludes exceptional items and bank levies*
(2) *Profit attributable to ordinary shareholders after deduction of the annual dividend on the 2009 Preference Shares as a percentage of average ordinary shareholders' equity*

Average balance sheet

Stable asset yields and lower funding costs driving NIM expansion

	Year ended 31 December 2015			Year ended 31 December 2014		
	Average balance	Interest	Average Rate	Average balance	Interest	Average Rate
	€m	€m	%	€m	€m	%
Assets						
Loans and receivables to customers	**64,868**	**2,214**	**3.41**	65,391	2,237	3.42
NAMA senior bonds	**7,614**	**31**	**0.41**	12,569	80	0.64
Financial investments AFS	**19,503**	**514**	**2.63**	19,444	567	2.92
Finanical investments HTM	**106**	**4**	**3.76**			
Other interest earning assets	**7,181**	**25**	**0.36**	5,966	22	0.36
Net interest on swaps		**81**			91	
Average interest earning assets	**99,272**	**2,869**	**2.89**	103,370	2,997	2.90
Non interest earning assets	**7,557**			8,237		
Total assets	**106,829**	**2,869**		111,607	2,997	
Liabilities and shareholders' equity						
Deposits by banks	**15,734**	**4**	**0.03**	18,515	46	0.25
Customer accounts	**43,777**	**426**	**0.97**	48,944	637	1.30
Subordinated liabilities	**1,625**	**278**	**17.10**	1,401	256	18.30
Other debt issued	**7,475**	**204**	**2.74**	8,921	312	3.49
Average interest earning liabilities	**68,611**	**912**	**1.33**	77,781	1,251	1.61
Non interest earning liabilities	**25,985**			22,426		
Shareholders' equity	**12,233**			11,400		
Total liabilities and shareholders' equity	**106,829**	**912**		111,607	1,251	
Net interest income excluding ELG [(1)]		**1,957**	**1.97**		1,746	1.69
ELG		**(30)**	**(0.03)**		(59)	(0.06)
Net interest income including ELG		**1,927**	**1.94**		1,687	1.63

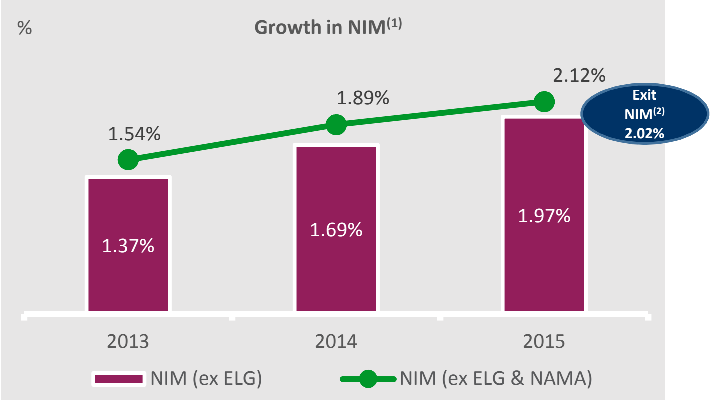
(1) Net interest margin excluding ELG

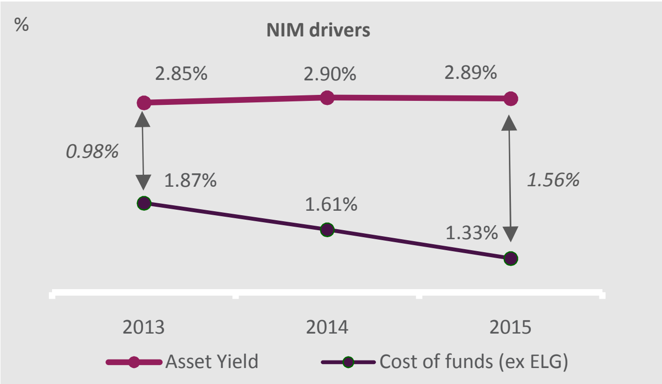
NIM[(1)] **1.97%** increased by 28bps driven primarily by:

- **stable asset yields, 2.89%**
- **NAMA bond redemptions €3.8bn in 2015**
- **lower funding costs, 1.33%**

Structure of net interest margin

Underlying NIM >2%; further structural factors to impact





- **NIM[1] of 1.97%**

There are a number of structural factors impacting NIM:

- **Contingent Capital Notes**
  - scheduled redemption of €1.6bn in July 2016
  - positively impacts NIM by c. 27bps on an annualised basis (net of LT2 / AT1 replacement cost c. 24bps)

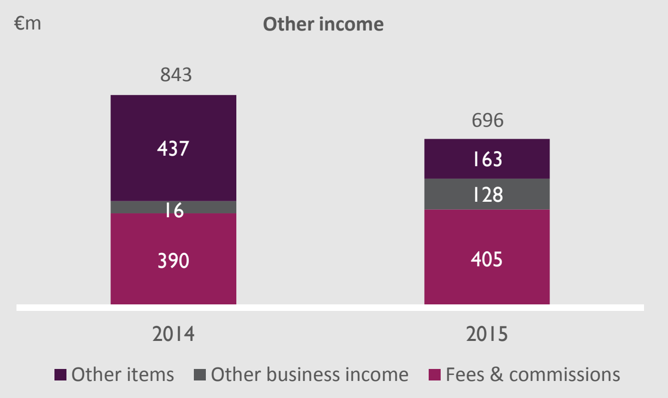
- **NAMA senior bonds**
  - planned future redemptions by NAMA by 2018 positively impacts NIM by 15bps

- **AFS & HTM Debt Securities**
  - maturity of high yielding Irish Government Securities will impact NIM
  - 70% of the overall AFS book maturing in less than 5 years

(1) Net interest margin excluding ELG
(2) Exit NIM is the average net interest margin excluding ELG for Q4 2015

Other income

Increased customer activity supporting fees and commissions



Other income (€m)	2015	2014	Change %
Net fee and commission income	**405**	390	4%
Other business income	**128**	16	
Business income	**533**	406	31%
Gains on disposal of AFS securities	**85**	181	
Re-estimation of the timing of cash flows on NAMA bonds	**6**	132	
Settlements and other gains	**72**	124	
Other items	**163**	437	
Total other income	**696**	**843**	-17%

- Higher net fee and commission income of €405m, up 4% year on year
  - higher fee income due to increased current account activity
  - increase in wealth commissions, insurance profit share and credit related fees
- Other business income €128m, (up from €16m) includes
  - dividend income broadly in line €26m
  - FX and other income €15m (2014 €16m)
  - higher net trading income €87m compared to a €25m charge in Dec 2014 primarily due to valuation adjustments on customer derivative positions
- Other items €163m in 2015 (2014 €437m) includes:
  - net gains on AFS disposals €85m (2014 €181m)
  - settlements and other gains of €72m[(1)]

(1) Includes €39m loss on sale of UK portfolio of loans

Costs

Managing cost while continuing to invest in customer proposition and infrastructure

- Since 2012, total operating expenses down 26% reaching cost reduction target of €450m
- Cost income ratio reduced from 55% to 49%
- Total operating expenses reduced by €107m (8%) in 2015
- Staff costs reduced by €42m (5%) and other costs reduced by €65m (10%) following
  - ongoing cost management and control
  - focus on simplifying our business
- To date increasing regulatory, compliance and staff costs pressures offset by overall cost reductions
- Ongoing strategic investment in customer, digital and information technology programmes
  - investment programme €870m (2015 to 2017)
    - customer experience
    - efficient and resilient

(1) Excluding exceptional items & bank levies
(2) Period end

P&L - Other items

Significant provision writeback driven by improving economic environment and restructuring activity

Summary income statement (€m)	2015	2014
Operating profit before provisions	**1,327**	1,127
Bank levies	**(68)**	(60)
Provisions	**923**	188
Associated undertakings & profit on property sale	**28**	29
Operating profit before exceptionals	**2,210**	1,284
Exceptional items	**(296)**	(173)
Profit before tax from continuing operations	**1,914**	1,111

Total exceptional items (€m)	2015	2014
Restitution & restructuring	**(250)**	(151)
including: provision for customer redress		
- interest refunds / other compensation	***(105)***	
- other related matters	***(85)***	
Gain on transfer of financial instruments	**5**	2
Voluntary severance	**(37)**	(24)
Other exceptional items	**(14)**	0
Total exceptional items	**(296)**	**(173)**

- Bank levies €68m includes
  - Irish bank levy €60m
  - BRRD[1] €8m
- Net credit provision writeback of €925m[2] in 2015 includes:
  - new to impaired provisions charge of €281m (38bps) in 2015 compared to €541m (68bps) in 2014 due to ongoing slowing pace of migration
  - writeback of specific provisions €789m
  - IBNR release €417m
- Exceptional items €296m includes restitution & restructuring expenses (Dec 2014 €173m)
  - provisions for customer redress associated with mortgage tracker examination
    - interest refunds/other compensation €105m
    - other related matters €85m
  - voluntary severance costs of €37m

(1) BRRD – Bank recovery and resolution directive; introduced in 2015
(2) Excludes €2m provision for liabilities and commitments

Balance sheet and Asset quality

Balance sheet

Strong funding ratios reflective of efficient balance sheet management

Balance Sheet €bn	Dec-15	Dec-14	% Change
Gross loans to customers	**70.1**	75.8	-8%
Provisions	**(6.9)**	(12.4)	-45%
Net loans to customers	**63.2**	63.4	0%
Financial investment AFS	**16.5**	20.2	-18%
Financial Investment HTM	**3.5**	0.0	
NAMA senior bonds	**5.6**	9.4	-40%
Other assets	**14.3**	14.5	-1%
Total assets	**103.1**	107.5	-4%
Customer accounts	**63.4**	64.0	-1%
Monetary Authority funding	**2.9**	3.4	-15%
Other market funding	**11.0**	13.4	-18%
Debt securities in issue	**7.0**	7.9	-11%
Other liabilities	**6.7**	7.2	-7%
Total liabilities	**91.0**	95.9	-5%
Shareholders' equity	**12.1**	11.6	4%
Total liabilities & shareholders' equity	**103.1**	107.5	-4%

Key Metrics (%)			Change
Loan to deposit ratio	**100**	99	1%
LCR	**113**	116	-3%
NSFR	**111**	112	-1%
CRD IV transitional CET 1 ratio	**15.9**	16.4	-0.5%
CRD IV fully loaded CET 1 ratio	**13.0**	5.9	7.1%
€bn			% Change
Risk weighted assets	**58.5**	59.1	-1.0%

The capital position as at 31 December 2015 as outlined above does not include any deduction for future dividends on ordinary shares

Assets

- Net loans to customers stable at €63.2bn
  - new lending drawdowns of €8.7bn was 49% higher than 2014
- Re-classified €3.5bn AFS Irish Government Securities to Held to Maturity (HTM)
- NAMA senior bond redemptions of €3.8bn in 2015

Liabilities

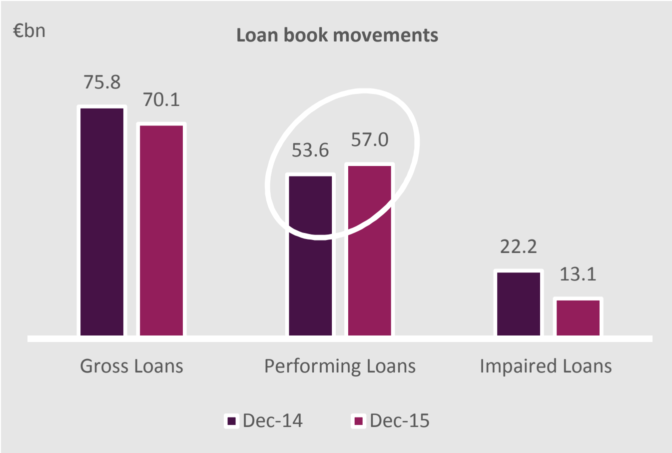
- Customer accounts broadly stable at €63.4bn[1]
  - growth in underlying franchise customer accounts with c. €4bn increase in current accounts offset by lower volumes of deposits
- Shareholders' Equity increase €0.5bn primarily due to
  - profit for 2015 €1.4bn
  - AT1 issuance €0.5bn
  - payment to the State (€1.7bn)
  - payment of dividends on 2009 Pref Shares (€0.5bn)
  - AFS reserves €0.1bn
  - net pension deficit reduction €0.7bn

[1] includes reduction of €1.2bn for Repos

Customer loans

New lending up 49% to €8.7bn, driving 6% performing loan book growth

Customer loans (€bn)	Performing loans	Impaired loans	Gross loans	Specific provisions	IBNR provisions	Net loans
Opening balance (1 January 2015)	**53.6**	**22.2**	**75.8**	**(11.3)**	**(1.1)**	**63.4**
New lending volumes	8.7	0.0	8.7	0.0	0.0	8.7
New impaired loans	(0.7)	0.7	0.0	(0.3)	0.0	(0.3)
Restructures and writeoffs (1)	3.2	(8.6)	(5.4)	5.5	0.0	0.1
Redemptions of existing loans	(8.5)	(1.6)	(10.1)	0.0	0.0	(10.1)
Foreign exchange movements	0.9	0.2	1.1	(0.1)	0.0	1.0
Other movements	(0.2)	0.2	0.0	0.0	0.4	0.4
Closing balance (31 Dec 2015)	**57.0**	**13.1**	**70.1**	**(6.2)**	**(0.7)**	**63.2**

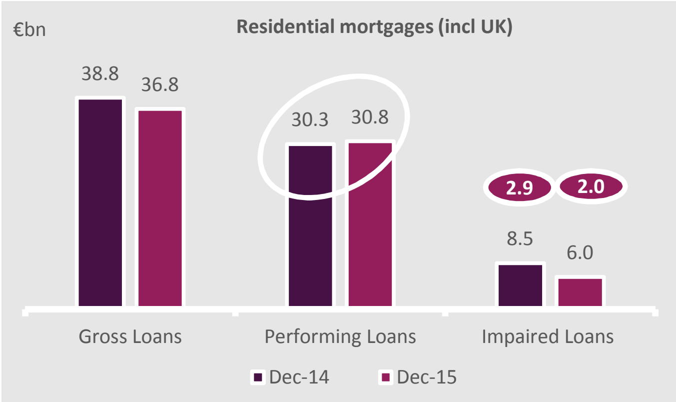


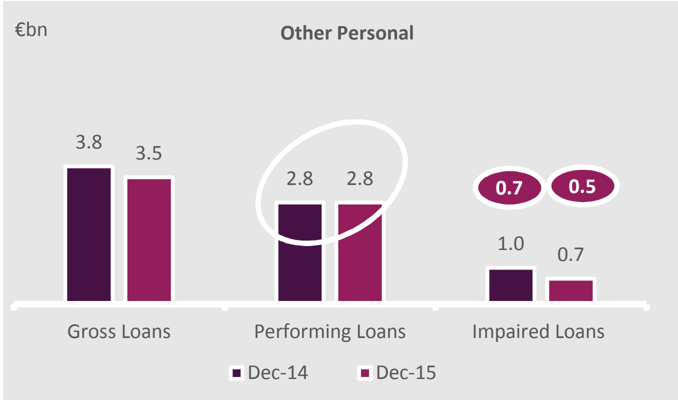
- Growth and improvement in grade and quality in performing loans
- Continued momentum in impaired loans reduction
- Working within provisions stock

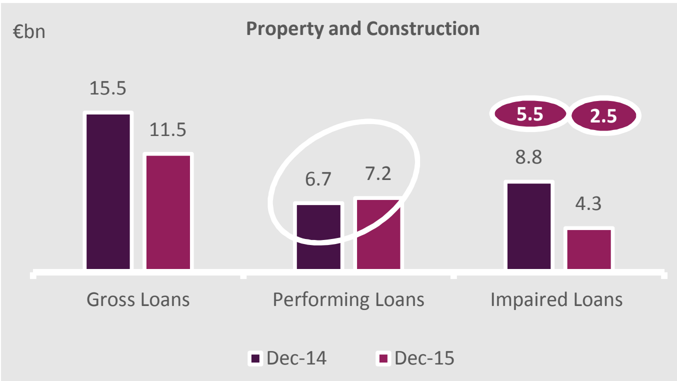
(1) includes non contractual writeoffs

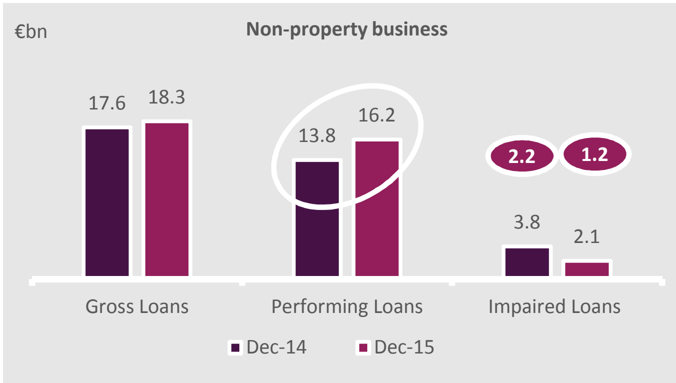
Customer loans

Performing loans increasing; impaired loans significantly down with good coverage





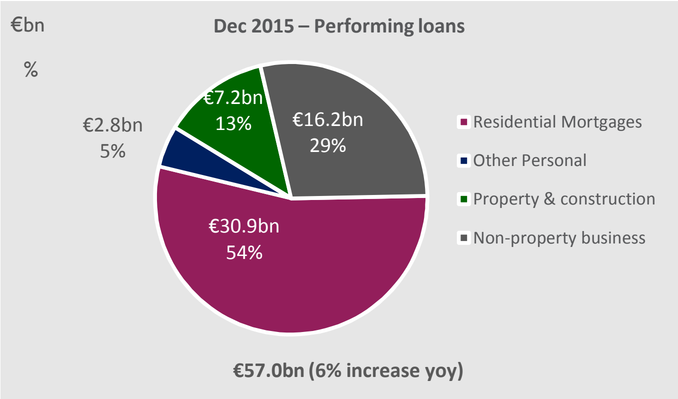


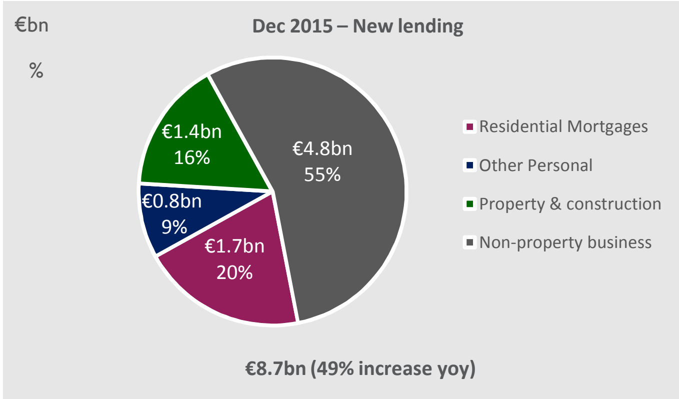


Specific provisions

Customer loans

Business banking driving new lending growth

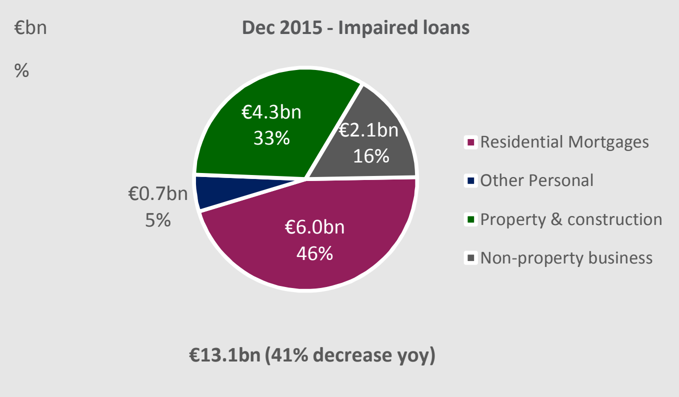


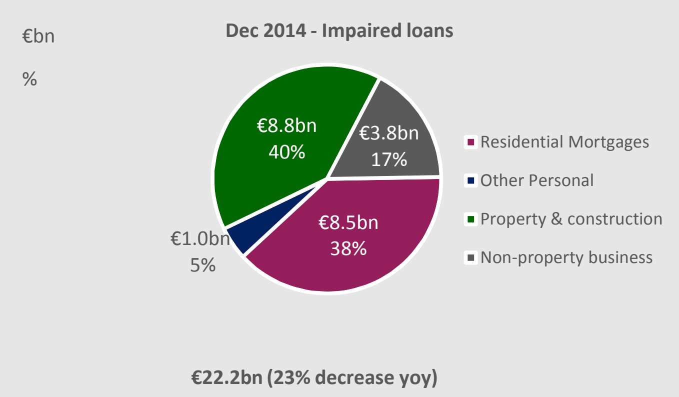


- Performing loan book grew by c. €3.4bn in 2015 with new lending outpacing redemptions
- €8.7bn in new lending drawdowns during 2015
- Growth in business lending with increased activity across most sectors due to increased credit demand resulting in new lending of c. €4.8bn – particularly Agri, Hotels, Professional Services
- €3.2bn increase in performing loans due to restructures/cures

Impaired loans

Significant reduction in impaired loans





- Impaired loans down €9.1bn – reduction across all portfolios
  - reflective of extensive engagement with customers to restructure facilities, redemptions and provision write-offs
- Pace of formation of new impaired loans slowed reflecting improved economic conditions
  - new to impaired provisions charge - €281m (38bps) in 2015 compared to €541m (68bps) in 2014
- Residential mortgages:
  - Total arrears levels down 24%[1] due to restructuring activity and improving economic conditions
  - c. €1bn of forborne mortgages in 'probationary period'
  - robust specific provision coverage ratios

(1) Arrears by no of accounts

Asset quality

Continued progress as impaired loans reduce across all sectors

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**	**70.2**
Impaired	**6.0**	**0.7**	**4.3**	**2.1**	**13.1**
Balance sheet provisions (specific + IBNR)	**2.3**	**0.5**	**2.6**	**1.3**	**6.8**
Specific provisions / impaired loans (%)	**34%**	**70%**	**57%**	**55%**	**47%**
Total provisions / total loans (%)	**6%**	**15%**	**23%**	**7%**	**10%**

Impaired loans net of specific provisions €6.9bn

Dec-14 €bn	Residential Mortgages	Other Personal	Property and Construction	Non-property business lending	Total
Loans and receivables to customers	38.8	3.8	15.5	17.6	75.8
Impaired	8.5	1.0	8.8	3.8	22.2
Balance sheet provisions (specific + IBNR)	3.4	0.8	5.7	2.6	12.4
Specific provisions / impaired loans (%)	34%	69%	62%	59%	51%
Total provisions / total loans (%)	9%	20%	36%	15%	16%

Impaired loans net of specific provisions €10.8bn

Year on year movements €bn	Residential Mortgages	Other Personal	Property and Construction	Non-property business lending	Total
Impaired	**(2.5)**	**(0.3)**	**(4.5)**	**(1.7)**	**(9.1)**
Balance sheet provisions (specific + IBNR)	**(1.1)**	**(0.2)**	**(3.0)**	**(1.2)**	**(5.6)**

Balance sheet provisions

Successful engagement with customers in difficulty

Balance sheet provisions movement (€bn)	Residential Mortgages	Other Personal	Property & construction	Non-property business	Total
Opening Balance sheet provisions 1 Jan 2015					
Specific	2.9	0.7	5.5	2.2	11.3
IBNR	0.6	0.1	0.2	0.3	1.1
Balance sheet provisions	3.4	0.8	5.7	2.6	12.4
Income statement - credit provision charge/writebacks					
Specific	-0.2	0.0	-0.2	-0.1	-0.5
IBNR	-0.3	0.0	0.0	-0.1	-0.4
Total	-0.5	0.0	-0.2	-0.2	-0.9
Impairment charge / avg loans					*(126bps)*
Balance sheet provisions - amounts written off / other					
Total	-0.6	-0.2	-2.8	-1.0	-4.6
Closing Balance sheet provisions 31 Dec 2015					
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**

51%[1] coverage

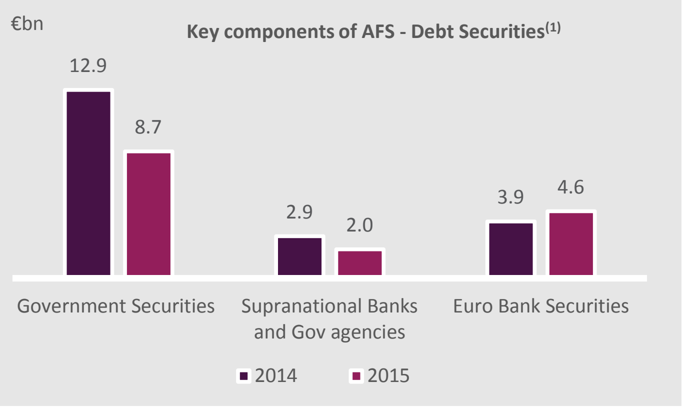
47% coverage

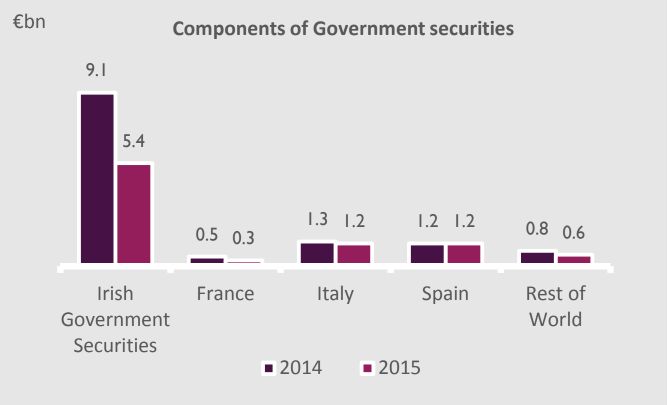
- Specific provision / impaired loans cover reduced to 47% at Dec 2015 from 51% mainly driven by:
  - restructuring of larger loans with higher provision cover
  - loan amounts written off against related provision where prospect of recovery is considered unlikely

(1) Provision coverage = Specific Provisions / Impaired loans

Financial investments

€20bn portfolio of Financial investments - €3.5bn reclassified to HTM





Held to Maturity:

- €3.5bn of Irish Government Securities were reclassified from AFS to Held to Maturity in 2015

AFS - Debt Securities:

- AFS portfolio €16.5bn of which €15.7bn debt securities
- Net gains from disposal of AFS securities in 2015 - €85m
- Average yield on AFS 2.63% down from 2.92% (2014)
- c. 70% of the book maturing < 5yrs

AFS - Equity Securities:

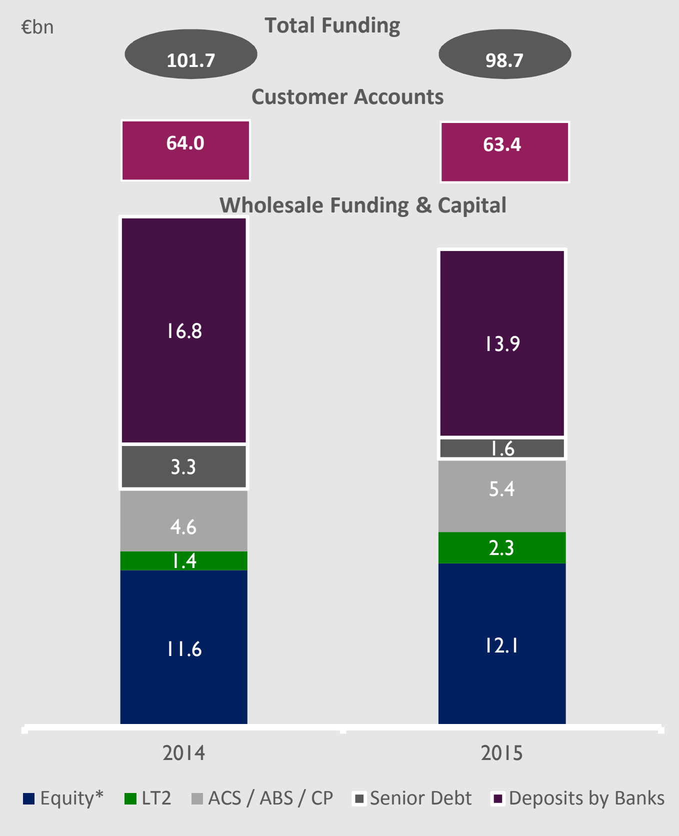
- Equity securities available for sale €0.8bn increased by €0.4bn
  - increase principally due to fair value of member's interest in VISA Europe €294m
  - increase in NAMA subordinated bonds of €0.1bn to €0.4bn

(1) Excludes NAMA senior bonds of c. €5.6bn

Funding & Capital

Funding structure

Normal market participant



**Equity includes AT1*

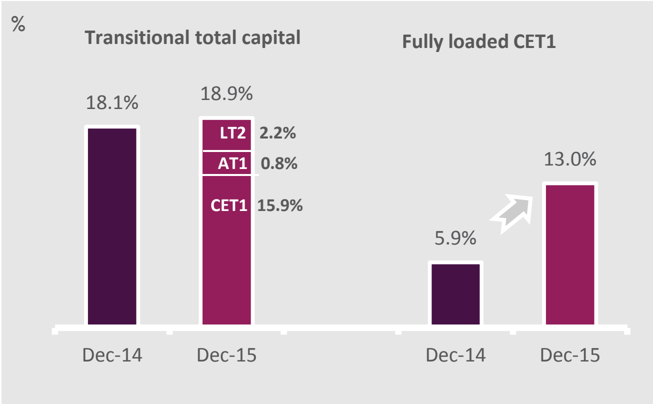
- Customer accounts funding loan book
  - 64% of total funding requirement
  - 100% loan to deposit ratio

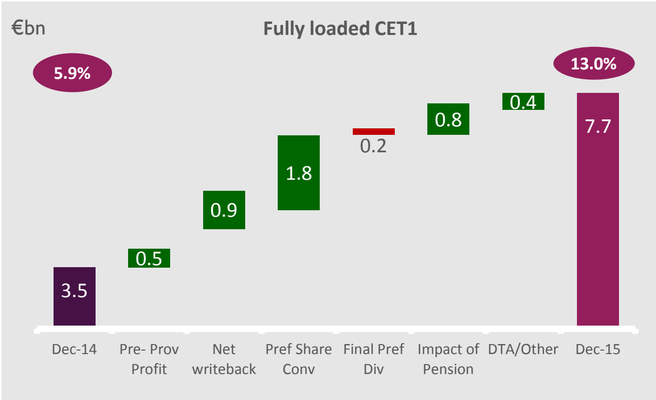
- Continued access to markets with issuances including
  - 7 year AIB Mortgage Banks ACS issuance €750m
  - 5 year AIB Mortgage Banks ACS issuance €750m
  - 5 year Senior Unsecured Debt Issue €500m
  - Maturities in the year €2.8bn (€0.6bn secured; €2.2bn unsecured) with
  - overall average cost of funding for Debt Securities issued has reduced to 2.74% (2015) from 3.49% (2014)

- Additional successful debt capital issuances
  - €750m of Subordinated Tier 2 notes (“LT2”) and
  - €500m of fixed rate reset Additional Tier 1 (“AT1s”)
  - Issuances were significantly oversubscribed

Capital ratios

Strong capital base with total capital 18.9% - normalised capital stack





The capital position as at 31 December 2015 as outlined above does not include any deduction for future dividends on ordinary shares

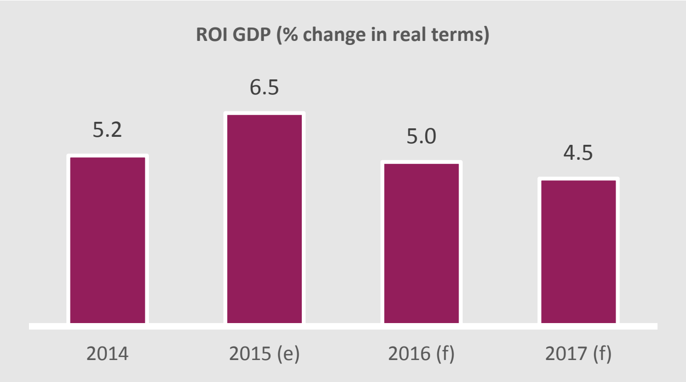
- 2015 transitional total capital ratio of 18.9%
  - includes successful issuances of €500m AT1 and €750m LT2
- Robust transitional CET1 ratio of 15.9% following
  - repayment of €1.7bn to the State due to partial redemption of 2009 Preference Shares
  - profits generated of €1.4bn in 2015
- CET1 fully loaded ratio of 13.0% at Dec 2015, up from 5.9% in 2014
  - Fully loaded capital has increased by €4.2bn, reflecting:
    - profit after tax €1.4bn
    - partial conversion of 2009 Pref Shares €1.8bn
    - decrease in the pension deficit €0.8bn
    - other movements €0.4bn (which include reduction in DTA €0.5bn)
- RWA €58.5bn in 2015 down from €59.1bn primarily due to restructuring activity / reduction in impaired loans offset by fx impact.

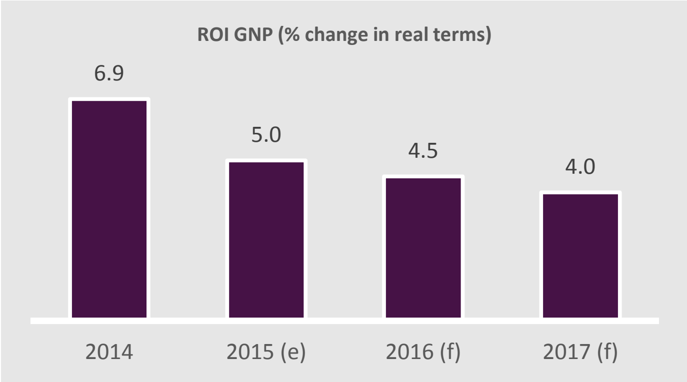
Summary

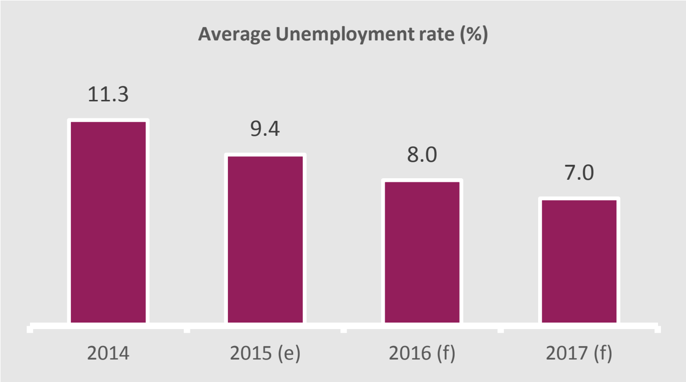
- ✓ Momentum and improvement across key performance metrics
- ✓ Sustainable underlying profitability
- ✓ Normalised funding structure and strong capital base

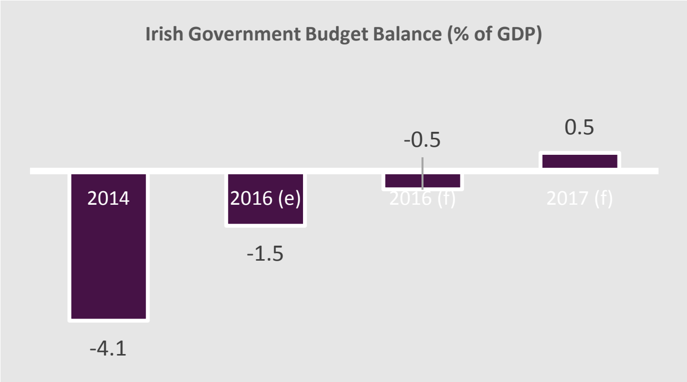
Appendix

Macroeconomic story









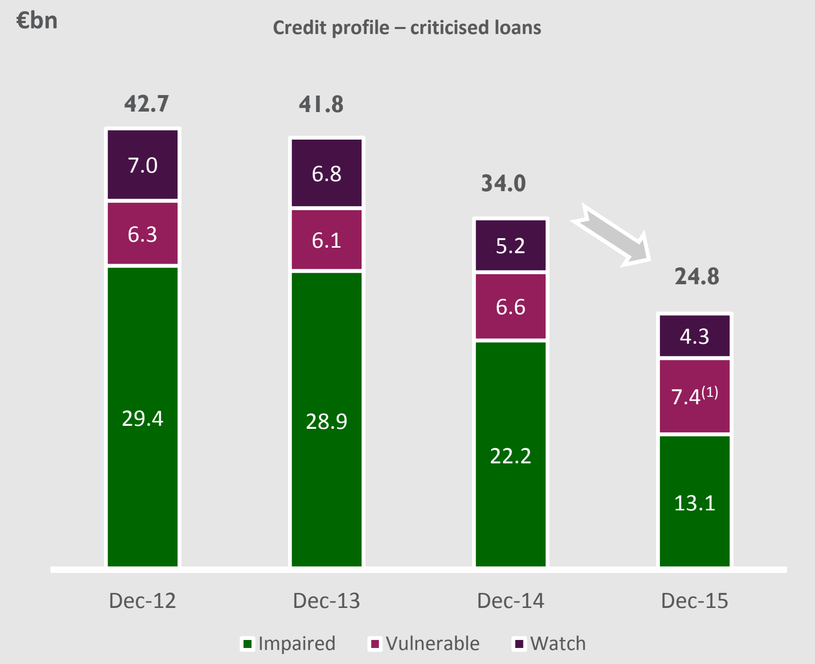
AIB segments

Contribution statement (€m)	AIB Ireland 2015	AIB Ireland 2014	AIB UK (£m) 2015	AIB UK (£m) 2014	Group & International 2015	Group & International 2014
Net interest income	**1,445**	1,298	**215**	198	**185**	143
Other income	**443**	436	**36**	56	**203**	339
Total operating income	**1,888**	1,734	**251**	254	**388**	482
Total operating expenses	**(755)**	(828)	**(117)**	(130)	**(379)**	(413)
Operating profit before provisions	**1,133**	906	**134**	124	**9**	69
Provisions	**901**	257	**32**	(57)	**(22)**	1
Bank levies					**(68)**	(60)
Operating contribution	**2,034**	1,163	**166**	67	**(81)**	10
Balance sheet metrics (€bn)						
Gross loans	**55.8**	61.7	**8.4**	9.5	**2.8**	1.9
Net loans	**50.1**	51.1	**7.6**	8.1	**2.8**	1.9
Customer accounts	**50.2**	48.5	**8.6**	9.0	**1.5**	4.0
Financial Investments (AFS & HTM)					**20.0**	20.2
Nama Senior Bonds					**5.6**	9.4
LDR (%)	**100%**	105%	**88%**	90%	**87%**	90%

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	2.875% annually	2.33% annually	2.75% annually	0.625% annually	1.375% annually	0.625% annually	4.125% annually	7.375% semi-annual	0.875% annually

Criticised loans and definitions



(1) Includes upgrades from impaired as well as downgrades from watch

Watch	The credit is exhibiting weakness but with the expectation that existing debt can be fully repaid from normal cash flows.
Vulnerable	Credit where repayment is in jeopardy from normal cash flows and may be dependent on other sources.
Impaired	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.

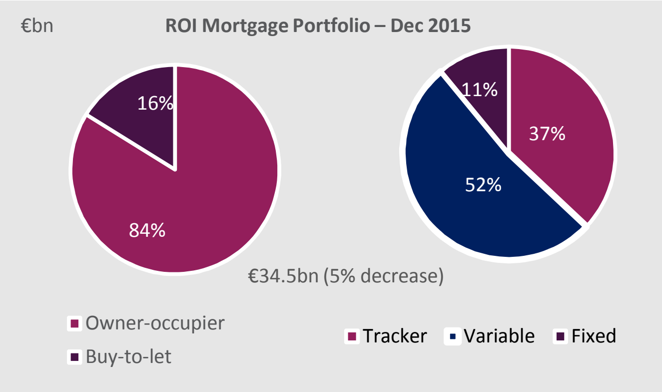
Improving asset quality

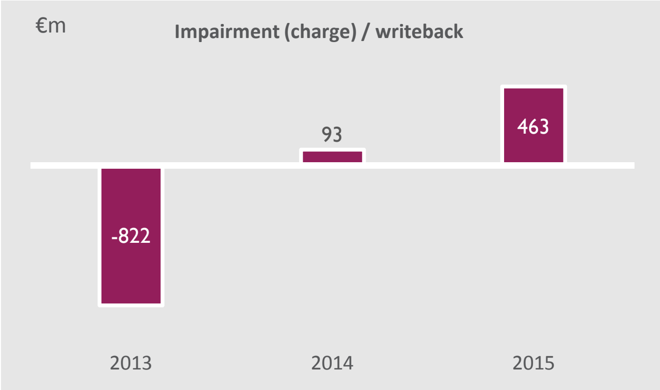
€m	Dec-15 Ireland	UK	Group & Intl	Total	Dec-14 Ireland	UK	Group & Intl	Total
Residential mortgages	34,456	2,362	0	36,818	36,324	2,522	0	38,846
of which: owner-occupier	28,880	2,048	0	30,928	29,631	2,177	0	31,808
of which: buy-to-let	5,576	314	0	5,890	6,693	345	0	7,038
Other personal	3,156	356	0	3,512	3,430	407	0	3,837
Property and onstruction	8,055	3,443	34	11,532	11,137	4,395	5	15,537
Non-property business lending	10,223	5,292	2,786	18,301	10,808	4,884	1,920	17,612
Total	55,890	11,453	2,820	70,163	61,699	12,208	1,925	75,832
Impaired loans	11,371	1,668	46	13,085	19,218	2,886	58	22,162
Imparied provisions	5,705	1,098	29	6,832	10,564	1,803	39	12,406
of which: Specific	5,109	1,027	22	6,158	9,563	1,718	34	11,315
of which: IBNR	596	71	7	674	1,001	85	5	1,091
Specific provisions / impaired loans	45%	62%	48%	47%	50%	60%	59%	51%
Net Loans	50,185	10,355	2,791	63,331	51,135	10,405	1,886	63,426

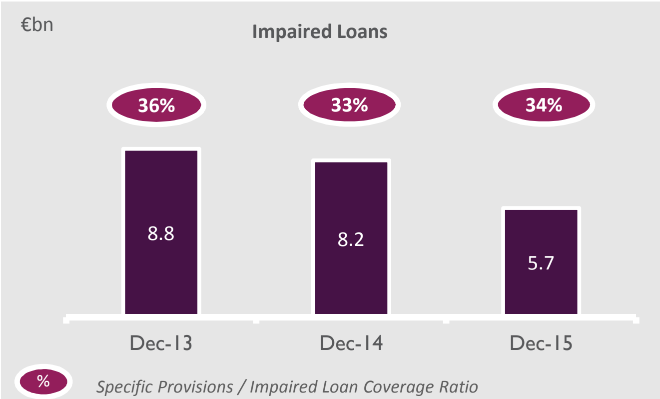
Balance sheet provisions by segment

Balance sheet provisions movement (€m)	Ireland	UK	Group & Intl	Total
Opening Balance sheet provisions 1 Jan 2015				
Specific	9,563	1,718	34	11,315
IBNR	1,001	85	5	1,091
Balance sheet provisions	10,564	1,803	39	12,406
Income statement - credit provision charge/writebacks				
Specific	-487	-30	9	-508
IBNR	-405	-14	2	-417
Total	-892	-44	11	-925
Impairment charge / avg loans	*(152bps)*	*(35bps)*	*0.50bps*	*(126bps)*
Balance sheet provisions - amounts written off / other				
Total	-3,967	-661	-21	-4,649
Closing Balance sheet provisions 31 Dec 2015				
Specific	**5,109**	**1,027**	**22**	**6,158**
IBNR	**596**	**71**	**7**	**674**
Balance sheet provisions	**5,705**	**1,098**	**29**	**6,832**

ROI residential mortgages – arrears significantly lower







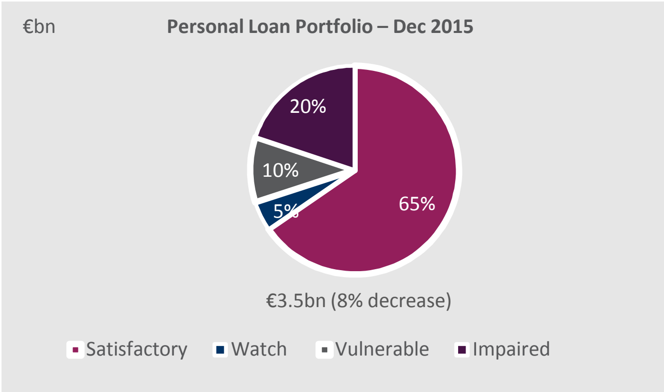
- 84% of the RoI mortgage portfolio is owner occupier and 16% is buy to let
- Arrears levels down 24%(1) in 2015 due to restructuring activity and improving economic conditions

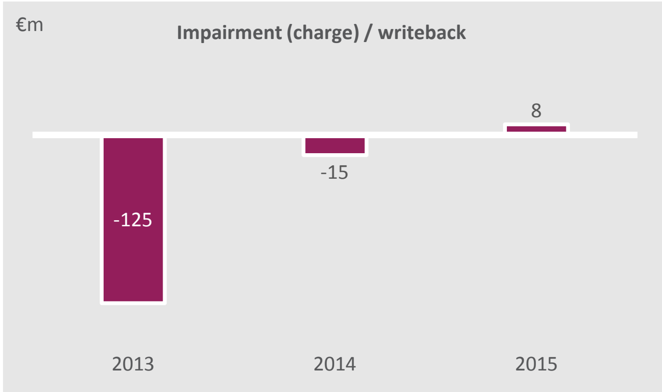
  -Arrears owner-occupier down 24% in 2015

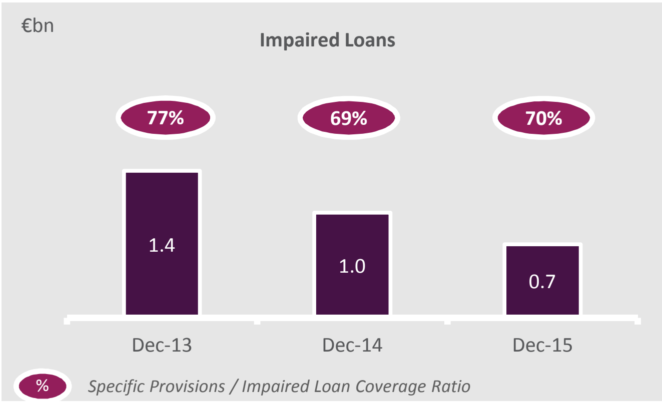
  -Arrears buy-to-let down 25% in 2015
- Impaired loans down €2.5bn (30%) in 2015 to €5.7bn mainly due to restructuring, write-offs and repayments through customer asset sales
- c. €1bn of forborne mortgages in 'probationary period'

(1) Arrears by no of accounts

Other personal

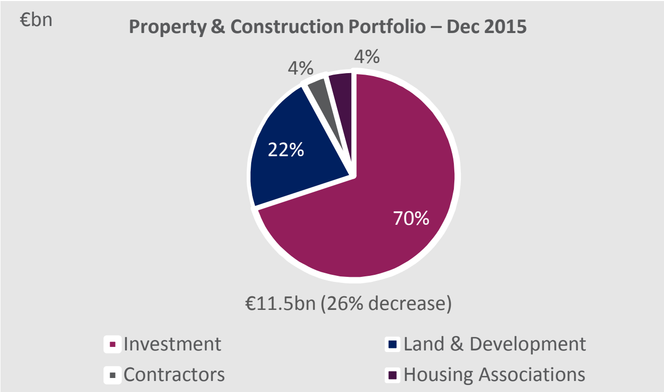


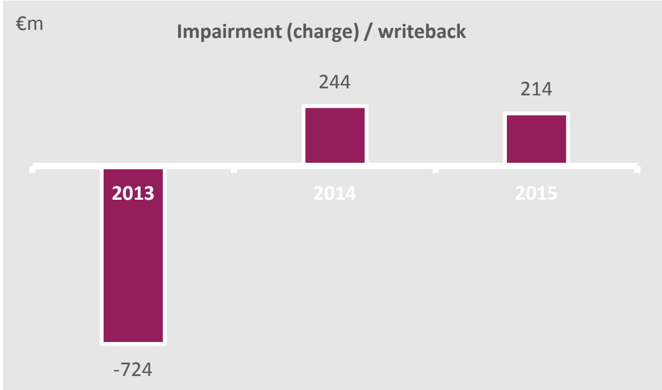


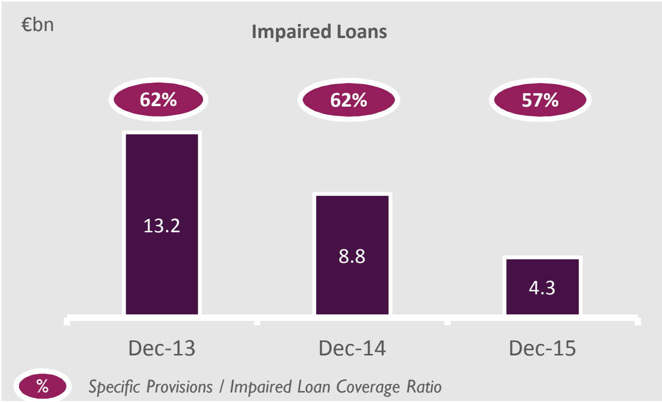


- Overall portfolio has reduced by 8% in 2015 mainly driven by a reduction in impaired loans and redemptions, offset by new lending
- Increase in demand for personal loans was due to improved economic environment and an expanded product offering (including on-line approval through internet, mobile and telephone banking applications)
- Specific provision cover increased from 69% to 70%

Property & construction



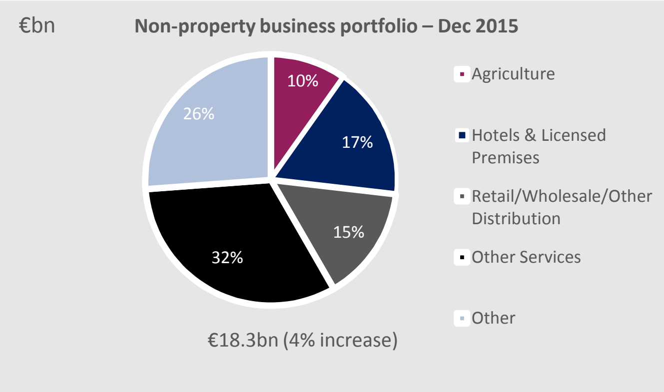


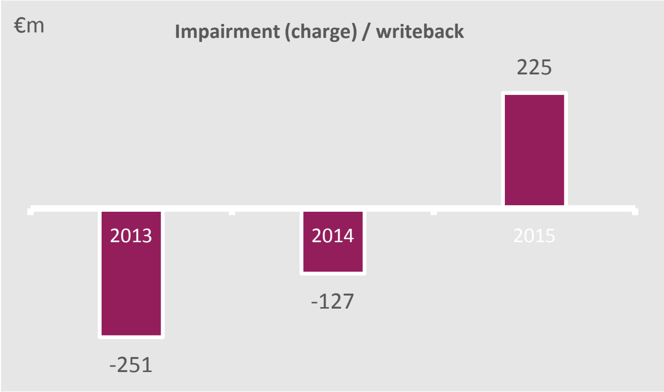


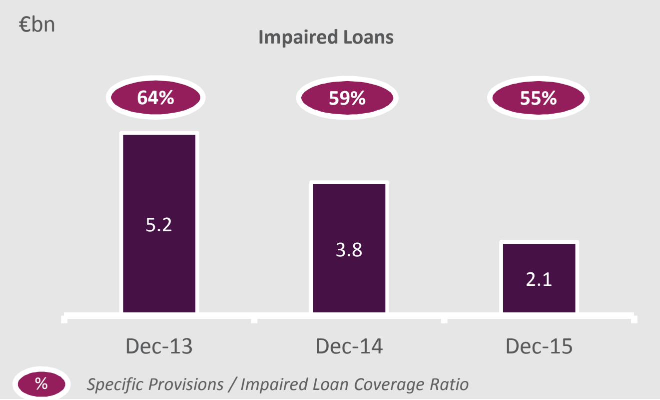
- Overall portfolio has reduced by €4bn (26%) in 2015

  -primarily due to restructuring activity, write-offs, amortisations and repayments
- Investment Property (70% of the asset class) reduced by €2.6bn to €8.1bn due to restructuring, asset sales and repayment of debt
- Impaired loans reduced by €4.5bn to €4.3bn in 2015
- Specific provision cover reduced from 62% to 57% in 2015
- Evidence of momentum in the Irish commercial property market in 2015 with level of transactions higher across most sectors

Non-property business







- Overall portfolio has increased by 4% in 2015 due to increased activity across most sub-sectors
- Performing loans increased €2.3bn (17%)

  -increased credit demand and upward grade migration reflecting improved economic conditions

  -offset by continued restructuring activity, write-offs, amortisations and repayments
- Impaired loans reduced by €1.7bn to €2.1bn in 2015
- Specific provision cover reduced from 59% to 55% in 2015

ROI Mortgages – stock of forbearance

Forbearance type by mortgage	Dec 2015 - Total		of which: loans > 90 days in arrears and/or impaired		Dec 2014 - 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	**3,338**	**629**	**1,448**	**292**	5,626	1,034	2,923	583
Reduced payment (greater than interest only)	**1,400**	**315**	**781**	**181**	2,162	446	1,320	298
Payment moratorium	**682**	**95**	**314**	**44**	862	127	335	49
Fundamental restructure	**1,184**	**185**	**99**	**16**				
Arrears capitalisation	**18,854**	**2,779**	**9,279**	**1,475**	17,050	2,741	11,088	1,962
Term extension	**5,781**	**638**	**582**	**73**	6,378	710	814	107
Split mortgages	**2,902**	**455**	**1,183**	**179**	2,399	372	2,319	351
Voluntary sale for loss	**693**	**48**	**348**	**37**	550	53	382	45
Low fixed interest rate	**1,250**	**197**	**109**	**20**	377	59	261	40
Positive equity solution	**1,240**	**136**	**99**	**11**	228	23	115	11
Other	**16**	**4**	**0**	**0**	18	5	4	1
Total	**37,340**	**5,481**	**14,242**	**2,328**	35,650	5,570	19,561	3,447

- Delivering sustainable long term solutions to mortgage customers
  - ongoing reduction of interest only forbearance
- Following restructure, loans are reported as impaired for a further 12 months (probationary period)
  - c. €1bn of forborne mortgages are in 'probationary period'
  - c. €1.1bn reduction in forborne >90 days in arrears and/or impaired loans in the period

Non-mortgage – stock of forbearance

Forbearance Type by Non-Mortgage	Dec-15 Other Personal Balance €m	Dec-15 Property and construction Balance €m	Dec-15 Non-property business lending Balance €m	Dec-15 Total €m	Dec-14 Other Personal Balance €m	Dec-14 Property and construction Balance €m	Dec-14 Non-property business lending Balance €m	Dec-14 Total €m
Interest only	**71**	**203**	**188**	**462**	67	455	198	720
Reduced payment (greater than interest only)	**14**	**38**	**37**	**89**	7	29	39	75
Payment moratorium	**51**	**5**	**14**	**70**	4	18	22	44
Arrears capitalisation	**23**	**43**	**64**	**130**	36	60	54	150
Term extension	**123**	**207**	**154**	**484**	105	294	172	571
Fundamental restructure	**49**	**1,089**	**498**	**1,636**	17	722	197	936
Restructure	**304**	**556**	**617**	**1,477**	462	663	874	1,999
Other	**15**	**169**	**195**	**379**	10	109	120	239
Total	**650**	**2,310**	**1,767**	**4,727**	708	2,350	1,676	4,734

- Non-mortgage forborne loans of €4.7bn at Dec ’15
  - mainly forborne loans in property and construction sector
- €1.8bn of ‘fundamental restructures’
  - 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 €1.8bn with associated contractual secondary facilities of c. €3bn
  - cashflows of €43m received in the year on secondary facilities

Capital movements 2015

AIB Group - CRD IV Transitional Capital Ratios			
Risk Weighted Assets (€m)	**31-Dec-15**	31-Dec-14	
Total Risk Weighted Assets	**58,549**	59,114	
Capital (€m)			
Shareholders equity	**11,654**	11,292	*
Regulatory adjustments	**(2,369)**	(1,575)	
Common Equity Tier 1 Capital	**9,285**	9,717	
Additional Tier 1 Capital	**494**	0	
Total Tier 2 Capital	**1,269**	1,008	
Total Capital	**11,048**	10,725	
Transitional Capital Ratios			
CET1 %	**15.9%**	**16.4%**	
AT1%	**0.8%**	**0.0%**	
LT2%	**2.2%**	**1.7%**	
Total Capital %	**18.9%**	**18.1%**	

AIB Group - Fully loaded Capital Ratios			
Risk Weighted Assets (€m)	**31-Dec-15**	31-Dec-14	
Total Risk Weighted Assets	**59,058**	59,114	
Capital (€m)			
Shareholders equity	**11,654**	11,292	*
Regulatory adjustments	**(3,979)**	(7,818)	
Common Equity Tier 1 Capital	**7,675**	3,474	
Additional Tier 1 Capital	**494**	0	
Total Tier 2 Capital	**993**	674	
Total Capital	**9,162**	4,148	
Fully Loaded Capital Ratios			
CET1 %	**13.0%**	**5.9%**	
AT1%	**0.8%**	**0.0%**	
LT2%	**1.7%**	**1.1%**	
Total Capital %	**15.5%**	**7.0%**	

AIB Group - RWA (€m) (CRD IV Transitional)		
Risk Weighted Assets (€m)	**31-Dec-15**	31-Dec-14
Credit risk	**53,596**	54,348
Market risk	**457**	471
Operational risk	**3,139**	2,822
CVA/Other	**1,357**	1,473
Total Risk Weighted Assets	**58,549**	59,114

AIB Group - Shareholders Equity (€m)	
Shareholders Equity - Dec 2014*	**11,572**
Proft 2015	1,380
Payment to the State - Redemption of Prefs	(1,700)
Pref 2015 Dividend	(446)
AT1	494
Pension deficit	743
AFS reserves	105
Shareholders Equity - Dec 2015	**12,148**
less AT1	**(494)**
Common equity tier 1 (CET1)	**11,654**

The capital position as at 31 December 2015 as outlined above does not include any deduction for future dividends on ordinary shares

**After deducting the dividend amounting to €280m on the Pref shares at 2014*