AIB UK I LP
HALF-YEARLY FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 June 2011

UK Registered No: LP10095

General Partner’s Interim Management Report

1. **Half-yearly Financial Report**
The General Partner presents herewith the half-yearly Financial Report comprising the Interim Management Report and Condensed Interim unaudited financial statements of AIB UK 1 LP (“the Partnership”) for the half year ended 30 June 2011.

2. **Interim Management Report**
The Partnership made a profit after tax during the period of €4,886,475 (30 June 2010: €4,649,799).

On 25 June 2009, AIB Capital Exchange Offering 2009 Ltd (“AIB Capital”), a wholly owned subsidiary of Allied Irish Banks, p.l.c., the ultimate parent company of AIB UK I LP, acquired €808,602,000 (being 80.8602%) of the Partnership’s €1bn fixed rate / floating rate guaranteed non-voting non cumulative perpetual preferred securities ("Perpetual Preferred Securities") from unrelated third parties at market rates.

In December 2009, the Partnership redeemed and cancelled the €808,602,000 of the Perpetual Preferred Securities held by AIB Capital in exchange for the transfer to AIB Capital of €800,515,980 (being 80.8602%) in nominal amount of the €990,000,000 Fixed Rate/Floating Rate Subordinated Notes due 2034 (“Subordinated Notes”) issued by AIB Holdings (N.I.) Ltd., a cash amount of €2,176,165 and a deferred cash amount of €1,015,763. The deferred cash amount was payable to AIB Capital over the life of the remaining Perpetual Preferred Securities of the Partnership and is subject to the Partnership maintaining a minimum cash deposit of €1,913,980. The outstanding amount of deferred cash was paid in full during the period to 30 June 2011.

The coupons on the Perpetual Preferred Securities which were due to be paid on 17 December 2010 and 17 December 2009 were not paid. During 2009 the European Commission (EC) indicated that, in line with its policy and pending the assessment of the restructuring plan of the AIB Group (being Allied Irish Banks, p.l.c. and its subsidiaries), the AIB Group should not make coupon payments on its tier 1 and tier 2 capital instruments unless it was under a binding legal obligation to do so. The AIB Group agreed to this request of the EC and the Board of Allied Irish Banks, p.l.c. resolved under the terms of the perpetual preferred securities of AIB UK 3 LP (“LP 3 preferred securities”) not to pay the coupon due on 14 December 2009 or on 14 December 2010. AIB UK LP 3 is a subsidiary of Allied Irish Banks, p.l.c. The effect of this was to trigger the ‘Dividend Stopper’ provisions of the LP 3 perpetual preferred securities, which precludes the AIB Group for a period of one calendar year from and including 14 December 2009, from declaring and paying any distribution or dividend on its ‘Parity Security’, an expression which includes the Preferred Perpetual Securities issued by AIB UK I LP on which an annual non-cumulative distribution was due on 17 December 2009 and 17 December 2010.

On 17 June and 22 June 2011 Allied Irish Banks p.l.c. acquired in the secondary market, all remaining interests in the Perpetual Preferred Securities of UK 1 LP.

Principal risks and uncertainties
The principal risks are credit risk and interest rate risk. The primary credit risk is the risk that AIB Holdings (N.I.) Ltd will be unable or unwilling to meet its commitment under the subordinated notes. Interest rate risk is the risk that changes in interest rates will have adverse effects on earnings or on the value of the assets and liabilities. These are dealt with in Notes 5 and 8 to the Condensed Interim Financial Statements.

Going Concern and basis of preparation
These Condensed Interim Financial Statements have been prepared on a going concern basis. In making its assessment of the Partnership’s ability to continue as a going concern the General Partner has taken into consideration the uncertainties that currently impact the Partnership and the wider AIB Group, including the recently announced Subordinated Liability Order issued in relation to AIB Group. Specifically, the General Partner has considered the creditworthiness of its investment in AIB Holdings NI Limited (which is reliant on funding from AIB, the ultimate parent company of the Group) and also the ability of AIB to provide any necessary funding in the event that the Partnership decides to offer to buy back its issued Perpetual Preferred Securities from its Limited Members.

General Partner's Management Report *(continued)*

The General Partner's assessment includes the consideration of the continuing ability of AIB Group to access funding from the Eurosystem funding and Central Bank of Ireland liquidity facilities to meet liquidity requirements and the commitment of the Irish Government to provide the Group's required capital. The General Partner has considered the statements from the Irish Government and the Central Bank of Ireland on 31 March 2011 in which the Irish Government acknowledged the systematic importance of the Group and indicated that it will ensure the Group is strongly capitalised. On 28 July 2011, Allied Irish Banks, p.l.c., received c€12.6bn in capital and contingent capital from the Irish Government thereby meeting its capital requirements as set out by the Central Bank of Ireland on 31 March 2011.

In considering the basis of preparation the General Partner has also considered the potential impact of a liability management exercise or other government action through the subordinated liabilities order (the "Order"/ "SLO") (issued on 14 April 2011 under the Credit Institutions (Stabilisation)Act 2010) on the future activities of the Partnership. On 17 June and 22 June 2011 Allied Irish Banks p.l.c., on foot of the SLO, acquired the interests in all outstanding perpetual preferred securities. Consequently, at 30 June 2011 all assets and liabilities of the Partnership are with its Ultimate Parent Company or other subsidiary undertakings of the AIB Group. The General Partner will, over the coming months, conduct a review to assess what the potential impacts on the future activities of the Partnership may be from these events.

The General Partner has considered the risks and uncertainties, set out above and has concluded that it is appropriate to prepare the financial statements on a going concern basis.

Related party transaction

All of the assets of the partnership are placed with related parties and all income arising within the partnership arises from transactions with related parties which comprise of interest on the investment in €189,484,020 of Subordinated Notes issued by AIB Holdings (N.I.) Ltd, and cash balances with Allied Irish Banks, p.l.c.. As noted, on 17 June and 22 June 2011 Allied Irish Banks p.l.c., on foot of the SLO, acquired the interests in all outstanding Perpetual Preferred Securities of UK 1 LP.

Corporate Governance

The European Communities (2006/46 EC) Regulations 2009 introduced a requirement for the directors of all companies with securities admitted for trading on a regulated market to make an annual statement on corporate governance. The statement is required to include commentary on compliance with applicable codes of governance, systems of risk management and internal controls together with other details, including the operation of Board and arrangements for shareholder meetings.

Relevant information on the Partnership's governance arrangements for the half year ended 30 June 2011 are set out below. The General Partner is committed to providing relevant and informative details of its approach to corporate governance.

Composition and operation of the Partnership

The business of the Partnership is managed by the General Partner, which exercises all such powers of the Partnership as are not by the Companies Acts or by the Partnership Agreement of the Partnership required to be exercised by the Limited Partners in a general meeting.

General Partner's Management Report (*continued*)

Internal Control

The General Partner acknowledges that it is responsible for the Partnership's system of internal control and for reviewing its effectiveness. The Partnership's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Partnership's system of internal control includes:

- a clearly defined management structure, with defined lines of authority and accountability;
- a comprehensive financial reporting system, which incorporates clearly-defined and communicated accounting policies and financial control procedures;
- The General Partner, whose members receive and review the Partnership's accounts and ensures that no restrictions are placed on the scope of the statutory audit or on the independence of the AIB Group Internal Audit or the Regulatory Compliance functions;
- Appropriate policies and procedures relating to capital management, credit risk management, operational risk management and regulatory compliance.

The General Partner confirms that it has reviewed the adequacy and effectiveness of the Partnership's system of internal control for the half year ended 30 June 2011 and is satisfied therewith.

Gerard O'Keeffe
Director
AIB G.P. No.1 Limited
General Partner of AIB UK 1 LP

Simon Boulcott
Director
AIB G.P. No.1 Limited
General Partner of AIB UK 1 LP

30 August 2011

Responsibility Statement

We, being the persons responsible within AIB G.P. No.1 Limited, the General Partner of AIB UK 1 LP, each confirm to the best of his knowledge:

(1) this condensed set of interim financial statements has been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting;

(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 interim 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 year and that have materially affected the financial position or the performance of the enterprise during the 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.

Gerard O'Keeffe
Director
AIB G.P. No.1 Limited
General Partner of AIB UK 1 LP

Simon Boulcott
Director
AIB G.P. No.1 Limited
General Partner of AIB UK 1 LP

30 August 2011

Condensed Statement of Comprehensive Income *(unaudited)*
for the half- year ended 30 June 2011

	Notes	30 June 2011 €	30 June 2010 €	31 December 2010 €
Interest and similar income	2	4,886,475	4,653,162	9,620,712
Interest expense	3	-	(3,363)	-
Net interest income		4,886,475	4,649,799	9,620,712
Administrative expenses		-	-	-
Profit before income tax		4,886,475	4,649,799	9,620,712
Taxation on ordinary activities	4	-	-	-
Profit for the period / year		4,886,475	4,649,799	9,620,712
Total comprehensive income for the year attributable to Partners		4,886,475	4,649,799	9,620,712

The Partnership has no recognised gains and losses other than those outlined above. All results relate to continuing operations.

Condensed Statement of Financial Position *(unaudited)*

as at 30 June 2011

	Notes	30 June 2011 €	31 December 2010 €	30 June 2010 €
Financial assets				
Investment in fixed/floating rate subordinated note	5	189,484,020	189,484,020	189,484,020
Loans and receivables to banks	6	-	-	10,969,887
Total non-current assets		189,484,020	189,484,020	200,453,907
Current assets				
Loans and receivables to banks		19,277,326	20,293,568	1,066
Accrued interest: Subordinated Note		4,980,575	357,580	4,980,575
Loans and receivables to banks		687,430	423,950	156,020
Total current assets		24,945,331	21,750,098	5,137,661
Total assets		214,429,351	210,559,118	205,591,568
Accruals	9	-	1,016,242	1,019,605
Total Liabilities		-	1,016,242	1,019,605
Total Net Assets		214,429,351	209,542,876	204,571,963
Capital and reserves				
Members' capital		214,429,351	209,542,876	204,571,963
Partners' funds		214,429,351	209,542,876	204,571,963

Condensed Statement of changes in Equity *(unaudited)*
for half-year ended 30 June 2011

30 June 2011	General Partner	Members Capital Limited Partnership Interest	Other Reserves	Total
	€	€	€	€
Balance at start of period	1,066	190,628,054	18,913,756	209,542,876
Profit for the period	-	-	4,886,475	4,886,475
Balance at end of period	**1,066**	**190,628,054**	**23,800,231**	**214,429,351**

31 December 2010	General Partner	Members Capital Limited Partnership Interest	Other Reserves	Total
	€	€	€	€
Balance at start of year	1,066	190,436,366	9,484,732	199,922,164
Profit for the year	-	-	9,620,712	9,620,712
Allocations to limited partner	-	191,688	(191,688)	-
Balance at end of year	**1,066**	**190,628,054**	**18,913,756**	**209,542,876**

30 June 2010	General Partner	Members Capital Limited Partnership Interest	Other Reserves	Total
	€	€	€	€
Balance at start of period	1,066	190,436,366	9,484,732	199,922,164
Profit for the period	-	-	4,649,799	4,649,799
Balance at end of period	**1,066**	**190,436,366**	**14,134,531**	**204,571,963**

Condensed Statement of Cash Flows *(unaudited)*
for the half-year ended 30 June 2011

	Notes	30 June 2011 €	30 June 2010 €	31 December 2010 €
Profit before taxation		4,886,475	4,649,799	9,620,712
Increase in loans and receivables to banks		-	-	10,969,887
Increase in interest accrued on loans and receivables to banks and Accrued Interest on Subordinated Note		(4,886,475)	(4,649,799)	(298,097)
		-	-	20,292,502
Investing activities		-	-	-
Financing activities				
Payment to AIB Capital Exchange Offering 2009 Ltd	9	(1,016,242)		--
Cash flows from financing activities		(1,016,242)	-	-
(Decrease) / increase in cash and cash equivalents		(1,016,242)	-	20,292,502
Opening cash and cash equivalents		20,293,568	1,066	1,066
Closing cash and cash equivalents		19,277,326	1,066	20,293,568

1. Basis of Preparation

The condensed interim financial statements (hereafter Interim Financial Statements) for the half year ended 30 June 2011, which should be read in conjunction with the 2010 Annual Audited Financial Statements, have been prepared and presented in accordance with International Accounting Standards and International Financial Reporting Standards (collectively "IFRSs") both as issued by the Accounting Standards Board ("IASB") and IFRS as adopted by the European Union ("EU"). The interim financial statements also comply with the requirements of the Limited Partnerships Act 1907 and the Partnerships and Unlimited Companies (Accounts) Regulation 1993. The Interim Financial Statements comply with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the EU.

The summary financial statements for the year ended 31 December 2010 as presented in the Interim financial statements, represent an abbreviated version of the Partnership's full accounts for that year, on which the independent auditors issued an unqualified audit report and which are not annexed to these Interim financial statements, have been filed in the Companies House. The financial information presented herein does not amount to statutory financial statements.

There have been no changes to the accounting polices described on pages 11 through to 15 in the 2010 Annual Audited Financial Statements.

The preparation of the Interim Financial Statements requires management to make judgments, 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 judgment involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates. All activities are from continuing operations.

The General Partner has reviewed legislative changes and new accounting standards or amendments to standards approved by the International Accounting Standards Board ("IASB") in 2011. The General Partner has considered amendments to the following standards:

<u>Amendment to IAS 24 – Related Party Disclosures</u>
This amendment simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. It also provides a partial exemption from the disclosure requirements for government-related entities which, as permitted by the amendment, was early adopted by the Partnership in 2010.The remainder of the amendment impacts upon the disclosure of certain related party relationships, transactions and outstanding balances including commitments in the financial statements of the Partnership.

<u>Amendment to IAS 32 – Financial Instruments: Presentation-Classification of rights issues</u>
The amendment which is effective for annual periods beginning on or after 1 February 2010, states that if rights issues are issued by an entity pro rata to all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. This amendment did not have any impact on the Partnership's financial statements.

<u>Amendment to IFRIC 14 - Prepayments of a Minimum Funding Requirement</u>
The amendment which is effective for annual periods beginning on or after 1 January 2011 corrects an unintended consequence of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Without the amendment, in some circumstances entities would not be permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendment corrects the problem. The revision will allow such prepayments to be recorded as assets in the statement of financial position. This IFRIC did not have an impact on the Partnership.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
This IFRIC which is effective for annual periods beginning on or after 1 July 2010, clarifies the requirements of International Financial Reporting Standards ("IFRSs") when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The impact on the Partnership will be dependent on the nature of any future liability management actions undertaken by the Partnership.

Improvement to IFRSs May 2010
In May 2010, the IASB issued its third edition of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording.
The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Partnership.

-IFRS 3 Business Combinations: The measurement options available for non-controlling interest ("NCI") have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

- IFRS 7 Financial Instruments - Disclosures: The amendment to IFRS 7 clarifies the required level of disclosure about credit risk and collateral held and provides relief from disclosures previously required regarding renegotiated loans.

-IAS 1 Presentation of Financial Statements: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements. The Partnership is disclosing this analysis in the notes to the financial statements.

- IAS 34 Interim Financial Reporting: These amendments, which are effective for annual periods beginning on or after 1 January 2011, emphasise the principle in IAS 34 that disclosures about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. Additional disclosure requirements included in the amendment require the Partnership to disclose:
- transfers between levels of the 'fair value hierarchy' used in measuring the fair value of financial instruments;
- changes in the classification of financial assets as a result of a change in the purpose or use of those assets;
- changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost; and
- changes in contingent liabilities or contingent assets.

Other amendments resulting from Improvements to IFRSs did not have any impact on the accounting policies, financial position or performance of the Partnership.

2. Interest Income

	30 June 2011	**30 June 2010**	**31 December 2009**
	€	**€**	**€**
Financial assets	4,622,995	4,622,995	9,322,615
Bank placings	263,480	30,167	298,097
Total	4,886,475	4,653,162	9,620,712

3. Interest Expense

There was no interest expense during the period (2010: €3,363, 2009: Nil).

4. Taxation

The Limited Partnership is a transparent entity for UK tax purposes and as such is not liable to UK corporation tax or income tax. For UK tax purposes, the profits of the Limited Partnership are apportioned to the partners in accordance with the Partnership Agreement and are taxed on the partners depending on their individual circumstances.

5. Investment in Fixed/Floating Rate Subordinated Notes

The Partnership holds €189,484,020 (December 2010:€189,484,020, June 2010:€189,484,020) Fixed Rate/Floating Rate Subordinated Notes ("Subordinated Notes") due in 2034 issued by AIB Holdings (N.I.) Ltd., a wholly owned subsidiary of Allied Irish Banks, p.l.c., and consequently a related party. Interest is payable on this subordinated note at an interest rate of 4.92% per annum payable on 17 December each year for the first 10 years, following which it changes to a Floating Rate of three month Euribor plus 1.12%. This investment is classified as Held to Maturity.

The General Partner expects that the Fixed Rate/Floating Rate Subordinated Notes will be repaid in full, and as a result no impairment arises. There is no active market for the instrument which is issued by another member of the Group and so it is difficult to ascertain with any reliability a fair value for this instrument (i.e. it is considered a level 3 investment in the fair value hierarchy).

6. Loans and receivables to Banks

Loans and receivables to banks are with Allied Irish Banks, p.l.c., the Ultimate parent company, and are interest bearing at market rates and are repayable on demand. The loans and receivables classified as financial assets in June 2009 were reclassified to current assets and included in cash and cash equivalents at 31 December 2010 and 30 June 2011.

7. Employee information

The Partnership had no employees during the year (2010: Nil).

8. Credit Risk

Credit risk is managed by dealing only with Group companies and is represented by the carrying value of the assets.

9. Accruals

There were no accruals at 30 June 2011. The accrual at 31 December 2010 represented a deferred cash amount that arose from the total of the issue costs incurred in relation to the issue of the Perpetual Preferred Securities and was paid to AIB Capital Exchange Offering 2009 Ltd ("AIB Capital"), a subsidiary of Allied Irish Banks p.l.c., and therefore a related party, in April 2011.

10. The Limited Partnership Interests (Preference Securities Holders)

On 17 December 2004 1,000,000 Fixed Rate/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities (the "Preferred Securities"), each with a liquidation preference of €1,000 were issued comprising limited partnership interests. The Preferred Securities entitle holders to receive (subject to certain conditions outlined in the offering circular) non-cumulative preferential cash distributions payable annually in arrears on 17 December in each year. Distributions on the Preferred Securities will be payable at an interest rate of 4.781% per annum on 17 December each year up to December 2014 and thereafter at the rate of 1.10% per annum above 3 month EURIBOR, reset quarterly. Costs of €10,000,000 were incurred on the issue of the Preferred Securities and the Limited Partnership interests have been recorded at their net proceeds. The Preferred Securities have a liquidation preference of €1,000,000,000. All obligations of the issuer to make payments in respect of the Preferred Securities are guaranteed on a limited and subordinated basis by Allied Irish Banks, p.l.c. pursuant to a subordinated guarantee dated 17 December, 2004. The Preferred Securities are listed on the NYSE Euronext Amsterdam.

In 2009 the European Commission (EC) indicated that, in line with its policy and pending the assessment of the restructuring plan of Allied Irish Banks, p.l.c." AIB Group and its subsidiaries", the AIB Group should not make coupon payments on its tier 1 and tier 2 capital instruments unless it was under a binding legal obligation to do so. This obligation remained in force throughout the period to 30 June 2011, consequently the coupon which was due to be paid on 17 December 2010 was not paid and neither was the coupon due to be paid on 17 December 2009.

Coupon on Perpetual Preferred Securities

The coupon on the remaining €191,398,000 Preferred Perpetual Securities which was due to be paid on the 17 December 2010 and 17 December 2009 was not paid (see note 5 for more detail).

11. Related party transactions

The partnership has transactions with another Group company AIB G.P. No. 1 Limited a wholly owned subsidiary of Allied Irish Banks, p.l.c. The principal activity of AIB G.P. No. 1 Limited is as a General Partner to AIB UK I LP. The Partnership also has transactions with AIB Holdings (N.I.) Ltd (Note 5), AIB Capital Exchange Offering 2009 Limited (Note 9) and the Ultimate parent company (Note 6).

12. Reporting currency

The currency used in these financial statements is the Euro, which is denoted by the symbol €.

13. Subsequent Events

Other than as described elsewhere on pages 1 and 2, there are no significant events which have occurred between the 30 June 2011 and the date of approval of these Interim Financial Statements.

14. Auditor Review

The Half-Yearly Financial Report has not been audited or reviewed by the Auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

15. Approval of condensed interim financial statements

The Half Yearly Financial Report was approved by the General Partner on the 30 August 2011.

16. Copies of the 2011 Half-yearly Financial Report and 2010 Annual Audited Financial Statements

The 2011 Half-yearly Financial Report and the 2010 Annual Audited Financial Statements are available on AIB Group’s internet site at: www.aibgroup.com/investorrelations.