Key Information - AIB Group interim results 2009

Profitability[1]
Operating profit before provisions of € 1,738 million, down 6%
Loss for the period € 786 million
AIB Bank ROI loss of € 1,522 million; operating profit[2] down 33%
Capital Markets profit of € 252 million down 13%; operating profit[2] up 55%
AIB Bank UK loss of £ 28 million; operating profit[2] down 17%
Poland profit of Pln 313 million down 49%; operating profit[2] down 4%
M&T US$ contribution down 71%; impairment charge of € 200 million taken against investment

Efficiency
Costs 7% lower
Neutral income/cost growth rate gap (income and costs both down 7%)
Cost income ratio down from 49.2% to 48.3%[3] (37.5% headline)

Asset quality
Impaired loans at 8.1% of total loans
Criticised loans at 25.0% of total gross loans
Provision charge of € 2,373 million was 3.58% of average customer loans

Loss per share		
Basic loss per share	EUR	(43.2c)
less gain on redemption of capital instruments[4]	EUR	(121.8c)
less profit on disposal/development of property[5]	EUR	(0.9c)
adjust for hedge volatility[6]	EUR	1.5c
Adjusted basic loss per share	**EUR**	**(164.4c)**

Balance sheet funding
Customer funding 49% of our balance sheet requirement
Loan deposit ratio at 156%, up from 140% at 31 December 2008

Capital ratios	**30/06/09**
Core tier 1 ratio	8.5%
Tier 1 ratio	7.8%
Total capital ratio	10.7%

(1) The percentage changes are on an underlying basis excluding the impact of exchange rate movements on the translation of foreign locations' profit, the impact of interest rate hedge volatility (hedging ineffectiveness and derivative volatility), the element of the pre-tax gain (€ 623 million) recorded in the income statement on redemption of subordinated liabilities completed in June 2009, and excluding profit on disposal of AIB's merchant acquiring businesses in 2008.
(2) Operating profit before provisions.
(3) 48.3% before benefit of the gain on redemption of subordinated liabilities. Including this gain the cost income ratio was 37.5%.
(4) Gain on redemption of subordinated liabilities and other capital instruments as part of the capital exchange offering completed in June 2009.
(5) Sale of 7 branches in the Republic of Ireland (€ 7 million after taxation) and construction contract income (€ 1 million after taxation).
(6) The impact of hedge volatility (hedging ineffectiveness and derivative volatility) was a decrease of € 12 million to profit before taxation in the half-year to June 2009 (€ 13 million after taxation) and a decrease of € 35 million to profit before taxation in the half-year to June 2008 (€ 31 million after taxation).

Allied Irish Banks, p.l.c.

Dividend

No interim dividend will be paid.

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This Half-yearly Financial Report and a detailed informative presentation can be viewed on our internet site at www.aibgroup.com/investorrelations

Forward-looking statements

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations and business of the Group and certain of the plans and objectives of the Group. In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, risk management, competition and the impact of changes in International Financial Reporting Standards are forward-looking in nature. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward-looking statements include among others, statements regarding the Group's future financial position, income growth, loan losses, business strategy, projected costs, capital ratios, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking information. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the effects of continued volatility in credit markets, the effects of changes in valuation of credit market exposures, changes in valuation of issued notes, changes in economic conditions globally and in the regions in which the Group conducts its business, changes in fiscal or other policies adopted by various governments and regulatory authorities, the effects of competition in the geographic and business areas in which the Group conducts its operations, the ability to increase market share and control expenses, the effects of changes in taxation or accounting standards and practices, acquisitions, future exchange and interest rates and the success of the Group in managing these events. In particular, we would mention the uncertainty surrounding the establishment of the National Assets Management Agency ("NAMA") and its impact on the Group's capital position.

Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. AIB cautions that the foregoing list of important factors is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward-looking statement. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Half-yearly Financial Report may not occur.

The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

Financial highlights *(unaudited)*

for the half-year ended 30 June 2009

	Half-year 30 June 2009 € m	Restated[1] Half-year 30 June 2008 € m	Restated[1] Year 31 December 2008 € m
Results			
Total operating income	**2,781**	2,445	5,068
Operating (loss)/profit	**(658)**	1,103	862
(Loss)/profit before taxation	**(872)**	1,279	1,034
(Loss)/profit attributable to owners of the parent	**(829)**	1,040	772
Per € 0.32 ordinary share			
(Loss)/earnings – basic *(note 14)*	**(43.2c)**	114.0c	83.4c
(Loss)/earnings – diluted *(note 14)*	**(43.2c)**	113.8c	83.3c
Dividend	**-**	30.6c	81.8c
Dividend payout	**-**	27%	37%
Net assets	**€ 8.91**	€ 10.34	€ 9.63
Performance measures			
Return on average total assets	**(0.87%)**	1.20%	0.47%
Return on average ordinary shareholders' equity	**(21.6%)**	21.9%	8.2%
Balance sheet			
Total assets	**179,540**	182,999	182,174
Ordinary shareholders' equity	**7,847**	9,084	8,472
Loans and receivables to banks and customers	**133,985**	142,190	135,755
Deposits[2]	**152,150**	158,314	155,996
Capital ratios			
Core tier 1 capital	**8.5%**	6.2%	5.8%
Tier 1 capital	**7.8%**	7.8%	7.4%
Total capital	**10.7%**	10.6%	10.5%

[1] *Restated due to change in accounting policy for insurance and investment contracts - see page 31.*

[2] *Deposits by banks, customer accounts and debt securities in issue.*

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Interim management report - Commentary on results

Introduction

The half-year to June 2009 represented a very challenging period for AIB during which market and economic conditions were unprecedented. The economic environment and conditions across our markets worsened and we experienced deterioration in our lending portfolios particularly in our property portfolios in Ireland and the United Kingdom. In the period, the Minister for Finance and AIB formed a view that to strengthen AIB's capital position, a total amount of € 5 billion new core tier 1 capital was appropriate. As a result, AIB received € 3.5 billion of core tier 1 capital from the Irish Government having received shareholder approval on 13 May 2009. In addition, a capital exchange offering process was completed in June 2009, generating € 1.1 billion of core tier 1 capital.

Overview

The continued volatility and uncertainty in world financial markets and the rapid deterioration in global economic conditions resulted in a very challenging time for the banking industry generally. Many financial institutions incurred substantial losses, received state aid or were nationalised.

Against the backdrop of these global economic and market conditions, AIB reported operating profit before provisions of € 1.7 billion (€ 1.1 billion underlying)[1], a pre-tax loss of € 0.9 billion and an adjusted loss per share of EUR 164.4c.

Asset quality deteriorated further, most notably in property portfolios, with the overall bad debt charge increasing to 358 basis points and criticised loans increasing to 25.0% of customer loans of which 8.1% were impaired. Customer loans decreased by 2% and customer deposits reduced by 12% with the loan to deposit ratio increasing from 140% at 31 December 2008 to 156% at 30 June 2009.

In response to the slower revenue generation, active management of our cost base yielded a 7% reduction in costs generating a neutral income/cost growth rate gap and a reduction in the underlying cost income ratio of 0.9% to 48.3%[2] with operating profit before provisions reducing by 6%.

The operating environment continues to be extremely difficult, with ongoing deterioration in economic conditions evident in the markets in which we operate coupled with higher funding costs. Significant uncertainty remains in markets generally, with the Irish economy still in a very challenging phase. The establishment of the National Assets Management Agency ("NAMA") will seek to address problems relating to the property, building and construction sector. The creation and rollout of NAMA will be a key event for the bank and the industry. AIB supports this Government initiative and are working with the Government and NAMA to expedite its implementation, however it is premature at this point to estimate the effect on AIB's capital.

AIB's funding comprises of broadly based resilient customer deposits, capital and debt. The Group's liquidity levels continue to represent a surplus over the regulatory requirement. The € 3.5 billion of core tier 1 capital from the Irish Government and the core tier 1 capital gain of € 1.1 billion from the recent capital exchange offering underpins our capital position. At 30 June 2009 the core tier 1 ratio was 8.5% and a total capital ratio was 10.7%.

Principal risks and uncertainties

Pages 60 to 105 of the 2008 Annual Financial Report set out the Group's risk management framework and the individual risk types that have been identified through the Group's risk assessment process. In addition, the Group would consider the following risks and uncertainties to be pertinent to its performance in the coming six months:

- The Irish economy, together with other economies in which we operate, is in a very challenging phase with continuing uncertainty as to the depth of the slowdown in the global economy, uncertainty in relation to interest and currency exchange rates, unemployment and the direction of property markets. There are increasing signs from leading indicators that the global economic downturn is bottoming out, but any recovery is expected to be slow.
- A prolonged economic downturn or long recovery period and dislocation of global credit markets could further reduce the recoverability and value of the Group's assets and require an increase in the Group's level of provision for impairment losses.
- Markets worldwide continue to experience stress in the availability and duration of unsecured liquidity and term funding. If these conditions continue, AIB's access to traditional sources of liquidity may be further constrained.
- Establishment of NAMA - a key event with uncertainty in relation to the impact on AIB and the industry.
- Continuing strong competition in deposit markets.
- Reduced demand for products and services as customers become more conservative in a more challenging economic environment.
- Inability to raise sufficient capital as part of the Government plan.

[1] *Operating profit before provisions includes a pre-tax gain of € 623 million on the redemption of subordinated liabilities as part of the capital exchange offering completed in June 2009. Excluding this gain, operating profit before provisions for the half-year to June 2009 was € 1.1 billion.*

[2] *The headline cost income ratio was 37.5% including the gain on redemption of subordinated liabilities.*

Outlook

We expect the operating environment to remain extremely difficult through the remainder of 2009.

There are many risks and uncertainties as outlined on page 4 with recessionary economic conditions continuing to prevail and little compelling evidence of recovery. Customer loan demand is weak and there is continuing strong competition for deposits. We maintain an active focus on costs in this difficult revenue generation environment. The establishment of NAMA will be a material event that will influence the future outlook for the bank. Asset quality and risk management remains under intense focus and we are comprehensively dealing with credit issues. AIB is relatively well positioned for recovery through its geographically diverse franchises, strong competitive position and firm resolve to manage the business efficiently. We expect our strong competitive position to increase profitability as we emerge from the downturn.

(Loss)/earnings per share

The table below shows the adjusted basic (loss)/earnings per share excluding the gain on redemption of subordinated liabilities[(1)]; profit on disposal of business[(2)]; profit on disposal/development of property[(3)]; and adjusting for hedge volatility[(4)].

(Loss)/earnings per share	**Half-year June 2009**	Half-year June 2008	*% change 2009 v 2008*
Basic (loss)/earnings per share	**(43.2c)**	114.0c	*-138*
less gain on redemption of subordinated liabilities[(1)]	**(121.8c)**	-	-
less profit on disposal of business[(2)]	**-**	(12.0c)	-
less profit on disposal/development of property[(3)]	**(0.9c)**	(0.6c)	*-59*
adjust for hedge volatility[(4)]	**1.5c**	3.5c	*-57*
Adjusted basic (loss)/earnings per share	**(164.4c)**	104.9c	*-257*

Rates of exchange

A significant proportion of the Group's earnings are denominated in currencies other than the euro. As a result, movements in exchange rates can have an impact on earnings. In the half-year to June 2009, the sterling and Polish zloty effective rates weakened relative to the euro by 17% and 20% respectively and the US dollar strengthened relative to the euro by 15%, compared with the half-year to June 2008. The impact of the movement in the average exchange rates was a € 38 million after taxation or EUR 4.3c adverse impact on adjusted earnings/(loss) per share.

The following table shows the accounting rates and effective rates for both periods. The average effective rates include the impact of currency hedging activities.

	Average accounting rates		**Average effective rates**		**Period end rates**	
	Half-year June 2009	Half-year June 2008	**Half-year June 2009**	Half-year June 2008	**Half-year June 2009**	Half-year June 2008
US dollar	**1.33**	1.53	**1.29**	1.48	**1.41**	1.58
Sterling	**0.89**	0.77	**0.89**	0.74	**0.85**	0.79
Polish zloty	**4.47**	3.49	**4.49**	3.61	**4.45**	3.35

[(1)] *A gain of € 1,072 million after taxation on redemption of subordinated liabilities and other capital instruments as part of the capital exchange offering completed in June 2009.*

[(2)] *Profit on disposal of 50.1% of AIB's merchant acquiring businesses (€ 106 million after taxation) in 2008.*

[(3)] *Includes profit on the sale of 7 branches in the Republic of Ireland (€ 9 million before taxation, € 7 million after taxation) and construction contract income (€ 1 million before taxation, € 1 million after taxation) in the half-year to June 2009 and construction contract income (€ 6 million before taxation, € 5 million after taxation) in the half-year to June 2008.*

[(4)] *The impact of hedge volatility (hedging ineffectiveness and derivative volatility) was a decrease of € 12 million to profit before taxation in the half-year to June 2009 (€ 13 million after taxation) and a decrease of € 35 million to profit before taxation in the half-year to June 2008 (€ 31 million after taxation).*

Interim management report - Commentary on results

Basis of presentation

During the second half of 2008, the Central & Eastern Europe ("CEE") division was formed bringing together the Group's interests in Poland, Bulgaria and the Baltic region. In Poland, AIB has a 70.4% share in Bank Zachodni WBK ("BZWBK"), together with its subsidiaries and associates. BZWBK Wholesale Treasury and Capital Markets' share of certain Investment Banking subsidiaries results are reported in Capital Markets division. There has been a change to the accounting policy for insurance and investment contracts - see page 31.

Underlying percentage change: *The growth percentages are shown on an underlying basis, adjusted for the impact of exchange rate movements on the translation of foreign locations' profit and excluding profit on disposal of businesses, profit on disposal/development of Bankcentre and branches as part of the sale and leaseback programme, the gain on redemption of subordinated liabilities as part of the capital exchange offering completed in June 2009 and excluding interest rate hedge volatility (hedging ineffectiveness and derivative volatility).*

Operating profit before provisions of € 1,738 million[1]

Summary income statement	Half-year June 2009 € m	Restated[2] half-year June 2008 € m	*Underlying % change 2009 v 2008*
Net interest income	**1,691**	1,865	*-4*
Other income	**1,090**	580	*-14*
Total operating income	**2,781**	2,445	-7
Personnel expenses	**654**	761	*-9*
General and administrative expenses	**314**	369	*-8*
Depreciation[3]/amortisation[4]	**75**	74	*7*
Total operating expenses	**1,043**	1,204	*-7*
Operating profit before provisions	**1,738**	1,241	*-6*
Provisions for impairment of loans and receivables	**2,373**	137	*1,713*
Provisions for liabilities and commitments	**1**	-	-
Amounts written off financial investments available for sale	**22**	1	*1,700*
Total provisions	**2,396**	138	*1,720*
Operating (loss)/profit	**(658)**	1,103	-
Associated undertakings	**(227)**	57	-
Profit on disposal of property	**12**	7	*-71*
Construction contract income	**1**	6	-
Profit on disposal of businesses	**-**	106	-
(Loss)/profit before taxation	**(872)**	1,279	-

Divisional (loss)/profit before taxation		Half-year June 2009 m	Half-year June 2008 m	*Underlying % change 2009 v 2008*
AIB Bank ROI	€	**(1,522)**	574	-
Capital Markets	€	**252**	295	*-13*
AIB Bank UK	£	***(28)***	*180*	-
	€	**(31)**	233	
CEE	€	**22**	175	*-84[5]*
Group	€	**407**	2	
AIB Group	€	**(872)**	1,279	-

[1] Operating profit includes a € 623 million gain on the redemption of subordinated liabilities as part of the capital exchange offering completed in June 2009. Excluding this gain, operating profit for the half-year to June 2009 was € 1.1 billion.

[2] Restated due to change in accounting policy for insurance and investment contracts - see page 31.

[3] Depreciation of property, plant and equipment.

[4] Impairment and amortisation of intangible assets.

[5] Excluding acquisitions in 2008 (AmCredit and Bulgarian American Credit Bank ("BACB")), the reduction for Poland was 49%.

Divisional operating profit/(loss) before provisions		**Half-year June 2009 m**	Half-year June 2008 m	*Underlying % change 2009 v 2008*
AIB Bank ROI	€	**394**	591	*-33*
Capital Markets	€	**475**	313	*55*
AIB Bank UK	£	***139***	*169*	*-17*
	€	**156**	219	
CEE	€	**136**	180	*-3*
Group	€	**577**[(1)]	(62)	
AIB Group	€	**1,738**	1,241	*-6*

(1) Includes a gain of € 623 million on redemption of subordinated liabilities as part of the capital exchange offering in June 2009.

Capital exchange offering

On 11 June 2009, AIB announced a capital exchange offering in relation to certain capital instruments and completed the exchange of non-core tier 1 and upper tier 2 capital instruments for a lower tier 2 issue on 25 June 2009. Details of the exchange are on page 48.

These transactions resulted in a pre-tax gain of € 1,161 million (€ 1,072 million after taxation). This increased core tier 1 capital with no material effect on total capital. Of the gain on the redemption of subordinated liabilities, € 623 million (€ 580 million after taxation) is reflected in other income within the income statement and € 538 million (€ 492 million after taxation) is reflected as a movement in equity.

Net interest margin decreased by 18 basis points

Lower deposit income significantly impacts net interest margin

Higher treasury margin

Net interest income

Net interest income decreased by 4% to € 1,691 million in the half-year to June 2009. Slowing economic conditions resulted in lower loans. Loans to customers reduced by 2% and customer accounts decreased by 12% on a constant currency basis since 31 December 2008 (details of loan and deposit growth by division are contained on page 16).

Average interest earning assets	**Half-year June 2009 € m**	Half-year June 2008 € m	*% change[1] 2009 v 2008*
Average interest earning assets	**167,725**	169,860	*-1*

[1] *This particular analysis is not adjusted for the impact of exchange rate movements.*

Net interest margin	**Half-year June 2009 %**	Half-year June 2008 %	*Basis point change*
Group net interest margin	**2.03**	2.21	*-18*

The domestic and foreign margins for the half-year to June 2009 are reported on page 70.

AIB Group manages its business divisionally on a product margin basis with funding and Groupwide interest exposure centralised and managed by Global Treasury. While a domestic and foreign margin is calculated for the purpose of statutory accounts, the analysis of net interest margin trends is best explained by analysing business factors as follows:

The Group net interest margin amounted to 2.03%, a decrease of 18 basis points compared with the half-year to June 2008. The decrease in net interest margin mainly reflects the significantly increased cost of customer deposits in a highly competitive market place, higher wholesale funding costs and a lower return on capital, partly offset by higher loan margins and a higher treasury margin. The following analysis approximates the impact of each factor on the net interest margin decline.

The reduction in deposit income, resulting from the downward trend in interest rates and the increasing competitive nature of deposit markets, had a negative 39 basis point impact on the net interest margin.

The changing mix of funding sources gave rise to higher funding costs reducing the net interest margin by 6 basis points.

A lower return on invested capital in a low interest rate environment reduced the net interest margin by 3 basis points.

Higher loan income increased the net interest margin by 13 basis points. The higher income on loans compensates in part for the loss of income on deposits and higher wholesale funding costs.

A higher treasury margin boosted the net interest margin by 17 basis points.

Investment banking and asset management fees down 32%

Other income

Other income was € 1,090 million, which included a € 623 million gain on redemption of subordinated liabilities from the capital exchange offering completed in June 2009. Excluding this gain and adjusting for the impact of exchange rate movements on the translation of foreign locations' profit, other income was down 14% compared with the half-year to June 2008.

Other income	**Half-year June 2009 € m**	Half-year June 2008 € m	*Underlying % change 2009 v 2008*
Dividend income	**19**	23	*14*
Banking fees and commissions	**389**	446	*-5*
Investment banking and asset management fees	**100**	169	*-32*
Fee and commission income	**489**	615	*-12*
Less: Fee and commission expense	**(99)**	(62)	*84*
Trading income/(loss)	**51**	(45)	-
Currency hedging profits	**6**	3	-
Interest rate hedge volatility	**(12)**	(35)	-
Net trading income/(loss)[1]	**45**	(77)	-
Gain on redemption of subordinated liabilities	**623**	–	-
Other operating income	**13**	81	*-79*
Total other income	**1,090**	580	*-14*

Other income decreased by 14% on an underlying basis in the half-year to June 2009, reflecting weaker economic conditions in the markets in which AIB operates, lower revenues from investment banking, asset management and wealth management activities and the € 58 million cost of the Irish Government guarantee scheme. The decline of these other income elements were partly offset by higher trading income including bond management activities, growth in Polish banking fee income and a lower interest rate hedge volatility impact.

Dividend income of € 19 million primarily reflects dividends from investments held by the Polish business. While underlying dividends were higher compared with 2008, dividend income in 2009 was impacted by a weakening in the Polish zloty rate relative to the euro in 2009.

Banking fees and commissions decreased by 5% reflecting lower business volumes and activity.

Investment banking and asset management fees were down 32% in the half-year to June 2009 with lower asset management income in Poland as a result of lower managed funds combined with a lower level of stockbroking income.

The increase in fee and commission expense reflects the cost of the Irish Government guarantee scheme of € 58 million - excluding this charge, fee and commission expense was down 24%.

Trading income was € 51 million. Trading income excludes interest payable and receivable arising from hedging and the funding of trading activities, which are included in net interest income. The trading income out-turn in the half-year to June 2009 mainly reflected a more positive fair value impact on bond assets than the half-year to June 2008 which experienced more difficult trading conditions. The half-year to June 2009 included a fair value charge of € 42 million in relation to the structured securities portfolio (see page 19). The half-year to June 2008 included a charge of € 26 million in relation to the structured securities portfolio.

Trading income includes the cross curency swap cost of borrowing in US dollars and converting to euro. The cost in the half-year to June 2009 was € 44 million compared with € 54 million in the half-year to June 2008.

Other operating income of € 13 million in the half-year to June 2009 was down compared to € 81 million in the half-year to June 2008. The half-year to June 2008 included profit of € 19 million from the sale of available for sale debt securities and profit on disposal of available for sale equity shares of € 21 million, including the sale of MasterCard shares.

[1] Trading income includes foreign exchange contracts, debt securities and interest rate contracts, equity securities and index contracts (see note 6).

Good cost reduction of 7% in a period of lower revenue generation

Cost income ratio down 0.9% to 48.3%[(1)]

Total operating expenses

Operating expenses of € 1,043 million decreased by 7% on an underlying basis compared with the half-year to June 2008.

Operating expenses	**Half-year June 2009 € m**	Half-year June 2008 € m	*Underlying % change 2009 v 2008*
Personnel expenses	**654**	761	*-9*
General and administrative expenses	**314**	369	*-8*
Depreciation[(2)]/amortisation[(3)]	**75**	74	7
Total operating expenses	**1,043**	1,204	-7

Operating expenses decreased by 7% in the half-year to June 2009, reflecting a strong focus on cost management as a key priority in a period of slower economic conditions and a difficult revenue generation environment. The decrease in costs was achieved notwithstanding the impact of the investment in the branch network in BZWBK (with an increase of 59 branches since June 2008). Excluding Poland, costs decreased by 8%.

Personnel expenses decreased by 9% compared with the half-year to June 2008, reflecting lower variable staff compensation costs and tight management of all expense categories. General and administrative expenses were 8% lower due to cost saving initiatives and the ongoing monitoring of costs throughout the Group. Depreciation/amortisation increased by 7% compared with the half-year to June 2008 reflecting project and investment spend in recent years.

The decrease in costs reflects some benefit from base period effects in relation to providing for variable compensation in the half-year to June 2008 which unwound in the second half of 2008.

Efficiency measures	**Half-year June 2009**	Half-year June 2008
Cost income ratio	**48.3%**[(1)]	49.2%
Income/cost growth rate gap	**0%**	+5%

The headline cost income ratio for the half-year to June 2009 was 37.5%. Excluding the impact of the gain on the capital exchange offering, the underlying cost income ratio was 48.3%. A vigilant focus on cost management throughout the period was maintained which resulted in the underlying cost income ratio reducing by 0.9%, notwithstanding the weaker economic environment. Weaker income generation, which was down 7%, was matched by lower costs, down 7% compared with the half-year to June 2008.

[(1)]*48.3% before benefit of the gain on redemption of subordinated liabilities. Including this gain the cost income ratio was 37.5%.*

[(2)]*Depreciation of property, plant and equipment.*

[(3)]*Impairment and amortisation of intangible assets.*

Provision charge up to 3.58% of average customer loans, impacted by a deteriorating credit environment

Impaired loans increased as a percentage of total loans to 8.1%

Asset quality

The table below shows the ratings profile of AIB's loan book.

Ratings profiles - masterscale grade	30 June 2009 € m	31 December 2008 € m
1 to 3	**19,082**	20,924
4 to 10	**84,524**	93,477
11 to 13	**9,668**	5,896
	113,274	120,297
Past due but not impaired	**9,833**	8,875
Impaired	**10,804**	2,991
	133,911	132,163
Unearned income	**(332)**	(382)
Provisions	**(4,548)**	(2,292)
Loans and receivables to customers	**129,031**	129,489

The Group's rating systems consist of a number of individual rating tools in use across the Group designed to assess the risk within particular portfolios. These ratings tools are calibrated to meet the needs of individual business units in managing their portfolios. All rating tools are built to a Group standard and independently validated by Group. The identification of loans for specific impairment assessment is driven by the Group's rating systems. In addition, the ratings profiles are one of the factors that are referenced in determining the appropriate level of incurred but not reported ("IBNR") provisions. The Group uses a 13 point Group ratings masterscale to provide a common and consistent framework for aggregating, comparing and reporting exposures, on a consolidated basis, across all lending portfolios. The masterscale, which is not in itself a rating tool, is probability of default ("PD") based and is not used in provision methodologies. The masterscale consists of a series of PD ranges between 0% and 100% (where 100% indicates a borrowing already in default) and facilitates the aggregation of borrowers for comparison and reporting that have been rated on any of the individual rating tools in use across the Group. A recalibration of a rating tool can result in a change in the PD attached to an individual grade and hence can result in a change to the masterscale profile at portfolio level.

Grade 1 – 3 would typically include strong corporate and commercial lending combined with elements of the retail portfolios and residential mortgages.
Grades 4 – 10 would typically include new business written and existing satisfactorily performing exposures across all portfolios. The lower end of this category (Grade 10) includes a portion of the Group's criticised loans (i.e. loans requiring additional management attention over and above that normally required for the loan type). In the table, impaired loans and those loans that are past due but not impaired are identified separately.
Grades 11 – 13 contains the remainder of the Group's criticised loans, excluding impaired loans, together with loans written with a higher level of risk and a higher PD where there is a commensurate higher margin for the risk taken.

The Group's criticised loans of € 33.4 billion (detailed on page 13) are distributed in the table above as follows: € 6.8 billion in grades 4 - 10; € 9.0 billion in grades 11 - 13; € 6.8 billion in past due but not impaired; and all of the impaired loans of € 10.8 billion.

The Group's total criticised loans at 30 June 2009 were € 33.4 billion or 25.0% of gross loans and receivables to customers compared with € 15.5 billion or 11.7% at 31 December 2008.

					30 June 2009
Criticised loans by division	**Watch loans € m**	**Vulnerable loans € m**	**Impaired loans € m**	**Total criticised loans € m**	**% of total gross loans**
AIB Bank ROI	**10,032**	**6,052**	**8,516**	**24,600**	**31.5**
Capital Markets	**580**	**360**	**667**	**1,607**	**6.3**
AIB Bank UK	**2,697**	**1,860**	**1,220**	**5,777**	**26.5**
CEE	**778**	**231**	**401**	**1,410**	**16.7**
AIB Group	**14,087**	**8,503**	**10,804**	**33,394**	**25.0**

					31 December 2008
Criticised loans by division	Watch loans € m	Vulnerable loans € m	Impaired loans € m	Total criticised loans € m	% of total gross loans
AIB Bank ROI	6,276	2,995	1,862	11,133	14.5
Capital Markets	190	141	338	669	2.6
AIB Bank UK	1,506	984	522	3,012	15.2
CEE	200	182	269	651	7.4
AIB Group	8,172	4,302	2,991	15,465	11.7

There has been a very significant increase in the Group's watch and vulnerable loans which amount to € 22.6 billion (16.9% of gross loans and receivables to customers) at 30 June 2009 up from € 12.5 billion (9.5% of gross loans and receivables to customers) at 31 December 2008. AIB Bank ROI represents 67% of this increase, heavily influenced by the downgrade of cases particularly in the property and construction sector, while AIB Bank UK accounts for 20% of the increase, influenced by deteriorating trends in the property and construction portfolio. The increase of € 0.6 billion in watch and vulnerable loans in Capital Markets was spread across geographies and sectors. In CEE, 79% of the increase relates to the introduction of a broader definition of watch loans in Poland with the remaining increase due to the deteriorating property market in that region.

The property and construction portfolio is the largest concentration within the total criticised loans of € 33,394 million.

				30 June 2009
Criticised loans – property and construction by division	**Watch loans € m**	**Vulnerable loans € m**	**Impaired loans € m**	**Total criticised loans € m**
AIB Bank ROI	**5,762**	**3,751**	**6,883**	**16,396**
Capital Markets	**344**	**73**	**155**	**572**
AIB Bank UK	**1,570**	**1,126**	**833**	**3,529**
CEE	**435**	**93**	**156**	**684**
AIB Group	**8,111**	**5,043**	**8,027**	**21,181**

In AIB Bank ROI, land and development criticised exposures amount to € 12 billion of which € 6.0 billion was impaired at 30 June 2009. In AIB Bank UK € 1.8 billion relates to land and development of which € 0.6 billion was impaired at 30 June 2009.

In the second half of 2008, significant additional resources were deployed to manage the increased level of criticised loans and these resources continue to be supplemented with their focus being to apply objective case assessment and to work with borrowers to minimise losses.

Impaired loans by division	**30 June 2009 impaired loans € m**	**30 June 2009 % of total gross loans**	31 December 2008 impaired loans € m	31 December 2008 % of total gross loans
AIB Bank ROI	**8,516**	**10.9**	1,862	2.4
Capital Markets	**667**	**2.6**	338	1.3
AIB Bank UK	**1,220**	**5.6**	522	2.6
CEE	**401**	**4.7**	269	3.1
AIB Group	**10,804**	**8.1**	2,991	2.3

Impaired loans as a percentage of total customer loans have increased to 8.1% as at 30 June 2009 up from 2.3% as at 31 December 2008. This increase reflects in particular the severe downturn in the property markets in AIB Bank ROI and AIB Bank UK with some contagion into other sectors now evident. Construction and property impaired loans constitute 74% of total Group impaired loans.

Impaired loans in AIB Bank ROI increased to 10.9% of loans at 30 June 2009 from 2.4% at 31 December 2008 reflecting subdued market activity and reduced asset prices across the property sector. Loans to the property sector now account for 81% of divisional impaired loans compared with 60% at 31 December 2008, with the majority of the impaired loans relating to the land/development sub-sectors.

Impaired loans in Capital Markets increased to 2.6% of loans at 30 June 2009 from 1.3% at 31 December 2008 spread across portfolios and geographies but in particular the manufacturing, leisure, and property sectors are a feature, evidencing pressure on leveraged debt structures.

In AIB Bank UK, impaired loans increased to 5.6% of loans at 30 June 2009 compared with 2.6% at 31 December 2008. There were increases in a number of sectors, most notably in property and construction.

Impaired loans in Poland increased to 4.5% of loans up from 2.9% at 31 December 2008 primarily reflecting the slowdown in the property sector in the period. Impaired loans in AmCredit at € 25 million or 26.3% of loans at 30 June 2009 increased from € 19 million at 31 December 2008 and continues to be impacted by the severe downturn in the residential property market. CEE impaired loans were 4.7% of loans at 30 June 2009 compared with 3.1% at 31 December 2008.

Total provisions were € 2,396 million, up from € 138 million in the half-year to June 2008

Provisions	**Half-year June 2009 € m**	Half-year June 2008 € m
Provisions for impairment of loans and receivables	**2,373**	137
Provisions for liabilities and commitments	**1**	-
Amounts written off financial investments available for sale	**22**	1
Total provisions	**2,396**	138

The severe economic downturn experienced throughout the credit markets in which the Group operates continued to significantly impact our businesses and has resulted in the substantial increase in the provision charge for loans and receivables for the half-year to June 2009 compared with the same period last year.

The provision for impairment of loans and receivables of € 2,373 million or 3.58% of average customer loans compares with € 137 million or 0.21% of average customer loans in June 2008 and is heavily impacted by the serious deterioration in the construction and property sector, particularly in our ROI and UK divisions, which accounts for 73% of the provision. The provision included € 2,211 million in specific provisions (3.33% of average loans) and € 162 million in IBNR provisions (0.25% of average loans) compared with € 121 million or 0.19% and € 16 million or 0.02% respectively in 2008. The increase in the specific charge is primarily as a result of the increased level of impairment in our property portfolios and includes the application of key principles on the discounting of valuations and timing of cash flows.

Divisional impairment charges	**Half-year June 2009 € m**	**Half-year June 2009 bps**	Half-year June 2008 € m	Half-year June 2008 bps
AIB Bank ROI	**1,911**	**495**	89	24
Capital Markets	**201**	**154**	20	15
AIB Bank UK	**188**	**179**	25	21
CEE	**73**	**174**	3	7
AIB Group	**2,373**	**358**	137	21

In AIB Bank ROI the provision charge increased to 4.95% of average customer loans compared with 0.24% in June 2008. Specific provisions amounted to € 1,794 million with provisions for loans in the property portfolio accounting for approximately 84% of the specific charge. This has arisen primarily in the land and development (€ 17.1 billion) element of the property portfolio where the severe slowdown in activity has impacted asset values in that sector.

The charge in the Finance & Leasing operation in ROI increased significantly to € 91.7 million in the half-year to June 2009 compared with € 15.2 million for the same period last year with the plant and transport financing sub-sectors (€ 2.6 billion) being impacted by the fall off in activity in the construction sector.

The IBNR charge in the period was € 117 million.

In Capital Markets the provision charge was € 201 million or 1.54% of average customer loans compared with € 20 million or 0.15% in 2008. The charge included a specific provision of € 171 million spread across a number of sectors and geographies and an IBNR provision of € 30 million to recognise the deteriorating grade profile within the performing book.

In AIB Bank UK, the provision charge increased to € 188 million or 1.79% of average loans compared with € 25 million or 0.21% in 2008. This increase was influenced by the continuing weak property market in both Northern Ireland and Britain with some contagion into other sectors such as the leisure sector also evident.

The provision charge in Poland increased to € 65 million or 1.56% of average customer loans from 0.07% in 2008 impacted by a large increase in provisions relating to the property sector and personal loans. The provision charge for AmCredit was € 8 million or 15.0% reflecting the continuing downturn in the mortgage market in the Baltics. The total provision charge for CEE was 1.74% of average customer loans.

Associated undertakings loss – impairment charge of € 245 million on investments

Associated undertakings

Losses from associated undertakings in 2009 were € 227 million compared with income from associated undertakings of € 57 million in the half-year to June 2008. The loss in the half-year to June 2009 included an impairment charge of € 200 million to AIB's investment in M&T Bank Corporation ("M&T") and € 45 million to AIB's investment in Bulgarian American Credit Bank ("BACB").

Associated undertakings	**Half-year June 2009 € m**	Restated[1] half-year June 2008 € m
AIB Bank ROI	**(7)**	(2)
AIB Bank UK	**1**	1
CEE	**(40)**	-
Group (M&T)	**(181)**	58
AIB Group	**(227)**	57

Associated undertakings include the income after taxation of AIB's 22.8% average share of M&T Bank Corporation, AIB's investment in BACB in Bulgaria and Hibernian Life Holdings Ltd, the joint venture in Life and Pensions with Hibernian. Following the global economic downturn and the resultant impact on banking valuations generally, an impairment review resulted in impairment charges of € 200 million to AIB's investment in M&T and € 45 million to AIB's investment in BACB, which is reflected in the associated undertakings loss. Excluding this adjustment, M&T's contribution of US$ 25 million (€ 19 million) was down 71% relative to the half-year to June 2008 contribution of US$ 88 million (€ 58 million). The performance of M&T in 2009 was affected by merger costs related to the Provident acquisition, a Federal Deposit Insurance Corporation charge, writedowns on the securities portfolio and higher credit provisions. The contribution of M&T to AIB Group's 2009 performance in euro benefited from a strengthening in the US dollar rate relative to the euro in 2009. The associate holding in BACB resulted in a loss of € 39 million in the half-year June 2009 (excluding funding costs of € 1 million) and there was an associated undertaking loss of € 1 million in Poland.

Income tax expense

The taxation credit for the half-year to June 2009 was € 86 million, compared with a tax charge of € 194 million in the half-year to June 2008. The taxation credit/charge excludes taxation on share of results of associated undertakings. Share of results of associated undertakings is reported net of taxation in the Group (loss)/profit before taxation. The credit/charge is influenced by the geographic mix of profits, which are taxed at the rates applicable in the jurisdictions where we operate.

[1] *Restated due to change in accounting policy for insurance and investment contracts - see page 31.*

Risk weighted assets down 4%
Customer loans down 2%
Customer accounts down 12%

Balance Sheet

Total assets amounted to € 180 billion at 30 June 2009 compared to € 182 billion at 31 December 2008. Adjusting for the impact of currency, total assets were down 3% and loans to customers were down 2% since 31 December 2008 while customer accounts decreased by 12%. Risk weighted assets excluding currency factors decreased by 4% to € 131 billion.

Risk weighted assets (calculated under Basel II)	30 June 2009 € bn	31 December 2008 € bn	% change[1]
AIB Bank ROI	**62**	63	-2
Capital Markets	**36**	38	-8
AIB Bank UK	**22**	21	-4
CEE	**10**	10	2
Group	**1**	2	-5
AIB Group	**131**	134	-4

AIB Group risk weighted assets were 73% of total assets at 30 June 2009 (73% at 31 December 2008).

	Gross of provisions			Net of provisions		
Loans to customers	**30 June 2009 € bn**	31 December 2008 € bn	% change[1]	**30 June 2009 € bn**	31 December 2008 € bn	% change[1]
AIB Bank ROI	**78**	77	1	**75**	75	-1
Capital Markets	**25**	26	-6	**25**	26	-6
AIB Bank UK	**22**	20	-1	**21**	20	-2
CEE	**9**	9	-	**8**	8	-
AIB Group	**134**	132	-1	**129**	129	-2

Customer accounts	30 June 2009 € bn	31 December 2008 € bn	% change[1]
AIB Bank ROI	**41**	42	-4
Capital Markets	**21**	27	-23
AIB Bank UK	**12**	14	-19
CEE	**9**	10	-3
AIB Group	**83**	93	-12

[1] *Excluding currency factors*

Return on equity and return on assets

The return on equity was (21.6%), compared to 21.9% in the half-year to June 2008. The return on assets was (0.87%), compared with 1.20% in the half-year to June 2008.

Capital ratios - core tier 1 ratio 8.5%

- total capital ratio 10.7%

Capital ratios

The Group's core tier 1 ratio increased to 8.5% at 30 June 2009 with the total capital ratio increasing to 10.7%.

Capital	30 June 2009 € bn	Restated[1] 31 December 2008 € bn	Restated[1] 30 June 2008 € bn
Core tier 1	**11.1**	7.8	8.6
Tier 1	**10.2**	9.9	10.8
Total capital	**14.0**	14.1	14.6
Risk weighted assets	**131.3**	133.9	138.4

Capital ratios	30 June 2009	Restated[1] 31 December 2008	Restated[1] 30 June 2008
Core tier 1 ratio	**8.5%**	5.8%	6.2%
Tier 1 ratio	**7.8%**	7.4%	7.8%
Total capital ratio	**10.7%**	10.5%	10.6%

The Group's capital adequacy information is set out on page 71. The Group's capital ratios strengthened in the period primarily due to the € 3.5 billion Government investment in preference shares. Risk weighted assets decreased by 4% since 31 December 2008. The core tier 1 ratio increased to 8.5%, the tier 1 ratio increased to 7.8% and the total capital ratio increased to 10.7%.

Core tier 1 capital was € 11.1 billion at 30 June 2009 compared with € 7.8 billion at 31 December 2008. The increase reflects the issue of € 3.5 billion non-cumulative preference shares to the National Pensions Reserve Fund Commission (note 29), a gain of € 1.1 billion on the redemption of subordinated liabilities and other capital instruments arising from the capital exchange (note 7) and exchange movements partly offset by net negative retentions of € 1.1 billion.

Tier 1 capital was € 10.2 billion at 30 June 2009, up from € 9.9 billion at 31 December 2008. The increase reflects the movements described above offset by the reduction of € 1.8 billion in tier 1 debt instruments arising from the capital exchange offering and increased supervisory deductions of € 1.3 billion arising from the deterioration in the credit portfolios[2].

Tier 2 capital decreased by € 0.4 billion to € 3.9 billion in the period to 30 June 2009. The decrease reflects the redemption of perpetual subordinated liabilities of € 0.5 billion (note 7), the additional supervisory deductions[2] from tier 2 capital of € 1.3 billion offset by, the issue of € 1.2 billion of subordinated notes under the capital exchange (note 7) and exchange translation and other movements of € 0.2 billion.

[1] *Restated due to change in accounting policy for insurance and investment contracts - see page 31.*

[2] *The supervisory deductions from tier 1 capital and tier 2 capital primarily relate to the expected loss adjustment together with capital requirements in respect of securitisation positions, both of which are deducted 50% from tier 1 capital and 50% from tier 2 capital. The expected loss adjustment is the excess of expected loss on the Internal Ratings Based ("IRB") portfolios over the IFRS provision on the IRB portfolios.*

Assets under management

Assets under management in the Group amounted to € 12 billion at 30 June 2009 compared with € 12 billion at 31 December 2008.

Credit ratings

AIB is rated by independent rating agencies Standard and Poor's, Moody's and Fitch. As at 31 July 2009, AIB's long term ratings with Standard and Poor's, Moody's and Fitch were A, A1 and A- respectively. AIB's liabilities covered under the terms of the Irish Government guarantee scheme 'Credit Institutions (Financial Support) Scheme 2008' are rated AA by Standard and Poor's, Aa1 by Moody's and AA+ by Fitch.

Trading portfolio financial assets

The majority of assets held in the trading portfolio were reclassified as available for sale during 2008. There was a balance of € 324 million in the trading portfolio as at 30 June 2009 (€ 401 million at 31 December 2008). There was a charge to income of € 4 million in the half-year to June 2009 for this portfolio.

Financial investments available for sale

Global Treasury manages the significant majority of AIB's 'financial investments available for sale' portfolio of € 30 billion. The portfolio includes securities reclassified from the trading portfolio during 2008 in line with the IAS 39 amendment. The accounting convention is to fair value these assets through the equity account and not the income statement. The fair value of financial assets is determined by reference to market prices where these are available in an active market. Where market prices are not available or markets are inactive, as is the situation in certain sectors at present, fair values are determined using valuation techniques, which use observable and non-observable market parameters.

June 2009

Portfolio	*Treatment/impact*	*Valuation method*
- Traded credit portfolio financial assets	€ 4 million charge to income	Quoted prices[(1)]/observable market parameters
- Financial investments available for sale	€ 56 million (after taxation) charge to equity account[(2)]	Quoted prices[(1)]/observable and non-observable market parameters

December 2008

Portfolio	*Treatment/impact*	*Valuation method*
- Traded credit portfolio financial assets	€ 31 million charge to income	Quoted prices[(1)]/observable market parameters
- Financial investments available for sale	€ 465 million (after taxation) charge to equity account[(2)]	Quoted prices[(1)]/observable and non-observable market parameters

The above charges reflect the accounting convention to fair value these assets.

[(1)] *Quoted prices in relation to debt securities and quoted/unquoted prices in relation to equity shares.*

[(2)] *This is taken directly to reserves and not through the income statement.*

Structured securities portfolio (held by Corporate Banking)

The structured securities portfolio consists of US subprime mortgages, CDOs/CLOs and other structured securities. The following summarises the size of each portfolio and the charge taken in the income statement in the half-year to June 2009, year to December 2008 and half-year to June 2008.

	Income statement charge			Nominal		
Portfolio	**Half-year June 2009 € m**	Half-year June 2008 € m	Year December 2008 € m	**30 June 2009 € m**	30 June 2008 € m	31 December 2008 € m
US subprime mortgages						
- Whole loan format	**5**	-	-	**104**	111	111
- Securitisations	**27**	5	19	**171**	178	197
Total US subprime	**32**	5	19	**275**	289	308
CDOs/CLOs	**20**	2	11	**598**	576	603
Other structured securities	**19**	2	14	**560**	538	565
Disposal/restructuring of assets	-	17	17	-	-	-

The total charge in the reporting period for the structured securities portfolio was € 71 million compared to € 26 million in the half-year to June 2008. The increased charge was driven predominately by some deterioration, particularly in relation to ratings, in our CLO portfolio and some further pressure on our subprime investments. The fair value charge to other income was € 42 million and there was an impairment provision of € 15 million against our subprime assets and € 14 million in relation to a number of under performing assets in other structured securities.

AIB originated Collateral Debt Obligations

In addition to the above asset portfolios, AIB provides asset management services to third parties regarding Collateralised Debt Obligations ("CDOs") and Collateralised Bond Obligations ("CBOs").

There are five vehicles set up since 2001, four of which invest in European sub investment grade leveraged finance assets (CDOs) and one in U.S. High Yield Bonds (CBOs). A CDO/CBO allows third party investors to make debt and/or equity investments in a vehicle containing a portfolio of leveraged corporate loans and bonds with certain common features. The Group's investment in these vehicles and maximum exposure totals € 29 million (31 December 2008: € 30 million). AIB does not have control over these vehicles nor does it bear the significant risks and rewards that are inherent in the assets. There is no recourse to the Group by third parties in relation to these vehicles. Accordingly, these vehicles are not consolidated in the Group's financial statements and the Group's interests are included within equity shares.

Funding

In the first half of 2009 customer resources reduced by 12% from a strong position at the end of 2008. The deterioration in market conditions was concentrated in the first quarter and the start of the second quarter and conditions improved over the course of the second quarter of 2009. AIB also experienced an overall improvement in its combined retail, corporate and wholesale resources activity during the second quarter. Net customer loans decreased by 2% over the first half of the year, when combined with customer resources this resulted in a Group loan to deposit ratio of 156% at 30 June 2009 (140% at 31 December 2008). The decrease in customer resources from December 2008 reflects a number of factors which include: the impact of the economic downturn; sovereign and bank credit rating downgrades; and negative sentiment towards Ireland impacting on the Group's market activities and on its overseas franchise. At 30 June 2009 customer resources represented 49% of the Group's total funding base.

In a difficult market environment, the Group continued to source funds across currencies, geographies and products through a range of programmes. In the period to June 2009 it successfully issued € 3 billion under the Irish Government guarantee scheme through a series of public and private placements. As at 30 June 2009, term funding(1) with a maturity of over 1 year amounted to € 17 billion, representing 78% of Group's term funding. In addition, the Group received the € 3.5 billion capital injection from the Government, which is reflected in its June 2009 capital. The Group continues to develop contingent collateral and liquidity facilities to further support its funding requirements. At 30 June 2009, the Group held € 54 billion in qualifying liquid assets/contingent funding (of which approximately € 34 billion was pledged). These liquidity levels continue to represent a surplus over the Group's regulatory requirement.

(1)*Includes debt securities in issue (bonds and medium term notes), subordinated liabilities and other capital instruments, reserve capital instruments and non-cumulative perpetual preferred securities.*

Balance sheet summary	**30 June 2009**	31 December 2008
Total assets € bn	**180**	182
Loans and receivables to customers € bn	**129**	129
Customer deposits € bn	**83**	93
Wholesale funding € bn	**69**	63
Loan deposit ratio	**156%**	140%

	30 June 2009		30 June 2008		31 December 2008	
Sources of funds	**€ bn**	**%**	€ bn	%	€ bn	%
Customer accounts	**83**	**49**	87	50	93	54
Deposits by banks - secured	**32**	**19**	9	5	8	5
- unsecured(2)	**13**	**8**	19	11	17	10
Certificates of deposit and commercial paper	**8**	**4**	24	14	21	12
Asset covered securities	**4**	**3**	7	4	7	4
Senior debt	**12**	**7**	12	7	10	6
Capital	**17**	**10**	16	9	15	9
Total source of funds	**169**	**100**	174	100	171	100
Other(3)	**11**		9		11	
Total liabilities, shareholders' equity and minority interests	**180**		183		182	

	30 June 2009		30 June 2008		31 December 2008	
(2)**Deposits by banks - unsecured**	**€ bn**	**%**	€ bn	%	€ bn	%
Deposits by banks unsecured when netted against loans to banks	**8**	**5**	9	6	11	6

(3)*Non-funding liabilities including derivative financial instruments, other liabilities, retirement benefits and accruals and other deferred income.*

Related party transactions

On 13 May 2009, the Minister for Finance and the National Pensions Reserve Fund Commission ("NPRFC") each became a related party to Allied Irish Banks, p.l.c. ("AIB") following the issue by AIB of € 3.5 billion core tier 1 securities in the form of preference shares to the NPRFC. AIB has also issued 294,251,819 warrants to the NPRFC which if exercised, would give the NPRFC an interest in 25% of the enlarged share capital in issue.

The NPRFC, acting on the direction of the Minister for Finance, exercises significant influence over AIB as under the terms of the Government recapitalisation, the NPRFC carries voting rights to 25% of the ordinary shareholder voting rights on the two issues in respect of change in control and of AIB board appointments.

From time to time, AIB provides certain banking and financial services to the Irish Government in the normal course of business. AIB also holds Government securities in both its trading and available for sale investment portfolio.

Additionally, as the Minister for Finance has significant influence over all seven covered financial institutions[1] participating in the Government guarantee scheme, it can be determined that all of these financial institutions are related parties to each other for the purpose of the disclosure requirements of IAS 24 - Related Parties.

AIB engages in routine treasury activities with the covered institutions referred to above, including the standard product range of bonds, loans and deposits, spot and forward foreign exchange, and other derivatives transactions such as interest rate swaps.

Other than as mentioned above with regard to the designation of the Irish Government and the 'covered institutions' as related parties, there have been no related party transactions, or changes therein since 31 December 2008, that have materially affected the Group's financial position or performance in the half-year to 30 June 2009.

[1] *The following credit institutions and their subsidiaries are 'covered institutions' for the purposes of the Credit Institutions (Financial Support) Scheme 2008: Anglo Irish Bank Corporation plc and its subsidiary Anglo Irish Bank Corporation (International) plc; The Governor and Company of the Bank of Ireland and its subsidiaries Bank of Ireland Mortgage Bank, ICS Building Society and Bank of Ireland (I.O.M.) Limited; EBS Building Society and its subsidiary EBS Mortgage Finance; Irish Life & Permanent plc and its subsidiary Irish Permanent (IOM) Limited; Irish Nationwide Building Society and its subsidiary Irish Nationwide (I.O.M.) Limited; Postbank Ireland Limited; Allied Irish Banks, p.l.c. and its subsidiaries AIB Mortgage Bank, AIB Bank (CI) Limited, AIB Group (UK) p.l.c. and Allied Irish Banks North America Inc.*

Basis of presentation

During the second half of 2008, the Central & Eastern Europe ("CEE") division was formed bringing together the Group's interests in Poland, Bulgaria and the Baltic region. In Poland, AIB has a 70.4% share in Bank Zachodni WBK ("BZWBK"), together with its subsidiaries and associates. BZWBK Wholesale Treasury and Capital Markets' share of certain investment banking subsidiaries results are reported in Capital Markets division. During 2008 AIB acquired AmCredit, a mortgage business operating in the Baltic region and a 49.99% shareholding in Bulgarian American Credit Bank ("BACB"), a SME lender operating in Bulgaria. The CEE results for the half-year to June 2008 have been restated to reflect the performance of AmCredit in CEE (previously reported in Group division).

Underlying percentage change: *The growth percentages are shown on an underlying basis, adjusted for the impact of exchange rate movements on the translation of foreign locations' profit and excluding profit on disposal of businesses.*

AIB Bank ROI recorded a loss of € 1,522 million in the half-year to June 2009.

Strong cost management reflected in a 9% cost decline

Significant increase in provision charge

AIB Bank ROI *Retail and commercial banking operations in the Republic of Ireland, Channel Islands and Isle of Man; AIB Finance and Leasing; Card Services; Wealth Management and share of Hibernian Life Holdings Limited, AIB's venture with Hibernian Life & Pensions Limited.*

AIB Bank ROI income statement	**Half-year June 2009 € m**	Restated[1] half-year June 2008 € m	*Underlying[2] % change 2009 v 2008*
Net interest income	**706**	870	*-19*
Other income	**160**	239	*-33*
Total operating income	**866**	1,109	*-22*
Personnel expenses	**311**	343	*-9*
General and administrative expenses	**138**	151	*-9*
Depreciation/amortisation	**23**	24	*-5*
Total operating expenses	**472**	518	*-9*
Operating profit before provisions	**394**	591	*-33*
Provisions for impairment of loans and receivables	**1,911**	89	*2,033*
Amounts written off financial investments available for sale	**-**	-	-
Total provisions	**1,911**	89	*2,033*
Operating (loss)/profit	**(1,517)**	502	-
Associated undertakings	**(7)**	(2)	-
Profit on disposal of property	**2**	6	*-67*
(Loss)/profit before disposal of business	**(1,522)**	506	-
Profit on disposal of business	**-**	68	-
(Loss)/profit before taxation	**(1,522)**	574	-

AIB Bank ROI reported a loss before disposal of business of € 1,522 million for the half-year to June 2009. This compares to a profit of € 506 million for the comparative period in 2008. The operating profit before provisions was € 394 million, down 33%, with total operating income down 22% and total operating expenses 9% lower than June 2008.

This half-year has been particularly difficult for AIB Bank ROI, with the pace and severity of the economic downturn adversely impacting all key business lines. The financial effect of a worsening economic climate has spread beyond property and construction, with key sectors now experiencing difficult trading conditions. There is also evidence of a more cautious approach by customers to investment opportunities, and this is reflected in subdued demand for credit facilities. Despite this, AIB continues to play a lead role in supporting viable mortgage and SME businesses.

[1]*Restated due to change in accounting policy for insurance and investment contracts - see page 31.*

[2]*Underlying growth percentages are shown on a constant currency basis.*

The collapse of the property development market in the Republic of Ireland, combined with the increased financial strain on certain business and personal customers has necessitated a very significant increase in the level of credit impairment provisions and this has dominated the financial out-turn for the half-year. In addition, the dislocation in financial markets continues to be a key issue for Irish banks, with the cost of funding on international and domestic financial markets increasing. Whilst remaining focused on limiting the effect of these issues, AIB Bank ROI is also intent on capitalising on the strength of its underlying operating model and being appropriately positioned to compete for the growth opportunities that will inevitably emerge when the current credit and funding issues abate.

Overall, total operating income for the half-year was € 866 million.

Net interest income of € 706 million was 19% lower than June 2008. There was a reduction in the net interest margin for AIB Bank ROI reflecting the higher wholesale and retail funding costs. Gross customer loans grew by 3%, with mortgages up 8% and non-mortgage lending up by 1% compared with June 2008. On the liability side of the balance sheet, total customer accounts fell by 3%, with the driver being a reduction in current account balances reflecting the drop in economic activity and financial transaction volumes. Retail deposits showed growth in a very competitive Irish market place.

Other income was 33% lower than 2008. The key factors behind this decline were lower investment product income, lower branch fees and commissions, the cost of the Irish Government guarantee scheme, which represents a new charge in 2009, combined with the impact of a number of exceptional benefits reported in the half-year to June 2008 which did not repeat. Excluding the cost of the Irish Government guarantee scheme, other income was down 21% compared with the half-year to June 2008.

Total operating expenses showed a reduction of 9% reflecting strong cost management. Personnel expenses were 9% lower on the back of reduced staff numbers and staff related costs. General and administrative expenses were also down 9% reflecting very tight management of all discretionary spend areas. The cost income ratio increased from 46.7% in the half-year to June 2008 to 54.5% for the current reporting period.

The provision charge for loan impairments for the half-year to June 2009 showed a significant increase over the first half of 2008. It also represents an increase over the second half of 2008. The effects of the economic downturn, particularly in the property and construction sector were much more in evidence. The impairment charge for the half-year to June 2009 was € 1,911 million or 4.95% of average loans up from € 1,209 million (3.19%) for the second half of 2008. Property and construction accounted for approximately 82% of the total June 2009 half-year charge.

Associated undertakings mainly represents AIB's share of Hibernian Life Holdings Limited with the financial performance reflecting difficult conditions in that market.

The profit on disposal of business of € 68 million in 2008 reflects the division's share of profits from the sale of 50.1% of AIB's merchant acquiring businesses. Following this transaction the Group formed a merchant acquiring joint venture with First Data Corporation.

Capital Markets profit was down 13% to € 252 million.

Exceptional performance in Global Treasury

Provisions for loan impairment significantly impacted by global economic downturn

Investment Banking impacted by lower demand for investment products and lower asset values

Strong improvement in cost income ratio from 40.0% to 29.0%

Capital Markets *Corporate Banking, Global Treasury and Investment Banking.*

Capital Markets income statement	Half-year June 2009 € m	Half-year June 2008 € m	Underlying[1] % change 2009 v 2008
Net interest income	**579**	421	*40*
Other income	**89**	101	*-8*
Total operating income	**668**	522	*31*
Personnel expenses	**134**	149	*-9*
General and administrative expenses	**51**	52	-
Depreciation/amortisation	**8**	8	*9*
Total operating expenses	**193**	209	*-6*
Operating profit before provisions	**475**	313	*55*
Provisions for impairment of loans and receivables	**201**	20	*1,067*
Provisions for liabilities and commitments	**-**	(3)	-
Amounts written off financial investments available for sale	**22**	1	*2,050*
Total provisions	**223**	18	*1,334*
Profit before taxation	**252**	295	*-13*

Capital Markets profit before taxation of € 252 million declined by 13% while operating profit before provisions grew by 55% from € 313 million to € 475 million. Net interest income grew by 40%, principally driven by increased income on strategic interest rate and cash book management activities. Lower asset management fees and the cost of the Irish Government guarantee scheme contributed to a fall of 8% in other income. Excluding the cost of the Irish Government guarantee scheme, other income increased by 11%.

Total operating expenses decreased by 6%, driven by aggressive cost containment across all business units and cost headings. Personnel expenses fell by 9% as a result of lower staff numbers and reduced variable compensation. The combination of increased income and lower costs contributed to a reduction in the cost income ratio from 40% to 29%.

In the period, specific provisions for corporate loan impairments amounted to € 171 million. There were also IBNR provisions of € 30 million and amounts written off financial investments of € 22 million. These were significantly up on the comparative period and reflect the scale of economic downturn experienced in our principal credit markets.

[1] Underlying growth percentages are shown on a constant currency basis.

Capital Markets business unit profit split	**Half-year June 2009 € m**	Half-year June 2008 € m	*Underlying[1] % change 2009 v 2008*
Corporate Banking	**5**	192	*-98*
Global Treasury	**235**	80	*196*
Investment Banking[2]	**12**	23	*-47*
Profit before taxation	**252**	295	*-13*

Corporate Banking performance was significantly impacted by increased provisions for loan impairment, contributing to a fall in profit before taxation of 98%. The scale of increased provisioning was reflected across all our principal credit markets as provisions increased from € 20 million in the half-year to June 2008 to € 201 million for the current reporting period. Operating profit before provisions decreased by 2% on the comparative period, impacted by lower loan volumes, higher funding costs and the cost of the Irish Government guarantee scheme. This represented a robust performance across each of the Corporate Banking units in a period of unprecedented economic stress. Average loan margins increased year on year by 30 basis points while loan volumes declined by € 1 billion, in line with a focused policy of de-risking the balance sheet. Notwithstanding the increased levels of credit provisions, asset quality remains strong and management continue to be rigorous and vigilant in managing the credit portfolio through a concerted strategy of close client engagement and relationship management.

Global Treasury profit before taxation increased by 196% to € 235 million while operating profit before provisions increased by 231%. This was an exceptional performance in view of continued market volatility, the slowdown in the domestic economy and the constraints of stressed wholesale markets. Wholesale Treasury delivered very strong profit growth, driven by increased income on strategic interest rate management activities as a consequence of being well positioned to benefit from the low interest rate policy employed by the world's central banks. Customer treasury profits declined on the comparative period as the downturn in the Irish and UK economies adversely impacted volumes of foreign exchange, derivatives and cross-border payments. Notwithstanding lower trade volumes, margins continue to improve and the customer treasury business is well placed to benefit from increased volumes in the future.

Investment Banking profit before taxation fell by 47% on June 2008, principally impacted by a decrease in income on asset management activities and lower demand for investment banking products. Notwithstanding current market challenges, Investment Banking benefited from a number of significant corporate finance transactions while financial outsourcing activities continued to perform strongly. Aggressive cost management initiatives have been implemented across all business units resulting in a 10% decrease in total costs and more efficient and customer focussed operations. Management continue to focus efforts on risk and product positioning to take maximum advantage of any market upturn.

[1] *Underlying growth percentages are shown on a constant currency basis.*

[2] *Investment Banking mainly comprises Goodbody Stockbrokers, asset management activities, Corporate Finance and AIB International Financial Services.*

AIB Bank UK division loss was £ 28 million in the half-year to June 2009 compared with a profit of £ 180 million in the half-year to June 2008.

Operating profit before provisions declined by 17%

Costs reduced by 7%

Impairment charge of £ 168 million

AIB Bank UK *Retail and commercial banking operations in Great Britain and Northern Ireland.*

AIB Bank UK income statement		Half-year June 2009 Stg£ m	Half-year June 2008 Stg£ m	Underlying[1] % change 2009 v 2008
Net interest income		**217**	238	-9
Other income		**34**	51	-33
Total operating income		**251**	289	-13
Personnel expenses		**72**	83	-14
General and administrative expenses		**37**	33	10
Depreciation/amortisation		**3**	4	-15
Total operating expenses		**112**	120	-7
Operating profit before provisions		**139**	169	-17
Provisions for impairment of loans and receivables		**168**	19	777
Provisions for liabilities and commitments		**-**	-	-
Total provisions		**168**	19	777
Operating (loss)/profit		**(29)**	150	-
Associated undertaking		**1**	1	-33
(Loss)/profit before disposal of business		**(28)**	151	-
Profit on disposal of business		**-**	29	-
(Loss)/profit before taxation		**(28)**	180	-
(Loss)/profit before taxation	**€ m**	**(31)**	233	-

AIB Bank UK reported an operating profit before provisions of £ 139 million, a decline of 17% on the previous year as deep recessionary conditions deteriorated. The impairment provision for the six months to June 2009 was £ 168 million compared to £ 19 million in the comparative period. As a result of these higher impairment provisions, AIB Bank UK reported a net loss before disposals, of £ 28 million compared with a profit of £ 151 million for the comparative period. The increased impairment provisions have particularly impacted on First Trust Bank, which reported a net loss of £ 41 million, Allied Irish Bank (GB) recorded a profit of £ 13 million for the same period.

In the current environment, AIB Bank UK has focused on managing returns through lending margin management and also a continued focus on controlling costs. Increased returns from lending margins were offset by higher funding costs and lower deposit margins due to the decline in interest rates and increased competition, resulting in net interest income declining by 9%. Customer deposit balances reduced by 10% since 30 June 2008, in a very competitive marketplace for customer funds. Gross customer loan balances grew marginally since 30 June 2008 and decreased slightly on 31 December 2008. Other income declined by 33% on the previous period although when the cost of the Irish Government guarantee scheme is excluded the decline was 17% on the previous year. This decline was due to decreased transaction income due to lower demand and reduced customer activity in the current economic environment. Costs have been actively managed and have decreased by 7% period on period. Management actions in 2009 include significant reductions in performance compensation, reduced headcount, pay freezes and reduced discretionary spend. Excluding the Financial Services Compensation Scheme ("FSCS") costs, shown within operating costs, the decrease in total operating expenses was 9% compared to June 2008.

[1] *Underlying growth percentages are shown on a constant currency basis.*

In the six months to June 2009, the provision charge increased to £ 168 million compared to the very low level of £ 19 million in the more benign credit environment of half-year to June 2008. The increased impairment charge arises mainly in the property development sector of the business due to declining property values and reduced consumer demand, particularly in First Trust Bank and accounts for 63% of the total provision charge. As the recession deepened, a key priority for the UK credit management team was the early identification and management of vulnerable credit exposures.

The £ 29 million profit on disposal of business in the previous period reflects the division's share of profits from the sale of 50.1% of AIB's merchant acquiring businesses. Following this transaction the Group formed a merchant acquiring joint venture with First Data Corporation.

AIB Bank UK profit split	**Half-year June 2009 Stg£ m**	Half-year June 2008 Stg£ m	*Underlying[1] % change 2009 v 2008*
AIB (GB)	**13**	86	*-85*
First Trust Bank	**(41)**	65	-
Profit on sale of business	**-**	29	-
(Loss)/profit before taxation	**(28)**	180	-

Allied Irish Bank (GB), operating profit before provisions declined by 10% to £ 89 million on the previous period. Excluding the costs of the Irish Government guarantee scheme and the FSCS, operating profit before provisions would have declined by 3%, while profit before taxation of £ 13 million was down 85% on 2008 as a result of increased impairment charges. Net interest income declined by 4% on the half-year to June 2008, with improved returns on customer loans slightly outweighed by higher funding costs due to market conditions and more competitive deposit pricing in the market place. Customer loan balances grew by 3% on 30 June 2008 while customer deposit balances reduced by 19% as a result of increased competition. Other income declined by 41% on June 2008, however excluding the impact of the Irish Government guarantee scheme, other income declined by 13%, driven by lower customer transaction activity. Active management of the cost base continues to be a feature of performance and costs decreased by 7% on 2008 or 9% excluding the cost of the FSCS. This decrease was due to lower manpower and specific actions taken on salary awards and variable compensation along with continued close oversight of discretionary spend. Against the very low provisions experienced in 2008, the level of provisions for impairment has increased reflecting the accelerated deterioration in the economic environment.

First Trust Bank operating profit before provisions was £ 50 million for the first half of 2009, while its loss before taxation was £ 41 million for the first half of 2009, driven by the increase in the provision for loan impairment which increased to £ 91 million reflecting the impact from the deteriorating conditions in the Northern Ireland economy. This largely reflects the decline in property values. Net interest income was 16% lower than the same period last year reflecting lower deposit margins from a combination of lower interest rates and increased competition for customer deposit balances. This has been partly countered by an improvement in lending margins, through the re-pricing of customer loans to reflect market conditions. Customer deposit balances grew by 4% compared to 30 June 2008, reflecting several successful issues of fixed rate deposit bonds, attracting funds from new customers since December 2008, while customer loan balances have been maintained at broadly the same level as last year. Other income reduced by 28% when compared against last year and this has been impacted by the cost of the Irish Government guarantee scheme. Excluding this cost, other income reduced by 20%, reflecting lower lending transaction volumes. Cost management resulted in a reduction of 7% in overall costs, which increases to a reduction of 8% if the cost associated with the FSCS is excluded. Staff costs in particular have fallen by 13% reflecting a combination of a reduction in staff numbers along with a freeze on pay increases and performance related remuneration, as well as a strong focus on discretionary expenditure.

[1] *Underlying growth percentages are shown on a constant currency basis.*

Central & Eastern Europe ("CEE")

During the second half of 2008, the Central & Eastern Europe ("CEE") division was formed bringing together the Group's interests in Poland, Bulgaria and the Baltic region.

Substantial branch expansion programme completed in BZWBK

Favourable loan to deposit ratio maintained, now 88%

Higher provision charge at Pln 293 million

Strong cost management a feature

Poland *Bank Zachodni WBK ("BZWBK"), in which AIB has a 70.4% shareholding, together with its subsidiaries and associates. BZWBK Wholesale Treasury and Capital Markets share of certain Investment Banking subsidiaries results are reported in Capital Markets division.*

Poland income statement		Half-year June 2009 Pln m	Half-year June 2008 Pln m	*Underlying[(1)] % change 2009 v 2008*
Net interest income		**738**	718	*3*
Other income		**671**	745	*-10*
Total operating income		**1,409**	1,463	*-4*
Personnel expenses		**428**	458	*-7*
General and administrative expenses		**312**	319	*-2*
Depreciation/amortisation		**60**	51	*17*
Total operating expenses		**800**	828	*-4*
Operating profit before provisions		**609**	635	*-4*
Provisions for impairment of loans and receivables		**290**	10	*2,921*
Provisions for liabilities and commitments		**3**	10	*-71*
Total provisions		**293**	20	*1,365*
Operating profit		**316**	615	*-48*
Associated undertakings		**(3)**	-	-
Profit on disposal of property		**-**	3	-
Profit before taxation		**313**	618	*-49*
Profit before taxation	**€ m**	**70**	177	*-49*

Poland recorded an underlying profit before taxation decrease of 49% to Pln 313 million (€ 70 million) for the half-year to June 2009. Net interest income in the half-year to June 2009 grew by 3%. Customer loan balances were in line with 31 December 2008. BZWBK adopted a conservative approach to lending generally in the light of the slowing economic conditions. The focus has been on maintaining loan quality and ensuring diversity in its overall loan portfolio. Special focus was directed at deepening the footprint in the retail and SME sectors where higher returns are achievable. Margins steadily improved across all lines of lending in the period. Underlying growth in deposits (net of exceptions) was satisfactory in the context of the very competitive market for deposits generally. Deposit pricing has become very competitive in the sector with term deposits continuing to be priced in excess of market prices resulting in a downward trend in net interest margin.

Other income overall decreased by 10%. However, strong underlying growth in fee income areas were recorded totalling 11% including fees on loans, debit cards and credit cards, daily banking and fees from sales of structured products. These strong performances were negated by the substantial fall of 56% in fees earned from mutual funds and asset portfolios as a result of the adverse conditions on the local and global financial markets. The volume of mutual funds increased by 4% from December 2008 to Pln 8.7 billion in the period and BZWBK has maintained second place in the market (11.25% v 11.29% in December 2008). Brokerage income was negatively impacted as a result of market conditions.

Total operating expenses reduced by 4%. There was a strong cost containment drive in the organisation in the six months which was very successful when measured against the branch expansion programme that was undertaken. The branch network development program finalised with 9 branches added to the branch network in the half-year to June 2009 bringing the network total to 514 branches at 30 June 2009. Staff numbers reduced by 7% since December 2008. A zero income/cost growth rate gap leaves the cost income ratio at 56.7%, the same level as the half-year to June 2008.

(1) Underlying growth percentages are shown on a constant currency basis.

The provision for impairment of loans and receivables of Pln 290 million, while lower than the Pln 334 million recorded in the second half of 2008, reflects a continuing challenging environment for lending activities generally. The provision charge represents a 1.56% charge on average customer loans and includes 0.26% for IBNR and 1.30% for specific loan impairment. Impaired loans as a percentage of total loans increased to 4.5% from 2.9% at the end of 2008.

BACB – Bulgaria. *AIB acquired a 49.99% shareholding in BACB in 2008.*
The results include a share in profits of € 6 million and funding costs of € 1 million for the period. Following the continuation of the substantial global economic downturn and the resultant impact on banking valuations generally, an impairment review was carried out which resulted in an impairment charge of € 45 million in AIB's investment in BACB, giving rise to a loss of € 40 million being recorded.

AmCredit - Baltic Region. *Mortgage business acquired in 2008.*
A loss of € 8 million was recorded in the period. This reflects impairment provisions on loans of € 8 million arising from the continuation of the sharp downturn in the three Baltic economies into 2009.

CEE profit split	**Half-year June 2009 € m**	Half-year[(1)] June 2008 € m	*Underlying[(2)] % change 2009 v 2008*
Poland	**70**	177	*-49*
BACB	**(40)**	-	-
AmCredit	**(8)**	(2)	-
CEE	**22**	175	*-84*

[(1)]Restated to reflect the performance of AmCredit in CEE (previously reported in Group division).
[(2)]Underlying growth percentages are shown on a constant currency basis.

Group

Group *includes interest income earned on capital not allocated to divisions, the funding cost of certain acquisitions, hedging in relation to the translation of foreign locations' profit, unallocated costs of central services, AIB's share of approximately 22.8% in M&T Bank Corporation ("M&T") and profit on disposal of property.*

Group income statement	Half-year June 2009 as reported € m	One-off gain[1] € m	Half-year June 2009 excluding one-off gain[1] € m	Half-year[2] June 2008 € m
Net interest income	**(3)**	**-**	**(3)**	59
Other income/(loss)	**652**	**623**	**29**	(40)
Total operating income	**649**	**623**	**26**	19
Personnel expenses	**32**	**-**	**32**	29
General and administrative expenses	**14**	**-**	**14**	31
Depreciation/amortisation	**26**	**-**	**26**	21
Total operating expenses	**72**	**-**	**72**	81
Operating profit/(loss)	**577**	**623**	**(46)**	(62)
Associated undertaking - M&T	**(181)**	**-**	**(181)**	58
Profit on disposal of property	**10**	**-**	**10**	-
Construction contract income	**1**	**-**	**1**	6
Profit/(loss) before taxation	**407**	**623**	**(216)**	2

[1] *Gain on redemption of subordinated liabilities as part of the capital exchange offering completed in June 2009 (€ 623 million in other income).*

[2] *Restated to exclude AmCredit (now reported in CEE division).*

Group reported a € 407 million profit for the half-year to June 2009 compared with € 2 million for the half-year to June 2008. The result for the half-year to June 2009 includes a gain of € 623 million on the capital exchange offering completed in June 2009. Excluding this one-off gain, the Group loss before taxation for the half-year to June 2009 was € 216 million. The commentary which follows is prepared excluding this gain.

The trends in net interest income and other income in Group division are impacted by reclassification of income between headings in relation to interest rate hedging. Consequently, it is more meaningful to analyse the trend in total operating income. Total operating income increased from € 19 million in the half-year to June 2008 to € 26 million in the half-year to June 2009. This increase included a decrease in the negative impact of interest rate hedge volatility (hedge ineffectiveness and derivative volatility), a decrease of € 12 million in the half-year to June 2009 compared with a decrease of € 35 million in the half-year to June 2008. Total operating income also includes hedging profits in relation to foreign currency translation hedging (€ 6 million profit for the half-year to June 2009 compared to € 3 million profit for the half-year to June 2008).

Total operating expenses decreased from € 81 million in the half-year to June 2008 to € 72 million in the half-year to June 2009. Personnel expenses increased from € 29 million in the half-year to June 2008 to € 32 million in the half-year to June 2009. General and administrative expenses decreased significantly from € 31 million to € 14 million mainly reflecting lower Group operations and technology costs benefiting from the single enterprise agenda and active management of all cost categories. Depreciation/amortisation expenses increased from € 21 million in the half-year to June 2008 to € 26 million reflecting project and investment spend in recent years on the single enterprise agenda.

AIB's share of M&T's after-tax profit for the half-year to June 2009 amounted to € 19 million. In the period, there was a € 200 million impairment charge to AIB's investment in M&T. On a local currency basis, excluding the impairment charge, M&T's net income of US$ 25 million was down 71% relative to the half-year to June 2008 contribution of US$ 88 million. M&T reported its results on 20 July 2009, showing net income down 68% to US$ 115 million compared to the half-year to June 2008. The M&T euro contribution to AIB Group performance was impacted by the strengthening in the US dollar rate relative to the euro since the half-year to June 2008.

Profit on disposal of property of € 10 million (€ 9 million after transaction costs of € 1 million) in the half-year to June 2009 reflects profit on sale of 7 branches in the Republic of Ireland (€ 7 million after taxation) as part of the sale and leaseback programme.

Interim financial statements - Basis of preparation

Reporting entity

Allied Irish Banks, p.l.c. ('the parent company') is a company domiciled in Ireland. The condensed consolidated interim financial statements for the six months ended 30 June 2009 comprise the parent company and its subsidiary undertakings, collectively referred to as the 'Group', and the Group's interest in associated undertakings.

The consolidated financial statements of the Group for the year ended 31 December 2008 ('the 2008 Annual Financial Report') are available upon request from the company secretary or at www. aibgroup.com/investorrelations.

Accounting policies

The condensed consolidated interim financial statements (hereafter 'Interim Financial Statements') for the half year ended 30 June 2009, which should be read in conjunction with the 2008 Annual Financial Report, have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively "IFRS") both as issued by the International Accounting Standards Board ("IASB") and subsequently adopted by the European Union ("EU").

There have been no significant changes to the accounting policies described on pages 119 to 135 in the 2008 Annual Financial Report, except as noted below.

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management's judgement involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The estimates that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are in the areas of loan impairment and impairment of financial instruments; determination of the fair value of certain financial assets and financial liabilities; retirement benefit liabilities; impairment of goodwill; the recoverable value of investments in associated undertakings; and the recoverability of deferred taxation assets.

All activities are from continuing operations.

Change in accounting policies

Insurance and investment contracts

The Group's accounting policy for insurance and investment contracts is set out on page 133 of the 2008 Annual Financial Report. In the preparation of the Interim Financial Statements, the Group has changed its method of accounting for insurance contracts from European Embedded Value ("EEV") to Market Consistent Embedded Value ("MCEV") principles. This follows the publication, by the European Insurance CFO Forum of the MCEV principles, which will replace the EEV principles as the endorsed method of embedded value reporting from 1 January 2011.

These principles provide a framework intended to improve comparability and transparency in Embedded Value reporting across Europe. The adoption of MCEV principles is expected to deliver a shareholder perspective on value, being the present value of cash flows available to shareholders, adjusted for the risks of those cash flows; and a market consistent approach to financial risk.

This change in accounting policy has been accounted for retrospectively and the comparative financial statements have been restated. The change had the impact of increasing investment in associates, total assets, retained earnings and total liabilities by € 26 million at 31 December 2007 and 30 June 2008, and by € 31 million at 31 December 2008. Share of income from associated undertakings and profit before tax each increased by € 5 million in the year ended 31 December 2008. The restatement had no impact on the income statement for the half-year ended 30 June 2008. The change in accounting policy increased basic earnings per share for the year ended 31 December 2008 by EUR 0.5 cent to EUR 83.4 cent and diluted earnings per share by EUR 0.5 cent to EUR 83.3 cent.

Borrowing costs

The Group has implemented the revised IAS 23 - Borrowing Costs in the preparation of its financial statements for the half-year ended 30 June 2009. Previously, the Group's policy was to expense borrowing costs related to the acquisition, construction or production of qualifying assets.

Commencing on 1 January 2009, it is Group policy to capitalise, as part of the cost of an asset, borrowing costs that are directly attributable to the acquisition, construction or production of that asset. This applies to qualifying assets, which are assets that take a substantial period of time to complete and for which the acquisition, construction or production commenced after 1 January 2009. This change in accounting policy did not have a material impact in the half-year ended 30 June 2009.

Adoption of new accounting standards

The following standards/amendments to standards have been adopted by the Group during the period ended 30 June 2009:

IFRS 8 - Operating Segments

This standard is effective from 1 January 2009, replacing IAS 14 - Segmental Reporting. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The introduction of this standard has not had a significant impact on Group reporting.

Revised IAS 1

This revised standard, effective from 1 January 2009 is aimed at improving users' ability to analyse and compare the information given in financial statements. The revisions include changes in the titles of some of the primary financial statements to reflect their function more clearly. The Group has adopted the 'two separate statements approach' of presenting items of income and expense and components of other comprehensive income. The revised standard requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity in the 'Consolidated statement of changes in equity'.

Going concern

The Group's activities are subject to risk factors. The global financial crisis and the deteriorating economic environment in the countries in which the Group operates have increased the intensity of these risk factors. The Directors have reviewed the Group's Business and Financial Plan for the remainder of 2009 which incorporates its funding and capital plan, and the outline plan for 2010, and considered the critical assumptions underpinning same. They have also considered the measures introduced by the Irish Government to improve liquidity, including the Government Guarantee of covered liabilities under the Credit Institutions (Financial Support) Act 2008 (note 53 to the 2008 Annual Financial Report), the € 3.5 billion recapitalisation and the Government's acknowledgement of AIB's systemic importance to the Irish economy. The financial statements continue to be prepared on a going concern basis, as the Directors are satisfied that the Company and the Group as a whole have access to the resources to continue in business for the foreseeable future.

Statement of compliance

The consolidated interim financial statements comply with International Accounting Standard 34 - Interim Financial Reporting, as adopted by the EU.

Both the interim figures for the six months ended 30 June 2009 and the comparative amounts for the six months ended 30 June 2008 are unaudited but have been reviewed by the Auditors, whose report is set out on page 73. The summary financial statements for the year ended 31 December 2008, as presented in the Interim financial statements, represent an abbreviated version of the Group's full accounts for that year, on which the independent auditors issued an unqualified audit report and which have been filed in the Companies Registration Office. The financial information presented herein does not amount to statutory financial statements.

Prospective accounting changes

The following legislative changes and new accounting standards or amendments to standards approved by the IASB in 2009 (but not early adopted by the Group) will impact the Group's financial reporting in future periods. If applicable they will be adopted in 2010.

Amendment to IAS 39 - Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009). This amendment offers guidance on how the existing principles underlying hedge accounting should be applied. This amendment is not expected to have a significant impact on the Group's accounts.

The IASB issued 'Improvements to IFRSs' in April 2009, which comprise a collection of necessary but not urgent amendments to IFRSs. The amendments are mainly effective for annual periods beginning on or after 1 January 2010, with earlier application permitted. These amendments are not expected to have a material impact on the Group's accounts.

IFRS 3 Revised - Business Combinations and amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). The revisions to the standards apply prospectively and deal with: partial and step acquisitions; acquisition related costs; and the recognition and measurement of contingent consideration and transactions with non-controlling interests. The objective is to enable users of financial statements to evaluate the nature and financial effects of a business combination. The impact on the Group will be dependent on the nature of any future acquisitions.

IFRIC 17 - Distribution of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). This amendment offers guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders. This IFRIC is not expected to have a material impact on the Group.

IFRIC 18 - Transfers of Assets from Customers (effective for transfers of assets on or after 1 July 2009). It clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment. The interpretation clarifies: the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue; and the accounting for transfers of cash from customers. This IFRIC is not expected to have a material impact on the Group.

Condensed consolidated income statement *(unaudited)*

for the half-year ended 30 June 2009

	Notes	**Half-year 30 June 2009 € m**	Restated[1] Half-year 30 June 2008 € m	Restated[1] Year 31 December 2008 € m
Interest and similar income	2	**3,673**	5,004	10,228
Interest expense and similar charges	3	**1,982**	3,139	6,361
Net interest income		**1,691**	1,865	3,867
Dividend income	4	**19**	23	27
Fee and commission income	5	**489**	615	1,183
Fee and commission expense	5	**(99)**	(62)	(142)
Net trading income/(loss)	6	**45**	(77)	(73)
Gain on redemption of subordinated liabilities	7	**623**	-	-
Other operating income	8	**13**	81	206
Other income		**1,090**	580	1,201
Total operating income		**2,781**	2,445	5,068
Administrative expenses	9	**968**	1,130	2,187
Impairment and amortisation of intangible assets		**35**	27	78
Depreciation of property, plant and equipment		**40**	47	92
Total operating expenses		**1,043**	1,204	2,357
Operating profit before provisions		**1,738**	1,241	2,711
Provisions for impairment of loans and receivables	20	**2,373**	137	1,822
Provisions for liabilities and commitments		**1**	-	(2)
Amounts written off financial investments available for sale	11	**22**	1	29
Operating (loss)/profit		**(658)**	1,103	862
Associated undertakings	24	**(227)**	57	42
Profit on disposal of property		**12**	7	12
Construction contract income		**1**	6	12
Profit on disposal of businesses	12	**-**	106	106
(Loss)/profit before taxation		**(872)**	1,279	1,034
Income tax (income)/expense	13	**(86)**	194	144
(Loss)/profit for the period		**(786)**	1,085	890
Attributable to:				
Owners of the parent		**(829)**	1,040	772
Non-controlling interests		**43**	45	118
		(786)	1,085	890
Basic earnings per share	14(a)	**(43.2c)**	114.0c	83.4c
Diluted earnings per share	14(b)	**(43.2c)**	113.8c	83.3c

[1]Restated due to change in accounting policy for insurance and investment contracts - see page 31.

Condensed consolidated statement of comprehensive income

(unaudited) for the half year ended 30 June 2009

	Notes	**Half-year 30 June 2009 € m**	Restated[1] Half-year 30 June 2008 € m	Restated[1] Year 31 December 2008 € m
(Loss)/profit for the period		**(786)**	1,085	890
Other comprehensive income:				
Exchange translation adjustments		**64**	(66)	(655)
Net change in cash flow hedges, net of tax		**(51)**	(202)	678
Net change in fair value of available for sale securities, net of tax		**(77)**	(156)	(383)
Net actuarial losses in retirement benefit schemes, net of tax	10	**(117)**	(285)	(706)
Recognised (losses)/gains in associated undertakings, net of tax		**(81)**	(121)	73
Other comprehensive income for the period, net of tax		**(262)**	(830)	(993)
Total comprehensive income for the period		**(1,048)**	255	(103)
Attributable to:				
Owners of the parent		**(1,079)**	193	(162)
Non-controlling interests		**31**	62	59
Total comprehensive income for the period		**(1,048)**	255	(103)

Effect of change in accounting policy adjusted against opening retained earnings	1 January 2008 € m
Attributable to:	
Owners of the parent	26
Non-controlling interests	-
	26

[1]Restated due to change in accounting policy for insurance and investment contracts - see page 31.

Condensed consolidated statement of financial position *(unaudited)*

for the half-year ended 30 June 2009

	Notes	**30 June 2009 € m**	Restated[1] 31 December 2008 € m	Restated[1] 30 June 2008 € m
Assets				
Cash and balances at central banks		**2,084**	2,466	1,144
Items in course of collection		**388**	272	676
Trading portfolio financial assets	16, 30	**324**	401	6,737
Derivative financial instruments	17, 30	**5,736**	7,328	4,248
Loans and receivables to banks	18	**4,954**	6,266	9,376
Loans and receivables to customers	19	**129,031**	129,489	132,814
Financial investments available for sale	21, 30	**30,156**	29,024	22,848
Financial investments held to maturity	22	**1,471**	1,499	–
Assets classified as held for sale		**36**	8	15
Current taxation		**48**	69	–
Prepayments and accrued income		**759**	1,055	1,074
Other assets		**1,199**	673	819
Interests in associated undertakings	24	**1,675**	1,999	1,631
Property, plant and equipment		**572**	603	622
Intangible assets and goodwill		**748**	774	707
Deferred taxation		**359**	248	288
Total assets		**179,540**	182,174	182,999
Liabilities				
Trading portfolio financial liabilities	30	**110**	111	88
Derivative financial instruments	17, 30	**5,356**	6,468	4,461
Deposits by banks	25	**44,987**	25,578	28,002
Customer accounts	26	**82,710**	92,604	86,983
Debt securities in issue	27	**24,453**	37,814	43,329
Current taxation		**38**	35	198
Accruals and deferred income		**888**	1,375	1,301
Other liabilities		**2,855**	2,158	1,761
Provisions for liabilities and commitments		**86**	85	71
Retirement benefit liabilities	10	**1,263**	1,105	713
Deferred taxation		**2**	2	26
Subordinated liabilities and other capital instruments	28	**4,683**	4,526	5,090
Total liabilities		**167,431**	171,861	172,023
Shareholders' equity				
Share capital	29	**329**	294	294
Share premium account	29	**4,975**	1,693	1,693
Other equity interests	29	**389**	497	497
Reserves		**592**	698	(55)
Profit and loss account		**5,268**	5,787	7,152
Shareholders' equity		**11,553**	8,969	9,581
Non-controlling interests in subsidiaries	29	**556**	1,344	1,395
Total shareholders' equity including non-controlling interests		**12,109**	10,313	10,976
Total liabilities, shareholders' equity and non-controlling interests		**179,540**	182,174	182,999

[1]Restated due to change in accounting policy for insurance and investment contracts – see page 31.

Condensed consolidated statement of cash flows *(unaudited)*

for the half-year ended 30 June 2009

Consolidated statement of cash flows	Notes	**Half-year 30 June 2009 € m**	Restated[1] Half-year 30 June 2008 € m	Restated[1] Year 31 December 2008 € m
Operating activities				
(Loss)/profit before taxation		**(872)**	1,279	1,034
Adjust for non-cash items		**1,968**	(328)	1,603
		1,096	951	2,637
Net cash (outflow)/inflow from operating assets and liabilities		**(5,200)**	1,559	2,279
Net cash (outflow)/inflow from operating activities before taxation		**(4,104)**	2,510	4,916
Taxation		**(20)**	(139)	(357)
Net cash flows from operating activities		**(4,124)**	2,371	4,559
Investing activities				
Purchase of financial investments available for sale		**(4,043)**	(10,320)	(19,404)
Proceeds from sale and maturity of financial investments available for sale		**3,195**	7,904	14,400
Additions to property, plant and equipment		**(36)**	(60)	(140)
Additions to intangible assets		**(40)**	(73)	(150)
Disposal of property, plant and equipment		**21**	10	26
Additions to investment in associated undertakings	24	**(2)**	(10)	(231)
Disposal of investment in associated undertakings	24	**-**	5	5
Disposal of investment in subsidiaries and businesses		**-**	114	114
Investment in business		**-**	(114)	(113)
Dividends received from associated undertakings	24	**31**	24	55
Cash flows from investing activities		**(874)**	(2,520)	(5,438)
Financing activities				
Re-issue of treasury shares		**-**	10	10
Issue of 2009 Preference Shares	29	**3,467**	-	-
Redemption of subordinated liabilities		**-**	(200)	(356)
Issue of subordinated liabilities		**-**	884	885
Interest paid on subordinated liabilities		**(143)**	(117)	(255)
Cost of redemption of subordinated liabilities and other capital instruments		**(7)**	-	-
Equity dividends paid on ordinary shares		**-**	(451)	(720)
Dividends paid on other equity interests		**(44)**	(38)	(38)
Dividends paid to non-controlling interests		**(20)**	(18)	(66)
Cash flows from financing activities		**3,253**	70	(540)
Net decrease in cash and cash equivalents		**(1,745)**	(79)	(1,419)
Analysis of changes in cash				
At beginning of period		**8,522**	10,427	10,427
Net cash flow before the effect of exchange translation adjustments		**(1,745)**	(79)	(1,419)
Effect of exchange translation adjustments		**83**	(154)	(486)
At end of period	33	**6,860**	10,194	8,522

[1]Restated due to change in accounting policy for insurance and investment contracts - see page 31.

Consolidated statement of changes in equity

	Share capital € m	Share premium € m	Other equity interests € m	Capital reserves € m	Revaluation reserves € m	Available for sale securities reserves € m	Cash flow hedging reserves € m	Revenue reserves € m	Foreign currency translation reserves € m	Treasury shares € m	Share based payments reserves € m	Total € m	Non-controlling interests € m	Total equity € m
2009														
At 1 January 2009 restated	**294**	**1,693**	**497**	**683**	**33**	**(556)**	**538**	**6,913**	**(745)**	**(462)**	**81**	**8,969**	**1,344**	**10,313**
Total comprehensive income														
for the period	**-**	**-**	**-**	**-**	**-**	**(56)**	**(50)**	**(1,031)**	**58**	**-**	**-**	**(1,079)**	**31**	**(1,048)**
Issue of 2009 Preference Shares	**35**	**3,282**	**150**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,467**	**-**	**3,467**
Dividends on other equity interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(44)**	**-**	**-**	**-**	**(44)**	**(20)**	**(64)**
Share based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**3**	**7**	**1**	**8**
Redemption of capital														
instruments (note 7)	**-**	**-**	**(258)**	**-**	**-**	**-**	**-**	**492**	**-**	**-**	**-**	**234**	**(801)**	**(567)**
Other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**(1)**	**1**	**-**
At 30 June 2009	**329**	**4,975**	**389**	**683**	**33**	**(612)**	**488**	**6,333**	**(687)**	**(462)**	**84**	**11,553**	**556**	**12,109**
2008														
At 1 January 2008 as reported	294	1,693	497	527	33	(91)	(142)	7,682	(251)	(491)	76	9,827	1,351	11,178
Change in accounting policy	-	-	-	-	-	-	-	26	-	-	-	26	-	26
As restated	294	1,693	497	527	33	(91)	(142)	7,708	(251)	(491)	76	9,853	1,351	11,204
Total comprehensive income														
for the period	-	-	-	-	-	(179)	(203)	756	(181)	-	-	193	62	255
Dividends on ordinary shares	-	-	-	-	-	-	-	(451)	-	-	-	(451)	(18)	(469)
Dividends on other equity interests	-	-	-	-	-	-	-	(38)	-	-	-	(38)	-	(38)
Share based payments	-	-	-	-	-	-	-	-	-	-	12	12	-	12
Ordinary shares re-issued	-	-	-	-	-	-	-	-	-	29	-	29	-	29
Net movement in own shares	-	-	-	-	-	-	-	(17)	-	-	-	(17)	-	(17)
At 30 June 2008 - restated	294	1,693	497	527	33	(270)	(345)	7,958	(432)	(462)	88	9,581	1,395	10,976

Consolidated statement of changes in equity

	Share capital € m	Share premium € m	Other equity interests € m	Capital reserves € m	Revaluation reserves € m	Available for sale securities reserves € m	Cash flow hedging reserves € m	Revenue reserves € m	Foreign currency translation reserves € m	Treasury shares € m	Share based payments reserves € m	Total € m	Non-controlling interests € m	Total equity € m
2008														
At 1 January 2008 as reported	294	1,693	497	527	33	(91)	(142)	7,682	(251)	(491)	76	9,827	1,351	11,178
Change in accounting policy	-	-	-	-	-	-	-	26	-	-	-	26	-	26
As restated	294	1,693	497	527	33	(91)	(142)	7,708	(251)	(491)	76	9,853	1,351	11,204
Total comprehensive income for the period	-	-	-	-	-	(465)	680	117	(494)	-	-	(162)	59	(103)
Dividends on ordinary shares	-	-	-	-	-	-	-	(720)	-	-	-	(720)	(18)	(738)
Dividends on other equity interests	-	-	-	-	-	-	-	(38)	-	-	-	(38)	(48)	(86)
Share based payments	-	-	-	-	-	-	-	-	-	-	5	5	-	5
Other movements	-	-	-	156	-	-	-	(156)	-	-	-	-	-	-
Ordinary shares re-issued	-	-	-	-	-	-	-	-	-	29	-	29	-	29
Net movement in own shares	-	-	-	-	-	-	-	2	-	-	-	2	-	2
At 31 December 2008 - restated	294	1,693	497	683	33	(556)	538	6,913	(745)	(462)	81	8,969	1,344	10,313

1 Segmental information

For management and reporting purposes, the activities of AIB Group are organised into four operating divisions supported by Group, which includes Operations and Technology.

AIB Bank ROI[1]: Retail and commercial banking operations in the Republic of Ireland, Channel Islands and the Isle of Man, AIB Finance and Leasing, AIB Card Services, Wealth Management and its share of Hibernian Life Holdings Limited.

Capital Markets: AIB's corporate banking, treasury and investment banking operations principally in Ireland, Britain, Poland and the US, together with offices in Frankfurt, Paris, Luxembourg, Budapest, Zurich, Toronto and Sydney.

AIB Bank UK: Retail and commercial banking operations in Britain (operating under the trading name Allied Irish Bank (GB)) and in Northern Ireland (operating under the trading name First Trust Bank).

Central and Eastern Europe Division[2]: This division comprises: Bank Zachodni WBK S.A. ("BZWBK"), in which AIB has a 70.4% (2008: 70.5%) shareholding, together with its subsidiaries and associates which operate in Poland; Bulgarian American Credit Bank, a specialist provider of secured finance to small and medium sized companies in Bulgaria, in which AIB has a 49.99% shareholding; and AmCredit, which is a mortgage business in Lithuania, Latvia and Estonia.

Group: Includes interest income earned on capital not allocated to divisions, the funding of certain acquisitions, hedging in relation to the translation of foreign locations' profit, unallocated costs of central services, AIB's share of approximately 22.8% in M&T Bank Corporation and profit on disposal of property subject to sale and leaseback arrangements.

[1]The results for AIB Bank ROI have been restated due to the change in accounting policy for insurance and investment contracts - see page 31.

[2]During the second half of 2008, the Central & Eastern Europe ("CEE") division was formed bringing together the Group's interests in Poland, Bulgaria and the Baltic region. The income statement for the half-year ended 30 June 2008 was restated to reflect this change.

1 Segmental information *(continued)*	AIB Bank ROI € m	Capital Markets € m	AIB Bank UK € m	Central & Eastern Europe € m	Group € m	Total € m
						Half-year 30 June 2009
Operations by business segments						
Net interest income	706	579	242	167	(3)	1,691
Other income	160	89	39	150	652	1,090
Total operating income	866	668	281	317	649	2,781
Administrative expenses	449	185	121	167	46	968
Amortisation of intangible assets	10	5	–	4	16	35
Depreciation of property, plant and equipment	13	3	4	10	10	40
Total operating expenses	472	193	125	181	72	1,043
Operating profit before provisions	394	475	156	136	577	1,738
Provisions for impairment of loans and receivables	1,911	201	188	73	–	2,373
Provisions for liabilities and commitments	–	–	–	1	–	1
Amounts written off financial investments available for sale	–	22	–	–	–	22
Operating (loss)/profit	(1,517)	252	(32)	62	577	(658)
Associated undertakings	(7)	–	1	(40)	(181)	(227)
Profit on disposal of property	2	–	–	–	10	12
Construction contract income	–	–	–	–	1	1
(Loss)/profit before taxation	(1,522)	252	(31)	22	407	(872)
Other material items						
Loans and receivables to customers	74,213	24,990	21,358	8,183	287	129,031
Interests in associated undertakings	277	–	3	142	1,253	1,675
Total assets	80,854	56,369	24,944	11,864	5,509	179,540
Customer accounts	40,444	20,768	12,210	9,288	–	82,710
Total liabilities[(1)]	49,030	85,993	13,776	11,881	6,751	167,431
Capital expenditure	32	8	2	8	26	76
Impairment of associated undertakings	–	–	–	45	200	245
Other significant non-cash expenses[(2)]	(1)	–	2	1	(1)	1

1 Segmental information *(continued)*	AIB Bank ROI € m	Capital Markets € m	AIB Bank UK € m	Central & Eastern Europe € m	Group € m	Total € m
						Half-year 30 June 2008
Operations by business segments						
Net interest income	870	421	308	207	59	1,865
Other income	239	101	67	213	(40)	580
Total operating income	1,109	522	375	420	19	2,445
Administrative expenses	494	201	151	224	60	1,130
Amortisation of intangible assets	8	4	–	5	10	27
Depreciation of property, plant and equipment	16	4	5	11	11	47
Total operating expenses	518	209	156	240	81	1,204
Operating profit/(loss) before provisions	591	313	219	180	(62)	1,241
Provisions for impairment of loans and receivables	89	20	25	3	–	137
Provisions for liabilities and commitments	–	(3)	–	3	–	–
Amounts written off financial investments available for sale	–	1	–	–	–	1
Operating profit/(loss)	502	295	194	174	(62)	1,103
Associated undertakings	(2)	–	1	–	58	57
Profit on disposal of property	6	–	–	1	–	7
Construction contract income	–	–	–	–	6	6
Profit on disposal of business	68	–	38	–	–	106
Profit before taxation	574	295	233	175	2	1,279
Other material items						
Loans and receivables to customers	74,911	26,046	23,102	8,500	255	132,814
Interests in associated undertakings	300	–	1	18	1,312	1,631
Total assets	81,078	58,290	24,266	12,616	6,749	182,999
Customer accounts	41,878	20,487	14,658	9,960	–	86,983
Total liabilities[1]	48,973	86,965	15,504	11,201	9,380	172,023
Capital expenditure	41	13	3	24	52	133
Other significant non-cash expenses[2]	2	1	3	2	2	10

1 Segmental information *(continued)*	AIB Bank ROI[5] € m	Capital Markets € m	AIB Bank UK € m	Central & Eastern Europe € m	Group € m	Total € m
						Year to 31 December 2008
Operations by business segments						
Net interest income	1,705	1,064	591	437	70	3,867
Other income	478	94	135	390	104	1,201
Total operating income	2,183	1,158	726	827	174	5,068
Administrative expenses	953	376	312	442	104	2,187
Impairment and amortisation of intangible assets	17	9	–	26	26	78
Depreciation of property, plant and equipment	32	7	9	24	20	92
Total operating expenses	1,002	392	321	492	150	2,357
Operating profit before provisions	1,181	766	405	335	24	2,711
Provisions for impairment of loans and receivables	1,298	160	257	107	–	1,822
Provisions for liabilities and commitments	–	(4)	–	2	–	(2)
Amounts written off financial investments available for sale	4	25	–	–	–	29
Operating (loss)/profit	(121)	585	148	226	24	862
Associated undertakings	–	–	2	(54)	94	42
Profit on disposal of property	6	–	2	2	2	12
Construction contract income	–	–	–	–	12	12
Profit on disposal of businesses	68	–	38	–	–	106
(Loss)/profit before taxation	(47)	585	190	174	132	1,034
Other material items						
Loans and receivables to customers	75,033	26,120	19,551	8,514	271	129,489
Interests in associated undertakings	282	6	3	174	1,534	1,999
Total assets	80,819	60,477	22,036	12,368	6,474	182,174
Customer accounts	42,295	26,536	13,539	10,234	–	92,604
Total liabilities[1]	49,398	89,827	14,776	11,228	6,632	171,861
Capital expenditure	89	24	5	79	93	290
Impairment of associated undertakings	–	–	–	57	–	57
Other significant non-cash expenses[2]	(6)	(5)	6	2	5	2

1 Segmental information *(continued)*	Republic of Ireland € m	United Kingdom € m	Poland € m	North America € m	Rest of the world € m	Total € m
						Half-year 30 June 2009
Operations by geographical segments[3]						
Net interest income	1,138	331	160	45	17	1,691
Other income	795	75	190	23	7	1,090
Total operating income	1,933	406	350	68	24	2,781
Administrative expenses	605	163	180	11	9	968
Amortisation of intangible assets	30	1	3	–	1	35
Depreciation of property, plant and equipment	26	4	10	–	–	40
Total operating expenses	661	168	193	11	10	1,043
Operating profit before provisions	1,272	238	157	57	14	1,738
Provisions for impairment of loans and receivables	2,021	274	65	2	11	2,373
Provisions for liabilities and commitments	–	–	1	–	–	1
Amounts written off financial investments available for sale	6	5	–	11	–	22
Operating (loss)/profit	(755)	(41)	91	44	3	(658)
Associated undertakings	(7)	1	(1)	(181)	(39)	(227)
Profit on disposal of property	12	–	–	–	–	12
Construction contract income	1	–	–	–	–	1
(Loss)/profit before taxation	(749)	(40)	90	(137)	(36)	(872)
Other material items						
Loans and receivables to customers	89,344	27,302	8,106	2,953	1,326	129,031
Interests in associated undertakings	277	3	18	1,253	124	1,675
Non current assets[4]	665	60	589	1	5	1,320
Total assets	125,899	33,680	13,497	4,973	1,491	179,540
Customer accounts	54,172	16,723	9,334	2,202	279	82,710
Total liabilities[1]	123,181	21,136	11,449	11,154	511	167,431
Capital expenditure	66	2	8	–	–	76

1 Segmental information *(continued)*	Republic of Ireland[5] € m	United Kingdom € m	Poland € m	North America € m	Rest of the world € m	Total € m
						Half-year 30 June 2008
Operations by geographical segments[3]						
Net interest income	1,217	379	224	29	16	1,865
Other income	239	62	248	20	11	580
Total operating income	1,456	441	472	49	27	2,445
Administrative expenses	696	182	227	13	12	1,130
Amortisation of intangible assets	22	1	3	–	1	27
Depreciation of property, plant and equipment	30	5	12	–	–	47
Total operating expenses	748	188	242	13	13	1,204
Operating profit before provisions	708	253	230	36	14	1,241
Provisions for impairment of loans and receivables	86	44	3	4	–	137
Provisions for liabilities and commitments	(3)	–	3	–	–	–
Amounts written off financial investments available for sale	1	–	–	–	–	1
Operating profit	624	209	224	32	14	1,103
Associated undertakings	(2)	1	–	58	–	57
Profit on disposal of property	6	–	1	–	–	7
Construction contract income	6	–	–	–	–	6
Profit on disposal of businesses	106	–	–	–	–	106
Profit before taxation	740	210	225	90	14	1,279
Other material items						
Loans and receivables to customers	89,429	30,902	8,426	2,641	1,416	132,814
Interests in associated undertakings	300	1	18	1,312	–	1,631
Non current assets[4]	632	64	604	2	27	1,329
Total assets	127,582	34,103	14,879	4,969	1,466	182,999
Customer accounts	51,157	21,928	9,984	3,914	–	86,983
Total liabilities[1]	110,450	31,628	12,717	16,769	459	172,023
Capital expenditure	105	4	24	–	–	133

1 Segmental information *(continued)*	Republic of Ireland[5] € m	United Kingdom € m	Poland € m	North America € m	Rest of the world € m	Total € m
						Year to 31 December 2008
Operations by geographical segments[3]						
Net interest income	2,568	714	475	76	34	3,867
Other income	525	181	447	39	9	1,201
Total operating income	3,093	895	922	115	43	5,068
Administrative expenses	1,326	370	442	25	24	2,187
Impairment and amortisation of intangible assets	49	2	8	–	19	78
Depreciation of property, plant and equipment	56	10	24	1	1	92
Total operating expenses	1,431	382	474	26	44	2,357
Operating profit/(loss) before provisions	1,662	513	448	89	(1)	2,711
Provisions for impairment of loans and receivables	1,341	362	98	12	9	1,822
Provisions for liabilities and commitments	(3)	(1)	2	–	–	(2)
Amounts written off financial investments available for sale	18	4	–	7	–	29
Operating profit/(loss)	306	148	348	70	(10)	862
Associated undertakings	(1)	3	–	94	(54)	42
Profit on disposal of property	8	2	2	–	–	12
Construction contract income	12	–	–	–	–	12
Profit on disposal of businesses	106	–	–	–	–	106
Profit/(loss) before taxation	431	153	350	164	(64)	1,034
Other material items						
Loans and receivables to customers	90,788	25,573	8,427	3,352	1,349	129,489
Interests in associated undertakings	288	3	11	1,534	163	1,999
Non current assets[4]	675	57	638	1	6	1,377
Total assets	128,459	30,918	14,629	6,825	1,343	182,174
Customer accounts	59,653	20,656	10,239	1,936	120	92,604
Total liabilities[1]	115,386	28,780	12,382	14,756	557	171,861
Capital expenditure	202	8	79	1	–	290

[1] The fungible nature of liabilities within the banking industry inevitably leads to allocations of liabilities to segments, some of which are necessarily subjective. Accordingly, the directors believe that the analysis of total assets is more meaningful than the analysis of total liabilities.

[2] Comprises share based payments (income)/expense.

[3] The geographical distribution of profit before taxation is based primarily on the location of the office recording the transaction.

[4] Non current assets comprise intangible assets and goodwill; and property, plant and equipment.

[5] The results have been restated due to the change in accounting policy for insurance and investment contracts – see page 31.

2 Interest and similar income	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Interest on loans and receivables to banks	**61**	233	420
Interest on loans and receivables to customers	**3,026**	4,094	8,336
Interest on trading portfolio financial assets	**8**	179	200
Interest on financial investments available for sale	**537**	498	1,246
Interest on financial investments held to maturity	**41**	–	26
	3,673	5,004	10,228

3 Interest expense and similar charges	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Interest on deposits by banks	**330**	724	1,380
Interest on customer accounts	**1,075**	1,320	2,867
Interest on debt securities in issue	**454**	976	1,865
Interest on subordinated liabilities and other capital instruments	**123**	119	249
	1,982	3,139	6,361

4 Dividend income

The dividend income relates to income from equity shares.

5 Net fee and commission income	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Fee and commission income:			
Retail banking customer fees	**295**	351	696
Credit related fees	**67**	62	138
Insurance commissions	**27**	33	58
Investment banking and asset management fees	**73**	130	221
Brokerage fees	**27**	39	70
	489	615	1,183
Fee and commission expense	**(99)**	(62)	(142)
	390	553	1,041

6 Net trading income/(loss)	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Foreign exchange contracts	**21**	(7)	(46)
Debt securities and interest rate contracts	**60**	(39)	38
Credit derivative contracts	**(37)**	(24)	(53)
Equity securities and index contracts	**1**	(7)	(12)
	45	(77)	(73)

7 Gain on redemption of subordinated liabilities and other capital instruments

As part of the Group's initiative to raise additional core tier 1 capital, on 25 June 2009 the Group completed the exchange of non-core tier 1 and upper tier 2 capital instruments for a lower tier 2 issue. This involved an exchange of euro and sterling subordinated capital instruments for the securities outlined below at a discount to their nominal value or issue price, but at a premium to their trading range. This exchange of debt is accounted for under IAS 39 and met the requirements to be treated as an extinguishment of the original instruments. It resulted in a total gain of € 1,161 million (€ 1,072 million after taxation) with € 623 million being recorded in the income statement and a gain of € 538 million being recorded directly in equity. The tables below set out the carrying values of each instrument tendered for exchange, and the consideration given including costs, to arrive at the gain on redemption.

Instruments exchanged	**Percentage Exchanged**	**€ m**
Subordinated liabilities and other capital instruments		
€ 200m Fixed Rate Perpetual Subordinated Notes	73%	**146**
Stg£ 400m Perpetual Callable Step-Up Subordinated Notes	85%	**400**
Stg£ 350m Fixed Rate/Floating Rate Guaranteed Non-Voting Non-cumulative Perpetual Preferred Securities	90%	**366**
€ 500m Fixed Rate/Floating Rate Guaranteed Non-Voting Non-cumulative Perpetual Preferred Securities	81%	**403**
Shareholder's equity and minority interests		
€ 500m 7.5 per cent Step-up Callable Perpetual Reserve Capital Instrument ("RCI")	52%	**258**
€ 1bn Fixed Rate/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities ("LP1")	81%	**801**
Total carrying value of instruments exchanged		**2,374**
Consideration given including costs		
€ 868,518,000 12.5 per cent subordinated notes due 25 June 2019		**802**
Stg£ 368,253,000 12.5 per cent subordinated notes due 25 June 2019		**403**
Costs		**8**
Total consideration including costs		**1,213**
Gain on redemption of subordinated liabilities and capital instruments		**1,161**

The subordinated liabilities and other capital instruments were exchanged at discounts ranging from 33% to 50%. The gain relating to the subordinated liabilities recognised in the income statement amounted to € 623 million (€ 580 million after taxation). The gain in relation to the redemption of the RCI and LP1 amounted to € 538 million (€ 492 million after taxation) and this has been recognised directly in equity. The subordinated liabilities and other capital instruments of the Group as at 30 June are set out in note 28.

8 Other operating income	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Profit on disposal of available for sale debt securities	**3**	19	71
Profit on disposal of available for sale equity shares	**3**	21	75
Miscellaneous operating income	**7**	41	60
	13	81	206

9 Administrative expenses	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Personnel expenses:			
Wages & salaries	**502**	597	1,105
Share-based payment schemes	**1**	4	2
Retirement benefits *(note 10)*	**70**	56	112
Social security costs	**60**	74	132
Other personnel expenses	**21**	30	61
	654	761	1,412
General and administrative expenses	**314**	369	775
	968	1,130	2,187

10 Retirement benefits

The Group's accounting policy for retirement benefit obligations is set out on page 122, and the demographic and financial assumptions are set out in note 11 to the consolidated financial statements of the 2008 Annual Financial Report.

The Group's pension deficit across all schemes as at 30 June 2009 was € 1,263 million (31 December 2008: € 1,105 million; 30 June 2008: € 713 million). The net recognised deficit comprised retirement benefit liabilities of € 3,832 million (31 December 2008: € 3,604 million; 30 June 2008: € 3,924 million) and assets of € 2,569 million (31 December 2008: € 2,499 million; 30 June 2008: € 3,211 million).

(a) Change in pension scheme assumptions

The discount rates used in the preparation of the accounts as at 30 June 2009 were 5.9% for the Irish scheme (31 December 2008: 5.8%; 30 June 2008: 5.8%). The change in the discount rates gave rise to an actuarial gain of € 59 million. The mortality assumptions for the Irish scheme have also been updated since 31 December 2008, and these changes are shown in the table below. The change in the mortality rates have resulted in an actuarial loss of € 98 million. The life expectancies underlying the value of the Irish scheme liabilities as at 30 June 2009 and 31 December 2008 are set out below.

The other financial assumptions for the Irish scheme remain the same as at 31 December 2008.

		Life expectancy - years	
		30 June 2009	31 December 2008
Retiring today age 63	Males	**22.5**	21.7
	Females	**25.6**	24.6
Retiring in 10 years at age 63	Males	**25.5**	23.9
	Females	**28.6**	26.9

The inflation rate used in the preparation of the accounts for the UK scheme as at 30 June 2009 was 3.25% (31 December 2008: 2.75%; 30 June 2008: 3.0%). The change in the inflation rate resulted in an actuarial loss on liabilities for the UK scheme of Stg£ 43 million. The other financial assumptions relating to the UK scheme, including discount rate and mortality assumptions, are unchanged since 31 December 2008.

(b) Income statement expense

The following table sets out the components of the retirement benefit expense for half-years ended 30 June 2009 and 2008, and year ended 31 December 2008.

10 Retirement benefits *(continued)*	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Included in administrative expenses:			
Current service cost	**46**	55	110
Past service cost	**1**	1	3
Expected return on pension scheme assets	**(94)**	(124)	(247)
Interest on pension scheme liabilities	**105**	111	221
Cost of providing defined benefit retirement benefits	**58**	43	87
Cost of providing defined contribution schemes	**8**	10	18
Payment protection insurance	**4**	3	7
	70	56	112

(c) Actuarial gains and losses recognised in the consolidated statement of comprehensive income

The following table sets out the components of the actuarial gains and losses for half years ended 30 June 2009 and 2008, and the year ended 31 December 2008.

Analysis of the amount recognised in the consolidated statement of comprehensive income	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Actual return less expected return on pension scheme assets	**(98)**	(576)	(1,367)
Experience gains and losses on scheme liabilities	**36**	-	(51)
Changes in demographic and financial assumptions	**(87)**	247	611
Actuarial loss recognised	**(149)**	(329)	(807)
Deferred tax	**32**	44	101
Recognised in the consolidated statement of comprehensive income	**(117)**	(285)	(706)

The Group's share of actuarial losses in associated undertakings are included in the consolidated statement of comprehensive income within the caption 'Recognised (losses)/gains in associated undertakings, net of tax' and were nil in the half-year ended 30 June 2009 (30 June 2008: Nil; 31 December 2008: an actuarial loss of € 21 million).

11 Amounts written off financial investments available for sale	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Year 31 December 2008 € m
Equity shares	**2**	-	5
Debt securities	**20**	1	24
	22	1	29

12 Profit on disposal of businesses

2009

There was no disposal of businesses during the half year ended 30 June 2009.

2008

In January 2008, an arrangement with First Data Corporation was finalised. This arrangement involved the disposal of the Group's merchant acquiring businesses which comprised property, plant and equipment amounting to € 3 million and merchant contracts which were intangible assets and had not been recorded in the books due to IFRS transition rules. These assets were acquired by a group operating under the name AIB Merchant Services in which AIB Group holds a 49.9% share with First Data Corporation holding 50.1%. The transaction gave rise to a profit on disposal of € 106 million before tax (tax charge: Nil).

AIB accounts for its interest in AIB Merchant Services as an associate and recognised € 8 million profit after tax in the income statement in the period ended 31 December 2008.

13 Income tax (income)/expense	**Half-year 30 June 2009 € m**	Half-year 30 June 2008 € m	Restated[(1)] Year 31 December 2008 € m
Allied Irish Banks, p.l.c. and subsidiaries			
Corporation tax in Republic of Ireland			
Current tax on income for the period	**10**	75	79
Adjustments in respect of prior periods	**3**	4	(40)
	13	79	39
Double taxation relief	**(1)**	(6)	(16)
	12	73	23
Foreign tax			
Current tax on income for the period	**40**	81	116
Adjustments in respect of prior periods	**(4)**	(3)	(4)
	36	78	112
	48	151	135
Deferred taxation			
Origination and reversal of temporary differences	**(134)**	46	9
Other	**-**	(3)	-
	(134)	43	9
Total income tax (income)/expense	**(86)**	194	144
Effective income tax rate	**9.9%**	15.2%	13.9%

14 (Loss)/earnings per € 0.32 ordinary share	**Half-year 30 June 2009 € m**	Restated[(1)] Half-year 30 June 2008 € m	Restated[(1)] Year 31 December 2008 € m
(a) Basic			
(Loss)/profit attributable to equity holders of the parent	**(829)**	1,040	772
Distributions to other equity holders	**(44)**	(38)	(38)
Gain on redemption of RCI and LP1 recognised in equity *(note 7)*	**492**	-	-
(Loss)/profit attributable to ordinary shareholders	**(381)**	1,002	734
		Number of shares (millions)	
Weighted average number of shares in issue during the period	**880.6**	878.8	879.9
(Loss)/earnings per share - basic	**EUR (43.2c)**	EUR 114.0c	EUR 83.4c

(b) Diluted	**Half-year 30 June 2009 € m**	Restated[(1)] Half-year 30 June 2008 € m	Restated[(1)] Year 31 December 2008 € m
(Loss)/profit attributable to ordinary shareholders *(note 14(a))*	**(381)**	1,002	734
Dilutive impact of potential ordinary shares in subsidiary and associated companies	**-**	(1)	(1)
Adjusted (loss)/profit attributable to ordinary shareholders	**(381)**	1,001	733
		Number of shares (millions)	
Weighted average number of shares in issue during the period	**880.6**	878.8	879.9
Dilutive effect of options and warrants outstanding	**-**[(2)]	1.1	0.2
Adjusted weighted average number of shares	**880.6**	879.9	880.1
(Loss)/earnings per share - diluted	**EUR (43.2c)**	EUR 113.8c	EUR 83.3c

[(1)]Restated due to change in accounting policy for insurance and investment contracts - see page 31.

[(2)]The incremental shares from assumed conversions of options and warrants are not included in calculating the diluted per share amounts because they are anti-dilutive.

15 Adjusted (loss)/earnings per share	Profit attributable Half-year 30 June 2009 € m	Restated[1] Half-year 30 June 2008 € m	Restated[1] Year 31 December 2008 € m	Earnings per share Half-year 30 June 2009 cent	Restated[1] Half-year 30 June 2008 cent	Restated[1] Year 31 December 2008 cent
(a) Basic (loss)/earnings per share						
As reported *(note 14(a))*	**(381)**	1,002	734	**(43.2)**	114.0	83.4
Adjustments:						
Construction contract income[2]	**(1)**	(5)	(11)	**(0.1)**	(0.6)	(1.2)
Hedge volatility[3]	**13**	31	(26)	**1.5**	3.5	(3.0)
Profit on disposal of property[4]	**(7)**	–	(1)	**(0.8)**	–	(0.2)
Profit on disposal of businesses *(note 12)*	**-**	(106)	(106)	**-**	(12.0)	(12.0)
Gain on redemption of capital instruments *(note 7)*	**(1,072)**	–	–	**(121.8)**	–	–
	(1,448)	922	590	**(164.4)**	104.9	67.0

	Profit attributable Half-year 30 June 2009 € m	Restated[1] Half-year 30 June 2008 € m	Restated[1] Year 31 December 2008 € m	Earnings per share Half-year 30 June 2009 cent	Restated[1] Half-year 30 June 2008 cent	Restated[1] Year 31 December 2008 cent
(b) Diluted (loss)/earnings per share						
As reported *(note 14(b))*	**(381)**	1,001	733	**(43.2)**	113.8	83.3
Adjustments:						
Construction contract income[2]	**(1)**	(5)	(11)	**(0.1)**	(0.6)	(1.2)
Hedge volatility[3]	**13**	31	(26)	**1.5**	3.5	(3.0)
Profit on disposal of property[4]	**(7)**	–	(1)	**(0.8)**	–	(0.2)
Profit on disposal of businesses *(note 12)*	**-**	(106)	(106)	**-**	(12.0)	(12.0)
Gain on redemption of capital instruments *(note 7)*	**(1,072)**	–	–	**(121.8)**	–	–
	(1,448)	921	589	**(164.4)**	104.7	66.9

[1]Restated due to change in accounting policy for insurance and investment contracts - see page 31.

[2]Construction contract income amounted to € 1 million (€ 1 million after taxation).

[3]Hedge volatility (hedge ineffectiveness and derivative volatility) is included in net trading income.

[4]The adjustment in respect of profit on disposal of property of € 9 million (€ 7 million after taxation) relates only to the profit on sale of properties that are subject to sale and leaseback arrangements and is included within Profit on disposal of property in the condensed consolidated income statement.

Although not required under IFRS, adjusted earnings per share is presented to help understand the underlying performance of the Group. The adjustments in 2009 and 2008 are items that management believe do not reflect the underlying business performance. The adjustments listed above are shown net of taxation.

16 Trading portfolio financial assets	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Loans and receivables to customers	**–**	–	24
Debt securities:			
Government securities	**281**	348	67
Bank eurobonds	**9**	13	3,141
Collateralised mortgage obligations	**–**	–	2,742
Other debt securities	**5**	7	686
	295	368	6,636
Equity shares	**29**	33	77
	324	401	6,737

IAS 39 – Reclassification of financial assets (amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures)

On 13 October 2008, in response to the turmoil on world financial markets, the IASB amended IAS 39 'Financial Instruments: Recognition and Measurement' to allow for the reclassification of non-derivative financial assets out of the 'fair value through profit or loss category' in rare circumstances. The IASB defined rare circumstances as including the current credit crisis and related market dislocation. This amendment allowed the reclassification to be applied retrospectively to 1 July 2008, provided the reclassification decision had been made before 1 November 2008. Any reclassifications made on or after 1 November 2008 are dealt with prospectively.

The Group adopted this amendment for certain financial assets originally held for trading. These assets were no longer held for the purpose of selling or repurchasing in the near term due to inactive markets and illiquidity, caused by the deterioration of the world's financial markets.

Trading portfolio financial assets reclassified to financial investments available for sale, between 1 July 2008 and 31 October 2008, amounted to € 6,104 million. The fair value of reclassified assets at at 30 June 2009 was € 4,792 million (31 December 2008: € 5,674 million).

At the reclassification date, effective interest rates on reclassified trading portfolio financial assets ranged from 4% to 10% with expected gross recoverable cash flows of € 7,105 million. If the reclassification had not been made, the Group's income statement for the half-year ended 30 June 2009 would have included unrealised fair value losses on reclassified trading portfolio financial assets of € 138 million (31 December 2008: € 236 million).

After reclassification, the reclassified assets contributed the following amounts to the income statement:

	Half-year 30 June 2009 € m	Year 31 December 2008 € m
Interest on financial investments available for sale	**90**	161
Amounts written off financial investments available for sale	**(8)**	(3)

17 Derivative financial instruments

The following table presents the notional principal amount and fair value of interest rate, exchange rate, equity and credit derivative contracts for 30 June 2009 and 31 December 2008.

	30 June 2009			**31 December 2008**		
	Notional	**Fair values**		**Notional**	**Fair values**	
	amount	**Assets**	**Liabilities**	**amount**	**Assets**	**Liabilities**
	€ m	**€ m**	**€ m**	**€ m**	**€ m**	**€ m**
Interest rate contracts	**194,567**	**5,284**	**(4,584)**	220,446	6,026	(4,738)
Exchange rate contracts	**50,790**	**363**	**(582)**	34,297	1,215	(1,564)
Equity contracts	**3,471**	**89**	**(86)**	4,254	86	(82)
Credit derivatives	**787**	**–**	**(104)**	817	1	(84)
Total	**249,615**	**5,736**	**(5,356)**	259,814	7,328	(6,468)

Interest rate contracts are entered into for both hedging and trading purposes. Exchange rate, equity and credit derivative contracts are entered into for trading purposes only.

The Group uses the same credit control and risk management policies in undertaking off-balance sheet commitments as it does for on balance sheet lending including counterparty credit approval, limit setting and monitoring procedures. In addition, in relation to derivative instruments, the Group's exposure to market risk is controlled within the risk limits in the Group's Interest Rate Risk and Foreign Exchange Risk Policies and is further constrained by the risk parameters incorporated in the Group's Derivatives Policy as approved by the Board.

18 Loans and receivables to banks	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Funds placed with central banks	**2,424**	2,539	2,349
Funds placed with other banks	**2,532**	3,729	7,029
Provision for impairment of loans and receivables *(note 20)*	**(2)**	(2)	(2)
	4,954	6,266	9,376

19 Loans and receivables to customers	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Loans and receivables to customers	**129,049**	126,940	128,385
Amounts receivable under finance leases and hire purchase contracts	**2,971**	3,236	3,631
Unquoted securities	**1,559**	1,605	1,634
Provisions for impairment of loans and receivables *(note 20)*	**(4,548)**	(2,292)	(836)
	129,031	129,489	132,814

Amounts include reverse repurchase agreements of € 2 million (31 December 2008: € 106 million; 30 June 2008: € 4 million).

By geographic location and industry sector

						30 June 2009
	Republic of Ireland € m	**United Kingdom € m**	**Poland € m**	**North America € m**	**Rest of the world € m**	**Total € m**
Agriculture	**2,169**	**150**	**128**	**6**	**–**	**2,453**
Energy	**954**	**364**	**61**	**494**	**28**	**1,901**
Manufacturing	**3,404**	**1,268**	**1,107**	**203**	**400**	**6,382**
Construction and property	**34,442**	**11,276**	**2,724**	**1,029**	**460**	**49,931**
Distribution	**9,216**	**2,959**	**785**	**228**	**76**	**13,264**
Transport	**1,029**	**656**	**93**	**74**	**31**	**1,883**
Financial	**1,512**	**818**	**138**	**82**	**17**	**2,567**
Other services	**5,006**	**5,700**	**433**	**864**	**244**	**12,247**
Personal						
- Home mortgages	**27,381**	**3,835**	**1,318**	**–**	**95**	**32,629**
- Other	**6,923**	**979**	**908**	**–**	**–**	**8,810**
Lease financing	**1,087**	**61**	**695**	**–**	**–**	**1,843**
Guaranteed by Irish Government	**1**	**–**	**–**	**–**	**–**	**1**
	93,124	**28,066**	**8,390**	**2,980**	**1,351**	**133,911**
Unearned income	**(159)**	**(106)**	**(51)**	**(11)**	**(5)**	**(332)**
Provisions	**(3,622)**	**(657)**	**(233)**	**(16)**	**(20)**	**(4,548)**
Total	**89,343**	**27,303**	**8,106**	**2,953**	**1,326**	**129,031**

At 30 June 2009, Construction and property loans amounted to € 49,931 million and represented 37% of the total loans and receivables to customers. The following table analyses the exposures at 30 June 2009 by division and portfolio sub-sector. Certain customer relationships span the portfolio sub-sectors and accordingly an element of management estimation has been applied in this sub-categorisation.

19 Loans and receivables to customers *(continued)*	AIB Bank ROI € m	Capital Markets € m	AIB Bank UK € m	Central & Eastern Europe € m	Total € m
					30 June 2009
Investment					
Commercial investment	**10,889**	**5,199**	**3,562**	**1,245**	**20,895**
Residential investment	**2,407**	**483**	**1,317**	**36**	**4,243**
	13,296	**5,682**	**4,879**	**1,281**	**25,138**
Development					
Commercial development	**6,182**	**375**	**685**	**704**	**7,946**
Residential development	**10,877**	**413**	**3,154**	**599**	**15,043**
	17,059	**788**	**3,839**	**1,303**	**22,989**
Contractors	**674**	**41**	**334**	**140**	**1,189**
Housing associations	**–**	**–**	**615**	**–**	**615**
Total	**31,029**	**6,511**	**9,667**	**2,724**	**49,931**

Loans for property investment comprises of loans for investment in commercial, retail office and residential property. While not immune to stress, debt servicing typically comes from tenant cash flows, with the additional security of the investment property collateral. Commercial investment by its nature has a strong element of tenant risk.

The commercial investment exposure of € 10,889 million in AIB Bank ROI is spread across the following property types: retail 36%; office 30%; industrial 7%; and mixed 27%. The € 5,199 million in Capital Markets is spread across the following property types: retail 23%; office 47%; industrial 3%; and mixed 27%.

	Republic of Ireland € m	United Kingdom € m	Poland € m	North America € m	Rest of the world € m	Total € m
						31 December 2008
Agriculture	2,217	149	165	6	–	2,537
Energy	992	372	76	614	26	2,080
Manufacturing	3,801	1,348	1,145	260	403	6,957
Construction and property	33,290	10,312	2,760	1,090	474	47,926
Distribution	9,364	2,615	790	209	77	13,055
Transport	1,016	647	100	76	30	1,869
Financial	1,549	826	237	146	25	2,783
Other services	5,422	5,356	461	977	230	12,446
Personal						
– Home mortgages	26,546	3,629	1,352	–	98	31,625
– Other	7,357	757	857	–	–	8,971
Lease financing	1,107	61	745	–	–	1,913
Guaranteed by Irish Government	1	–	–	–	–	1
	92,662	26,072	8,688	3,378	1,363	132,163
Unearned income	(193)	(122)	(48)	(14)	(5)	(382)
Provisions	(1,681)	(377)	(213)	(12)	(9)	(2,292)
Total	90,788	25,573	8,427	3,352	1,349	129,489

Information on ratings profiles of loans and receivables to customers is set out in note 23.

Large exposures

AIB's Group Large Exposure Policy sets out maximum exposure limits to, or on behalf of, a customer or a group of connected customers.

At 30 June 2009, the Group's top 50 exposures amount to € 21 billion and account for 15.4% of the Group's on-balance sheet loans and receivables to customers (€ 19 billion and 14.4% at 31 December 2008). No single customer exposure exceeds regulatory guidelines.

19 Loans and receivables to customers *(continued)*

Aged analysis of contractually past due but not impaired facilities

					30 June 2009
	1-30 days € m	**31-60 days € m**	**61-90 days € m**	**91+ days € m**	**Total € m**
Agriculture	**138**	**45**	**21**	**7**	**211**
Energy	**7**	**9**	**3**	**1**	**20**
Manufacturing	**97**	**18**	**16**	**8**	**139**
Construction and property	**3,316**	**1,483**	**1,001**	**478**	**6,278**
Distribution	**485**	**186**	**350**	**50**	**1,071**
Transport	**56**	**16**	**8**	**2**	**82**
Financial	**36**	**11**	**4**	**5**	**56**
Other services	**312**	**93**	**35**	**21**	**461**
Personal					
- Home mortgages	**292**	**132**	**89**	**99**	**612**
- Credit cards	**46**	**17**	**11**	**10**	**84**
- Other	**439**	**189**	**109**	**82**	**819**
	5,224	**2,199**	**1,647**	**763**	**9,833**
As a percentage of total loans[(1)]	**3.9%**	**1.6%**	**1.2%**	**0.6%**	**7.3%**

					31 December 2008
	1-30 days € m	31-60 days € m	61-90 days € m	91+ days € m	Total € m
Agriculture	185	42	18	4	249
Energy	5	2	1	–	8
Manufacturing	78	18	13	4	113
Construction and property	3,813	912	541	147	5,413
Distribution	464	136	181	15	796
Transport	52	16	4	1	73
Financial	25	3	3	5	36
Other services	490	67	37	41	635
Personal					
- Home mortgages	326	164	105	38	633
- Credit cards	57	18	10	7	92
- Other	610	147	48	22	827
	6,105	1,525	961	284	8,875
As a percentage of total loans[(1)]	4.6%	1.2%	0.7%	0.2%	6.7%

[(1)]Total loans relate to loans and receivables to customers and are gross of provisions and unearned income.

The figures reported are inclusive of overdrafts, bridging loans and cases with expired limits. Where a borrower is past due, the entire exposure is reported, rather than the amount of any arrears.

Loans and receivables renegotiated

Loans and receivables renegotiated are those facilities at the current reporting date that, during the period, have had their terms renegotiated resulting in an upgrade from default status to performing status. This can be based on subsequent good performance or an improvement in the credit profile of the borrower.

Renegotiated loans and receivables were € 180 million as at 30 June 2009 (31 December 2008:€ 154 million).

19 Loans and receivables to customers *(continued)*

Impaired loans by geographic location and industry sector

	Republic of Ireland € m	United Kingdom € m	Poland € m	North America € m	Rest of the world € m	Total € m
						30 June 2009
Agriculture	**91**	**3**	**13**	**–**	**–**	**107**
Energy	**26**	**–**	**–**	**30**	**–**	**56**
Manufacturing	**166**	**54**	**58**	**14**	**5**	**297**
Construction and property	**6,981**	**878**	**156**	**12**	**–**	**8,027**
Distribution	**494**	**273**	**44**	**–**	**–**	**811**
Transport	**26**	**6**	**5**	**–**	**–**	**37**
Financial	**41**	**84**	**–**	**–**	**–**	**125**
Other services	**148**	**126**	**10**	**–**	**–**	**284**
Personal						
– Home mortgages	**344**	**48**	**12**	**–**	**25**	**429**
– Other	**443**	**38**	**50**	**–**	**–**	**531**
Lease financing	**73**	**–**	**27**	**–**	**–**	**100**
	8,833	**1,510**	**375**	**56**	**30**	**10,804**

	Republic of Ireland € m	United Kingdom € m	Poland € m	North America € m	Rest of the world € m	Total € m
						31 December 2008
Agriculture	47	2	39	–	–	88
Energy	10	–	–	32	–	42
Manufacturing	71	33	46	17	–	167
Construction and property	1,148	432	61	12	–	1,653
Distribution	147	89	30	–	–	266
Transport	11	2	3	–	–	16
Financial	17	3	–	–	–	20
Other services	65	53	7	–	–	125
Personal						
– Home mortgages	163	53	11	–	19	246
– Other	257	22	36	–	–	315
Lease financing	36	–	17	–	–	53
	1,972	689	250	61	19	2,991

Collateral and other credit enhancements

The Group takes collateral in support of its lending activities when deemed appropriate and has a series of policies and procedures in place for the assessment, valuation and taking of such collateral. In some circumstances, depending on the customers standing and/or the nature of the product, the Group may lend unsecured.

The main types of collateral for loans and receivables to customers are as follows:

Home Mortgages: The Group takes collateral in support of lending transactions for the purchase of residential property. There are clear policies in place which set out the type of property acceptable as collateral and the relationship of loan to property value. All properties are required to be fully insured and are generally subject to a legal charge in favour of the Group.

Corporate/Commercial Lending: For property related lending, it is normal practice to take a charge over the property being financed. This includes investment and development properties. For non-property related lending, collateral typically includes a charge over business assets such as stock and debtors but which may also include property. In some circumstances, personal guarantees supported by a lien over personal assets are also taken as security.

20 Provisions for impairment of loans and receivables	Corporate/ Commercial € m	Residential mortgages € m	Other € m	Total € m
				30 June 2009
Provisions				
At the beginning of period	**1,860**	**64**	**370**	**2,294**
Exchange translation adjustments	**39**	**1**	**1**	**41**
Charge against income statement	**2,116**	**47**	**210**	**2,373**
Amounts written off	**(130)**	**–**	**(30)**	**(160)**
Recoveries of amounts written off in previous years	**2**	**–**	**–**	**2**
At end of period	**3,887**	**112**	**551**	**4,550**
Total provisions are split between specific and IBNR as follows:				
Specific	**2,790**	**71**	**371**	**3,232**
IBNR	**1,097**	**41**	**180**	**1,318**
	3,887	**112**	**551**	**4,550**
Amounts include:				
Loans and receivables to banks *(note 18)*				**2**
Loans and receivables to customers *(note 19)*				**4,548**
				4,550

	Corporate/ Commercial € m	Residential mortgages € m	Other € m	Total € m
				31 December 2008
Provisions				
At the beginning of period	486	26	232	744
Exchange translation adjustments	(90)	(3)	(24)	(117)
Charge against income statement	1,593	44	185	1,822
Amounts written off	(136)	(3)	(27)	(166)
Recoveries of amounts written off in previous years	7	–	4	11
At end of period	1,860	64	370	2,294
Total provisions are split between specific and IBNR as follows:				
Specific	877	32	239	1,148
IBNR	983	32	131	1,146
	1,860	64	370	2,294
Amounts include:				
Loans and receivables to banks *(note 18)*				2
Loans and receivables to customers *(note 19)*				2,292
				2,294

The classification of loans and receivables into corporate/commercial, residential mortgages, and other, relate to classifications used in the Group's ratings tools and are explained on page 62.

20 Provision for impairment of loans and receivables ***(continued)***

By geographic location and industry sector

						30 June 2009
	Republic of Ireland	**United Kingdom**	**Poland**	**North America**	**Rest of the world**	**Total**
	€ m	**€ m**	**€ m**	**€ m**	**€ m**	**€ m**
Agriculture	**32**	**1**	**9**	**–**	**–**	**42**
Energy	**3**	**–**	**–**	**7**	**–**	**10**
Manufacturing	**54**	**13**	**23**	**2**	**2**	**94**
Construction and property	**1,889**	**269**	**37**	**6**	**–**	**2,201**
Distribution	**148**	**114**	**23**	**–**	**–**	**285**
Transport	**13**	**3**	**3**	**–**	**–**	**19**
Financial	**24**	**15**	**2**	**–**	**–**	**41**
Other services	**56**	**45**	**6**	**–**	**–**	**107**
Personal						
- Home mortgages	**70**	**10**	**6**	**–**	**14**	**100**
- Other	**219**	**21**	**37**	**–**	**–**	**277**
Lease financing	**47**	**–**	**9**	**–**	**–**	**56**
Specific	**2,555**	**491**	**155**	**15**	**16**	**3,232**
IBNR	**1,067**	**166**	**80**	**1**	**4**	**1,318**
Total	**3,622**	**657**	**235**	**16**	**20**	**4,550**

						31 December 2008
	Republic of Ireland	United Kingdom	Poland	North America	Rest of the world	Total
	€ m	€ m	€ m	€ m	€ m	€ m
Agriculture	19	–	35	–	–	54
Energy	8	–	–	4	–	12
Manufacturing	35	13	17	4	–	69
Construction and property	398	134	20	4	–	556
Distribution	57	37	20	–	–	114
Transport	8	1	2	–	–	11
Financial	10	2	2	–	–	14
Other services	34	21	5	–	–	60
Personal						
- Home mortgages	32	3	5	–	7	47
- Other	136	17	27	–	–	180
Lease financing	25	–	6	–	–	31
Specific	762	228	139	12	7	1,148
IBNR	919	149	76	–	2	1,146
Total	1,681	377	215	12	9	2,294

21 Financial investments available for sale	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Debt securities:			
Government securities	**11,333**	9,001	7,370
Collateralised mortgage obligations	**1,234**	1,541	1,479
Other asset backed securities	**3,778**	4,054	1,967
Bank securities	**12,709**	12,916	10,033
Certificates of deposit	**8**	212	946
Other investments	**829**	1,013	690
	29,891	28,737	22,485
Equity shares	**265**	287	363
	30,156	29,024	22,848

Collateralised mortgage obligations by geography and industry sector of the issuer

	30 June 2009			31 December 2008		
	Governments € m	**Other financial € m**	**Total € m**	Governments € m	Other financial € m	Total € m
United Kingdom	**–**	**31**	**31**	–	171	171
United States of America	**1,195**	**–**	**1,195**	1,330	32	1,362
Rest of World	**–**	**8**	**8**	–	8	8
	1,195	**39**	**1,234**	1,330	211	1,541

Other asset backed securities by geography and industry sector of the issuer

					30 June 2009
	Governments	**Banks € m**	**Building societies € m**	**Other financial € m**	**Total € m**
Republic of Ireland	**–**	**19**	**–**	**294**	**313**
United Kingdom	**–**	**88**	**–**	**689**	**777**
United States of America	**312**	**–**	**–**	**440**	**752**
Australia	**–**	**8**	**15**	**505**	**528**
Italy	**–**	**–**	**–**	**208**	**208**
Spain	**–**	**27**	**–**	**1,020**	**1,047**
Rest of World	**–**	**–**	**–**	**153**	**153**
	312	**142**	**15**	**3,309**	**3,778**

Other asset backed securities by geography and industry sector of the issuer

					31 December 2008
	Governments € m	Banks € m	Building societies € m	Other financial € m	Total € m
Republic of Ireland	–	21	–	341	362
United Kingdom	–	81	–	631	712
United States of America	314	–	–	423	737
Australia	–	8	14	513	535
Italy	–	–	–	261	261
Spain	–	34	–	1,242	1,276
Rest of World	–	–	–	171	171
	314	144	14	3,582	4,054

22 Financial investments held to maturity

Financial investments held to maturity of € 1,471 million (31 December 2008: € 1,499 million; 30 June 2008: Nil) are non-euro Government securities. All of these securities are listed on a recognised stock exchange.

23 Credit ratings

Internal credit ratings

Ratings profiles

The Group's rating systems consist of a number of individual rating tools designed to assess the risk within particular portfolios. These rating tools are calibrated to meet the needs of individual business units in managing their portfolios. All rating tools are built to a Group standard and independently validated by the Group.

The identification of loans for specific impairment assessment is driven by the Group's rating systems. In addition, the rating profiles are one of the factors that are referenced in determining the appropriate level of IBNR provisions.

The Group uses a 13 point Group ratings masterscale to provide a common and consistent framework for aggregating, comparing and reporting exposures, on a consolidated basis, across all lending portfolios. The masterscale, which is not in itself a rating tool, is probability of default ("PD") based, and is not used in provision methodologies. The masterscale consists of a series of PD ranges between 0% and 100% (where 100% indicates a borrowing already in default) and facilitates the aggregation of borrowers for comparison and reporting that have been rated on any of the individual rating tools in use across the Group.

Masterscale Rating Ranges:

Grade 1 – 3 would typically include strong corporate and commercial lending combined with elements of the retail portfolios and residential mortgages.

Grades 4 – 10 would typically include new business written and existing satisfactorily performing exposures across all portfolios. The lower end of this category (Grade 10) includes a portion of the Group's criticised loans (i.e. loans requiring additional management attention over and above that normally required for the loan type).

Grades 11 – 13 contains the remainder of the Group's criticised loans, including impaired loans, together with loans written at a high PD where there is a commensurate higher margin for the risk taken.

The Group's total criticised loans at 30 June 2009 total € 33.4 billion or 25% of loans and receivables to customers (€ 15.5 billion or 11.7% at 31 December 2008).

	30 June 2009				**31 December 2008**			
Masterscale grade	**Corporate/ Commercial € m**	**Residential mortgages € m**	**Other € m**	**Total € m**	**Corporate/ Commercial € m**	**Residential mortgages € m**	**Other € m**	**Total € m**
1 to 3	**4,343**	**13,768**	**971**	**19,082**	5,695	13,767	1,462	20,924
4 to 10	**64,407**	**13,170**	**6,947**	**84,524**	74,049	12,508	6,920	93,477
11 to 13	**7,041**	**641**	**1,986**	**9,668**	3,225	530	2,141	5,896
	75,791	**27,579**	**9,904**	**113,274**	82,969	26,805	10,523	120,297
Past due but not impaired	**8,024**	**612**	**1,197**	**9,833**	7,123	633	1,119	8,875
Impaired	**9,607**	**360**	**837**	**10,804**	2,150	218	623	2,991
	93,422	**28,551**	**11,938**	**133,911**	92,242	27,656	12,265	132,163
Unearned income				**(332)**				(382)
Provisions				**(4,548)**				(2,292)
Total				**129,031**				129,489

For the purpose of the above table, lendings are classified as follows:

Corporate/Commercial includes loans to corporate and larger commercial enterprises processed through one of the Group's corporate/commercial rating tools, where the exposure is typically greater than € 300,000.

Residential Mortgages includes loans for the purchase of residential properties processed through the Group's residential mortgage rating tools. In some circumstances, residential mortgage exposures can be processed through the Group's Corporate and Commercial rating tools (e.g. where a borrower has more than five investment properties).

Other includes loans to SMEs and individuals. In some cases, behaviour scoring and credit scoring methodologies are used.

23 Credit ratings *(continued)*

External credit ratings

The external ratings profiles of loans and receivables to banks, trading portfolio financial assets (excluding equity shares), financial investments available for sale (excluding equity shares), and financial investments held to maturity are as follows:

					30 June 2009
	Bank € m	**Corporate € m**	**Sovereign € m**	**Other € m**	**Total € m**
AAA/AA	**10,509**	**–**	**9,424**	**4,693**	**24,626**
A	**6,569**	**41**	**3,597**	**31**	**10,238**
BBB+/BBB/BBB-	**587**	**705**	**64**	**78**	**1,434**
Sub investment	**6**	**40**	**–**	**151**	**197**
Unrated	**9**	**68**	**–**	**39**	**116**
Total	**17,680**	**854**	**13,085**	**4,992**	**36,611**

					31 December 2008
	Bank € m	Corporate € m	Sovereign € m	Other € m	Total € m
AAA/AA	11,843	3	7,227	5,494	24,567
A	7,256	63	3,534	242	11,095
BBB+/BBB/BBB-	281	214	85	128	708
Sub investment	24	108	2	215	349
Unrated	3	96	–	52	151
Total	19,407	484	10,848	6,131	36,870

24 Interests in associated undertakings

Included in the Group income statement is the contribution from investments in associated undertakings as follows:

Income statement	**Half year 30 June 2009 € m**	Restated[1] Half year 30 June 2008 € m	Restated[1] Year 31 December 2008 € m
Share of results of associated undertakings	**18**	57	99
Impairment of associated undertakings[2]	**(245)**	–	(57)
	(227)	57	42

Share of net assets including goodwill	**Half year 30 June 2009 € m**	Restated[1] Year 31 December 2008 € m
Opening balance	**1,999**	1,682
Change in accounting policy - insurance and investment contracts[1]	**–**	26
Exchange translation adjustments	**(23)**	76
Purchases	**2**	231
Disposals	**–**	(5)
Income for the period[1]	**18**	99
Impairment of associated undertakings[2]	**(245)**	(57)
Dividends received from associated undertakings	**(31)**	(55)
Other movements	**(45)**	2
Closing balance	**1,675**	1,999

[1]Restated due to change in accounting policy for insurance and investment contracts - see page 31.

[2]€ 200 million (2008; Nil) relates to the Group's investment in M&T Bank Corporation and € 45 million (2008: € 57 million) relates to the Bulgarian American Credit Bank.

24 Interests in associated undertakings *(continued)*	**30 June 2009 € m**	31 December 2008 € m
Analysed as to:		
M&T Bank Corporation ("M&T")	**1,253**	1,534
Hibernian Life Holdings Limited[1]	**267**	278
Bulgarian American Credit Bank ("BACB")	**124**	163
Other	**31**	24
	1,675	1,999
Of which listed on a recognised stock exchange	**1,379**	1,697

[1]Restated due to change in accounting policy for insurance and investment contracts - see page 31.

M&T

The carrying value of the Group's investment in M&T has been assessed for impairment in accordance with IAS 36 - Impairment of Assets. The carrying value is compared to the recoverable amount which is the higher of value in use or fair value less costs to sell of the investment in M&T. The market value of the investment based on quoted share price at 30 June 2009 is € 962 million.

The value in use of the investment in M&T at 30 June 2009 has been determined based on the Group's share of the cash flows expected to be generated by M&T. The value has been determined using management's profit forecasts for 2009, extended to anticipate a recovery in the US economy and consequent reduction in credit losses through 2012. A risk discount rate of 12% has been applied to the cash flows and a compound growth rate of 4% has been assumed from 2012 onwards. The discount rate is calculated based on externally observable data in the market as well as management's view of the appropriate risk premium to be applied to investments in the US banking industry. Based on these assumptions the value in use of the investment at 30 June 2009 is € 1,253 million, which gave rise to an impairment charge of € 200 million.

The results of the valuation are sensitive to changes in the growth and discount rates. Changing the discount rate to 13% and the growth rate into perpetuity from 2012 to 3% would value the investment in M&T at € 991 million. If the discount rate was 11% and the growth rate 5%, the investment would be valued at € 1,697 million.

BACB

The carrying value of the Group's investment in BACB has been assessed for impairment in accordance with IAS 36 - Impairment of Assets. The carrying amount is compared to the recoverable amount which is the higher of value in use or fair value less costs to sell of the investment in BACB. The market value based on quoted share price at 30 June 2009 is € 37 million. The value in use of the investment in BACB at 30 June 2009 has been determined based on the Group's share of the cash flows expected to be generated by BACB. The value has been determined using management's estimates for 2009 - 2015. A risk discount rate of 16% has been applied to the cash flows and a compound growth rate of 4% has been assumed from 2015 onwards. The methodology values BACB at € 124 million, which gave rise to an impairment charge of € 45 million.

25 Deposits by banks	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Securities sold under agreements to repurchase	**32,296**	8,609	8,683
Other borrowings from banks	**12,691**	16,969	19,319
	44,987	25,578	28,002

26 Customer accounts	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Current accounts	**20,416**	21,528	26,071
Demand deposits	**8,640**	8,370	8,627
Time deposits	**53,654**	62,705	52,284
Securities sold under agreements to repurchase	**–**	1	1
	82,710	92,604	86,983

27 Debt securities in issue	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Bonds and medium term notes:			
European medium term note programme	**12,064**	9,641	12,181
Bonds and other medium term notes	**4,691**	7,211	7,247
	16,755	16,852	19,428
Other debt securities in issue:			
Commercial paper	**3,645**	5,912	7,123
Commercial certificates of deposit	**4,053**	15,050	16,778
	7,698	20,962	23,901
	24,453	37,814	43,329

28 Subordinated liabilities and other capital instruments	**30 June 2009 € m**	31 December 2008 € m
Allied Irish Banks, p.l.c.		
Undated loan capital[(1)]	**194**	692
Dated loan capital	**4,351**	2,970
	4,545	3,662
Subsidiary undertakings		
Perpetual preferred securities	**138**	864
	4,683	4,526
Undated loan capital		
Allied Irish Banks, p.l.c.		
US $100m Floating Rate Primary Capital Perpetual Notes	**71**	72
€ 200m Fixed Rate Perpetual Subordinated Notes[(1)]	**54**	200
Stg£400m Perpetual Callable Step-Up Subordinated Notes[(1)]	**69**	420
	194	692
Subsidiary undertakings		
Stg£350m Fixed Rate/Floating Rate Guaranteed Non-Voting Non-cumulative Perpetual Preferred Securities[(1)]	**43**	366
€ 500m Fixed Rate/Floating Rate Guaranteed Non-Voting Non-cumulative Perpetual Preferred Securities[(1)]	**95**	498
	138	864
	332	1,556
Dated loan capital		
Allied Irish Banks, p.l.c.		
European Medium Term Note Programme:		
US $400m Floating Rate Notes due July 2015	**283**	287
€ 400m Floating Rate Notes due March 2015	**400**	400
€ 500m Callable Subordinated Step-up Floating Rate Notes due 2017	**499**	499
Stg£ 700m Callable Fixed/Floating Rate Notes due July 2023	**819**	733
Stg£500m Callable Subordinated Fixed/Floating Rate Notes due March 2025	**587**	525
Stg£350m Fixed Rate Notes due November 2030	**411**	367
JPY 20bn Callable Subordinated Step-up Fixed/Floating Rate Notes due March 2042	**147**	159
€ 869m Subordinated Notes due June 2019[(2)]	**802**	–
Stg£368m Subordinated Notes due June 2019[(2)]	**403**	–
	4,351	2,970

[(1)]Partial redemption on exchange of subordinated liabilities on 25 June 2009 *(note 7)*.

[(2)]Issued as part of exchange of subordinated liabilities and other capital instruments on 25 June 2009 *(note 7)*.

29 Shareholders' equity

The following tables show the movements within the relevant shareholders' equity balance sheet captions during the period, arising from the issue of the 2009 Preference Shares and the exchange of certain capital instruments (note 7).

Share capital	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Ordinary share capital	**294**	294	294
2009 Preference Shares - 3.5 billion shares at € 0.01 each	**35**	-	-
	329	294	294

Share premium	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Ordinary share premium	**1,693**	1,693	1,693
2009 Preference Shares:			
Excess of issue price over the nominal value	**3,465**	-	-
Issue costs	**(33)**	-	-
Fair value of Warrants deducted from proceeds	**(150)**	-	-
	3,282	-	-
	4,975	1,693	1,693

Other equity interests	**30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Reserve capital instruments ("RCI")	**497**	497	497
Redemption of RCI *(note 7)*	**(258)**	-	-
Fair value of Warrants attaching to 2009 Preference Shares	**150**	-	-
	389	497	497

2009 Preference Shares

On 13 May 2009, Allied Irish Banks p.l.c. issued € 3.5 billion of core tier 1 securities in the form of Preference Shares (the '2009 Preference Shares') to the National Pensions Reserve Fund Commission ("NPRFC"). These shares carry a fixed non-cumulative dividend at a rate of 8% per annum, payable annually in arrears at the discretion of AIB. If a cash dividend is not paid, AIB must issue bonus ordinary shares to the holders of the Preference Shares by capitalising its reserves. AIB may defer the issue of bonus shares beyond the annual dividend payment date but may not defer it beyond the date on which AIB next:

(a) pays a cash dividend on the 2009 Preference Shares, the Perpetual Preferred Securities issued by LP1, or on the Ordinary Shares; or (b) redeems or purchases any of the 2009 Preference Shares, the Perpetual Preferred Securities issued by LP1, or Ordinary Shares.

The Preference Shares were issued at a subscription price of € 1 per share with each Preference Share having a nominal value of € 0.01 which is shown in share capital in the balance sheet. The residual of the issue price of € 3,465 million less the fair value of the attached Warrants of € 150 million, NPRFC fee of € 30 million and note issue costs of € 3 million is shown in share premium.

The 2009 Preference Shares may be purchased or redeemed at the option of AIB, in whole or in part, from distributable profits and/or the proceeds of an issue of shares constituting core tier 1 capital, for the first five years after the date of issue for the subscription price of € 1.00 per share and thereafter at redemption or purchase price of 125 per cent of the subscription price, subject at all times to the consent of the Financial Regulator.

Warrants

In conjunction with the issue of the 2009 Preference Shares, AIB has also issued 294,251,819 Warrants to the NPRFC.

Each Warrant entitles the holder to one ordinary share of Allied Irish Banks, p.l.c.. The Warrants are exercisable in the period between the fifth and tenth anniversary of the date of issue of the Preference Shares or earlier if a third party proposes to acquire control of the company.

The Warrants are not transferable except to a Government entity, and will not be listed or quoted on any stock exchange.

The NPRFC will be entitled to exercise no more than 50% of the voting rights attaching to any shares issued as a result of exercising the Warrants. The Warrants comprise 155,780,375 Core Tranche Warrants with an exercise price of € 0.975 per share and

29 Shareholders' equity *(continued)*

Warrants *(continued)*

138,471,444 Secondary Tranche Warrants with an exercise price of € 0.375 per share. If the Group redeems up to € 1.5 billion of the 2009 Preference Shares from privately sourced core tier 1 capital prior to 31 December 2009, then the Secondary Tranche Warrants will be reduced pro rata to that redemption.

The Warrants are equity instruments held in the books at the fair value at date of issue with an amount of € 150 million recorded in other equity interests.

Non-controlling interests in subsidiaries

In June 2009, € 801 million of the € 1 billion Fixed Rate/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities was redeemed (note 7).

30 Fair value hierarchy

The following table sets out an analysis of the valuation methodologies adopted for assets and liabilities measured at fair value in the financial statements as at 30 June 2009.

	Quoted market prices € m	Valuation techniques using observable market data € m	Valuation techniques using non-observable market data € m	Total € m
Financial assets				
Trading portfolio financial assets	**313**	**-**	**11**	**324**
Derivative financial instruments	**5**	**5,731**	**-**	**5,736**
Financial investments available for sale - debt securities	**14,350**	**12,504**	**3,037**	**29,891**
- equity securities	**34**	**27**	**204**	**265**
Financial liabilities				
Trading portfolio financial liabilities	**110**	**-**	**-**	**110**
Derivative financial instruments	**-**	**5,356**	**-**	**5,356**

31 Memorandum items: contingent liabilities and commitments	Contract amount **30 June 2009 € m**	31 December 2008 € m	30 June 2008 € m
Contingent liabilities:			
Guarantees and assets pledged as collateral security:			
Guarantees and irrevocable letters of credit	**6,949**	7,146	5,839
Other contingent liabilities	**742**	1,044	1,492
	7,691	8,190	7,331
Commitments:			
Documentary credits and short-term trade-related transactions	**107**	242	352
Undrawn note issuance and revolving underwriting facilities	**-**	1	1
Undrawn formal standby facilities, credit lines and other commitments to lend:			
Less than 1 year	**10,152**	10,241	11,839
1 year and over	**8,226**	9,765	11,658
	18,485	20,249	23,850
	26,176	28,439	31,181

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

32 Capital expenditure

Estimated outstanding commitments for capital expenditure not provided for in the accounts amounted to € 87 million (31 December 2008: € 91 million; 30 June 2008: € 76 million). Capital expenditure authorised, but not yet contracted for, amounted to € 167 million (31 December 2008: € 154 million; 30 June 2008: € 162 million).

33 Statement of cash flows

Analysis of cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents comprise the following balances with less than three months maturity from the date of acquisitions:

	30 June 2009 € m	30 June 2008 € m	31 December 2008 € m
Cash and balance at central banks	**2,084**	1,144	2,466
Loans and receivables to banks	**4,708**	9,050	5,975
Short term investments	**68**	–	81
	6,860	10,194	8,522

34 Average balance sheets and interest rates

The following tables show the average balances and interest rates of interest earning assets and interest bearing liabilities for the half-year ended 30 June 2009 and year ended 31 December 2008. The calculation of average balances include daily and monthly averages for reporting units. The average balances used are considered to be representative of the operations of the Group.

	Half-year ended 30 June 2009			Year ended 31 December 2008		
Assets	**Average balance € m**	**Interest € m**	**Average rate %**	Average balance € m	Interest € m	Average rate %
Loans and receivables to banks						
Domestic offices	**3,694**	**43**	**2.3**	8,357	316	3.8
Foreign offices	**1,808**	**18**	**2.0**	1,821	104	5.7
Loans and receivables to customers						
Domestic offices	**91,664**	**1,682**	**3.7**	89,641	5,362	6.0
Foreign offices	**39,329**	**862**	**4.4**	43,449	3,012	6.9
Trading portfolio financial assets						
Domestic offices	**160**	**1**	**0.8**	3,390	184	5.4
Foreign offices	**208**	**7**	**6.7**	508	16	3.0
Financial investments available for sale						
Domestic offices	**25,602**	**435**	**3.4**	22,081	999	4.5
Foreign offices	**3,835**	**102**	**5.4**	4,722	247	5.2
Financial investments held to maturity						
Domestic offices	**–**	**–**	**–**	–	–	–
Foreign offices	**1,425**	**41**	**5.8**	443	26	5.9
Average interest earning assets						
Domestic offices	**121,120**	**2,161**	**3.6**	123,469	6,861	5.5
Foreign offices	**46,605**	**1,030**	**4.5**	50,943	3,405	6.7
Net interest on swaps		**294**			(46)	
Total average interest earning assets	**167,725**	**3,485**	**4.2**	174,412	10,220	5.8
Non-interest earning assets	**14,585**			13,183		
Total average assets	**182,310**	**3,485**	**3.9**	187,595	10,220	5.4
Percentage of assets applicable to foreign activities			**29.7**			30.5

34 Average balance sheets and interest rates ***(continued)***

Liabilities and shareholders' equity	Half-year ended 30 June 2009 Average balance € m	Interest € m	Average rate %	Year ended 31 December 2008 Average balance € m	Interest € m	Average rate %
Due to banks						
Domestic offices	**34,223**	**293**	**1.7**	27,592	1,234	4.5
Foreign offices	**4,840**	**37**	**1.5**	3,576	146	4.1
Due to customers						
Domestic offices	**50,171**	**541**	**2.2**	46,015	1,527	3.3
Foreign offices	**27,292**	**346**	**2.6**	30,569	1,332	4.3
Other debt issued						
Domestic offices	**19,957**	**312**	**3.2**	25,578	1,092	4.3
Foreign offices	**12,112**	**142**	**2.4**	19,384	773	4.0
Subordinated liabilities						
Domestic offices	**3,783**	**98**	**5.2**	4,206	197	4.7
Foreign offices	**886**	**25**	**5.7**	864	52	6.0
Average interest earning liabilities						
Domestic offices	**108,134**	**1,244**	**2.3**	103,391	4,050	3.9
Foreign offices	**45,130**	**550**	**2.5**	54,393	2,303	4.2
Total average interest earning liabilities	**153,264**	**1,794**	**2.4**	157,784	6,353	4.0
Non interest earning liabilities	**19,530**			20,573		
Total average liabilities	**172,794**	**1,794**	**2.1**	178,357	6,353	3.5
Shareholders' equity	**9,516**			9,238		
Total average liabilities and shareholders' equity	**182,310**	**1,794**	**2.0**	187,595	6,353	3.4
Percentage of liabilities applicable to foreign operations			**26.9**			33.9

35 Legal proceedings

AIB Group is not, nor has been, involved in, nor are there, so far as the company is aware, pending or threatened by or against AIB Group any legal or arbitration proceedings, which may have, or have had during the previous six months, a significant effect on the financial position of AIB Group.

36 Post-balance sheet events

National Asset Management Agency

On 8 April 2009, the Minister for Finance announced that a National Asset Management Agency ("NAMA") would be established on a statutory basis, under the aegis of the National Treasury Management Agency. It is expected that assets, principally land and development loans, will be transferred from covered institutions as appropriate, including AIB Group, to NAMA with the purpose of strengthening the Irish financial system as a whole.

The draft legislation in respect of NAMA was published on 30 July 2009 and is expected to be enacted in September 2009. As the implication of the legislation for the Group cannot be assessed at this point, any potential impact of NAMA has not been reflected in these financial statements.

37 Related party transactions

Related party transactions that have had a significant effect on the Group's financial position and performance in the half-year to 30 June 2009 are set out in note 29 and in the Interim management report on page 21.

38 Other financial information	**Half-year 30 June 2009**	Half-year 30 June 2008	Year 31 December 2008
Operating ratios			
Operating expenses/operating income	**48.3%**[1]	49.2%	46.5%
Other income/operating income	**21.6%**[1]	23.7%	23.7%
Net interest margin:			
Group	**2.03%**	2.21%	2.21%
Domestic	**2.02%**	2.23%	2.23%
Foreign	**2.08%**	2.15%	2.16%
Rates of exchange			
€/US $			
Closing	**1.4134**	1.5764	1.3917
Average	**1.3333**	1.5340	1.4707
€/Stg			
Closing	**0.8521**	0.7923	0.9525
Average	**0.8939**	0.7729	0.7964
€/PLN			
Closing	**4.4520**	3.3513	4.1535
Average	**4.4749**	3.4926	3.5114

[1]Excludes gain on redemption of subordinated liabilities.

39 Approval of Half-yearly Financial Report

The Half-yearly Financial Report was approved by the Board of Directors on 4 August 2009.

40 Copies of the 2009 Half-yearly Financial Report and 2008 Annual Financial Report

The Half-yearly Financial Report and the 2008 Annual Financial Report are available on AIB Group's internet site at: www.aibgroup.com/investorrelations

Capital adequacy information

Capital adequacy information	30 June 2009 € m	Restated[1] 31 December 2008 € m	Restated[1] 30 June 2008 € m
Tier 1			
Paid up share capital	**329**	294	294
Eligible reserves	**11,623**	8,600	9,134
Non controlling interests in subsidiaries	**366**	354	405
Supervisory deductions from core tier 1 capital	**(1,208)**	(1,490)	(1,203)
Core tier 1 capital	**11,110**	7,758	8,630
Non-equity minority interests in subsidiaries	**190**	990	990
Non-cumulative perpetual preferred securities	**138**	864	938
Reserve capital instruments	**239**	497	497
Supervisory deductions from tier 1 capital	**(1,428)**	(172)	(305)
Total tier 1 capital	**10,249**	9,937	10,750
Tier 2			
Eligible reserves	**222**	232	246
Credit provisions	**556**	536	110
Subordinated perpetual loan capital	**194**	692	568
Subordinated term loan capital	**4,351**	2,970	3,427
Supervisory deductions from tier 2 capital	**(1,428)**	(172)	(305)
Total tier 2 capital	**3,895**	4,258	4,046
Gross capital	**14,144**	14,195	14,796
Supervisory deductions	**(128)**	(142)	(161)
Total capital	**14,016**	14,053	14,635
Risk weighted assets			
Credit risk	**121,325**	124,606	125,638
Market risk	**2,121**	2,043	5,593
Operational risk	**7,881**	7,250	7,152
Total risk weighted assets	**131,327**	133,899	138,383
Capital ratios			
Core tier 1	**8.5%**	5.8%	6.2%
Tier 1	**7.8%**	7.4%	7.8%
Total	**10.7%**	10.5%	10.6%

[1]Restated due to change in accounting policy for insurance and investment contracts - see page 31.

The Group's Basel II capital ratios are based on Pillar 1 ('Minimum Capital Requirements') under the Capital Requirements Directive. Under Pillar 2 ('Supervisory Review') banks may estimate their own capital requirements through an Internal Capital Adequacy Assessment Process ("ICAAP") which is subject to supervisory review and evaluation. The ICAAP evaluation is currently in progress.

Responsibility statement

for the half-year ended 30 June 2009

We, being the persons responsible within Allied Irish Banks, p.l.c., each confirm that to the best of his knowledge:

(1) the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, being the international accounting standard applicable to the interim financial reporting, adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

(2) the interim management report includes a fair review of:

(a) the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements;

(b) the principal risks and uncertainties for the remaining six months of the financial year;

(c) related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and

(d) any changes in the related parties' transactions described in the last annual report, that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

Eugene Sheehy
Group Chief Executive

John O'Donnell
Group Finance Director

Independent review report of KPMG to Allied Irish Banks, p.l.c

Introduction

We have been engaged by the company to review the condensed set of financial statements in the Half-yearly Financial Report for the six months ended 30 June 2009 which comprises the basis of preparation, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the Half-yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Republic of Ireland's Financial Regulator and the Disclosure and Transparency Rules of the UK's Financial Services Authority ("the FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The Half-yearly Financial Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Republic of Ireland's Financial Regulator and the Disclosure and Transparency Rules of the UK FSA.

As disclosed in the Basis of Preparation, the annual financial statements of the Group are prepared in accordance with IFRSs as issued by the IASB and subsequently adopted by the EU. The condensed set of financial statements included in this Half-yearly Financial Report has been prepared in accordance with IAS 34 -*Interim Financial Reporting*, as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the Half-yearly Financial Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in Ireland and the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-yearly Financial Report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Republic of Ireland's Financial Regulator and the Disclosure and Transparency Rules of the UK FSA.

KPMG

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4 August 2009