

**AIB UK I LP
HALF-YEARLY FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 June 2010**

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 Interim unaudited financial statements of AIB UK 1 LP ("the Partnership") for the half year ended 30 June 2010.

2. Interim Management Report

The Partnership made a profit after tax during the period of €4,649,799 (30 June 2009: €24,218,913).

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.

On 7 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 €90,000,000 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 will be 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 effect of this transaction is to significantly reduce the gross assets and income of the Partnership.

The coupon on the Perpetual Preferred Securities which was due to be paid on 17 December 2009 was 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. 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.

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. 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.

Related party transaction

As described above, AIB Capital Exchange Offering 2009 Ltd purchased €808,602,000 of the Perpetual Preferred Securities and the AIB UK I LP agreed to redeem and cancel these securities in exchange for €800,515,980 in Subordinated Notes issued by AIB Holdings (N.I) Ltd plus a cash payment and a deferred cash payment. 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.

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 2010 and is satisfied therewith.

John Cunningham
Director
AIB G.P. No.1 Limited
General Partner of AIB UK 1 LP

Robert Rutledge
Director
AIB G.P. No.1 Limited
General Partner of AIB UK 1 LP

27 August 2010

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) 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 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.

John Cunningham
Director
AIB G.P. No.1 Limited
General Partner of AIB UK 1 LP

Robert Rutledge
Director
AIB G.P. No.1 Limited
General Partner of AIB UK 1 LP

27 August 2010

AIB UK I LP**Condensed Statement of Comprehensive Income (unaudited)***for the half- year ended 30 June 2010*

		30 June 2010	30 June 2009	31 December 2009
	Notes	€	€	€
Interest and similar income	2	4,653,162	24,218,913	46,238,375
Interest expense	3	<u>(3,363)</u>	<u>-</u>	<u>(479)</u>
Net interest income		4,649,799	24,218,913	46,237,896
Administrative expenses		<u>-</u>	<u>-</u>	<u>-</u>
Profit before income tax		4,649,799	24,218,913	46,237,896
Taxation on ordinary activities	4	-	-	-
Profit for the year		<u>4,649,799</u>	<u>24,218,913</u>	<u>46,237,896</u>
Total comprehensive income for the year attributable to Partners		<u>4,649,799</u>	<u>24,218,913</u>	<u>46,237,896</u>

The Partnership has no recognised gains and losses other than those outlined above.

AIB UK I LP**Condensed Statement of Financial Position (unaudited)**

as at 30 June 2010

		30 June 2010	31 December 2009	30 June 2009
	<u>Notes</u>	<u>€</u>	<u>€</u>	<u>€</u>
Financial assets				
Investment in fixed/floating rate subordinated note	5	189,484,020	189,484,020	990,000,000
Loans and receivables to banks	6	10,969,887	10,969,887	3,823,439
Total non-current assets		<u>200,453,907</u>	<u>200,453,907</u>	<u>993,823,439</u>
Current assets				
Loans and receivables to banks		1,066	1,066	1,066
Accrued interest: Subordinated Note		4,980,575	357,580	26,155,529
Loans and receivables to banks		156,020	125,853	70,837
Total current assets		<u>5,137,661</u>	<u>484,499</u>	<u>26,227,432</u>
Total assets		<u>205,591,568</u>	<u>200,938,406</u>	<u>1,020,050,871</u>
Accruals	9	1,019,605	1,016,242	-
Total Liabilities		<u>1,019,605</u>	<u>1,016,242</u>	<u>-</u>
Total Net Assets		<u>204,571,963</u>	<u>199,922,164</u>	<u>199,922,164</u>
Capital and reserves				
Members' capital		204,571,963	199,922,164	1,020,050,871
Partners' funds		<u>204,571,963</u>	<u>199,922,164</u>	<u>1,020,050,871</u>

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Condensed Statement of changes in Equity (unaudited)
for half-year ended 30 June 2010

	General Partner	Members Capital Limited Partnership Interest	Other Reserves	Total
	€	€	€	€
30 June 2010				
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
Allocations to limited partner	-	-	-	-
Redemption and cancellation of Preferred Securities	-	-	-	-
Balance at end of period	1,066	190,436,366	14,134,531	204,571,963

	General Partner	Members Capital Limited Partnership Interest	Other Reserves	Total
	€	€	€	€
31 December 2009				
Balance at start of year	1,066	993,987,949	1,842,943	995,831,958
Profit for the year	-	-	46,237,896	46,237,896
Allocations to limited partner	-	946,927	(946,927)	-
Distribution made during year	-	(804,498,510)	(37,649,180)	(842,147,690)
Balance at end of year	1,066	190,436,366	9,484,732	199,922,164

	General Partner	Members Capital Limited Partnership Interest	Other Reserves	Total
	€	€	€	€
30 June 2009				
Balance at start of period	1,066	993,987,949	1,842,943	995,831,958
Profit for the period	-	-	24,218,913	24,218,913
Allocations to limited partner	-	-	-	-
Distribution made during period	-	-	-	-
Balance at end of period	1,066	993,987,949	26,061,856	1,020,050,871

AIB UK I LP**Condensed Statement of Cash Flows (unaudited)**
for the half-year ended 30 June 2010

	30 June 2010	30 June 2009	31 December 2009
<u>Notes</u>	<u>€</u>	<u>€</u>	<u>€</u>
Profit before taxation		24,218,913	46,237,896
	4,649,799		
Increase in loans and receivables to banks	-	-	(7,146,448)
Increase in interest accrued on loans and receivables to banks and Accrued Interest on Subordinated Note	(4,649,799)	(24,218,913)	(36,915,283)
	-	-	
Net cash inflow from operating activities	<u>-</u>	<u>-</u>	<u>2,176,165</u>
Investing activities			
Financing activities			
Distribution to Limited Partner	-	-	
Redemption of Limited Partner	-	-	(2,716,165)
Cash flows from financing activities	<u>-</u>	<u>-</u>	<u>(2,716,165)</u>
Increase/decrease in cash and cash equivalents	-	-	
Opening cash and cash equivalents	1,066	1,066	1,066
Closing cash and cash equivalents	<u>1,066</u>	<u>1,066</u>	<u>1,066</u>

Notes forming part of the Interim Financial Statements

1. Basis of Preparation

The condensed interim financial statements (hereafter Interim Financial Statements) for the half year ended 30 June 2010, which should be read in conjunction with the 2009 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 subsequently adopted by the European Union (“EU”). The 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 2009 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 policies described on pages 10 and 11 in the 2009 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 2010. The General Partner has considered amendments to the following standards – Amendment to IFRS 2 – Share-based Payment transactions – Group Cash-settled Share-based Payment Transactions, IFRS 3 Revised – Business combinations and amended IAS 27 – Consolidated and Separate Financial Statements, Amendments to IAS 39 financial Instruments: Recognition and Measurement – Eligible Hedge Items and IFRIC 17 – Distribution of Non-Cash to Owners. None of these changes to accounting standards have a material impact on the Financial Statements.

Prospective accounting changes

The General Partner has considered the following prospective accounting changes approved by the IASB – Amendment to IAS 24 – Related Party Transactions, Amendment to IAS 32 – Financial Instruments: Presentation-Classification of rights issues, Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement and IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments. If applicable these will be adopted in 2011. These amendments are not expected to have a material impact on the Partnership.

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2. Interest Income

	30 June 2010	30 June 2009
	€	€
Financial assets	4,622,995	24,153,830
Bank placings	<u>30,167</u>	<u>65,083</u>
Total	<u>4,653,162</u>	<u>24,218,913</u>

3. Interest Expense

Interest expense accrued from 7 December 2009 on the deferred cash amount of €1,015,763 and is based on a 3 month Euribor market rate.

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 €89,484,020 (December 2009:€89,484,020, June 2009 €90,000,000) 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.

On 7 December 2009, the Partnership redeemed and cancelled the €808,602,000 of the Perpetual Preferred Securities held by 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), in exchange for the transfer to AIB Capital of €800,515,980 (being 80.8602%) in nominal amount of the €90,000,000 Subordinated Notes and a cash amount of €3,191,928 of which the payment of €1,015,763 has been deferred. The transfer by the Partnership of the €800,515,980 Subordinated Notes to AIB Capital included the right to receive the interest accrued from the date of the last coupon payment, being 17 December 2008 to the date of exchange, 7 December 2009.

Interest, on the remaining €89,484,020 Subordinated Notes, is payable on these subordinated notes 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). The fair value of the Subordinated Note on an interest rate risk basis (i.e. excluding any credit risk) at 30 June 2010 was €12,942,142, (December 2009: €209,484,058, June 2009: €1,091,079,000).

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.

7. Employee information

The Partnership had no employees during the year (2009: Nil).

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8. Credit Risk

Credit risk is managed by dealing only with Group companies and is represented by the carrying value of the assets. (see note 5 for more detail)

9. Accruals

The redemption and cancellation of the €808,602,000 Perpetual Preferred Securities held by AIB Capital was in exchange for the transfer to AIB Capital of €800,515,980 (being 80.8602%) in nominal amount of the €90,000,000 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 plus interest accrual of €3,842.

AIB Capital agreed to a part deferral of the cash due to it, as part of the above redemption and notes exchange, to ensure that the Partnership retained sufficient cash reserves to meet its obligations to repay the remaining Perpetual Preferred Securities. The deferred cash amount reflects the total of the issue costs incurred in relation to the issue of the Perpetual Preferred Securities and will be payable to AIB Capital over the life of the remaining Perpetual Preferred Securities of the Partnership subject to the Partnership maintaining a minimum cash deposit of €1,913,980 (see Note 10 below).

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.

As noted, 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.

On 7 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%) of the nominal amount of the €90,000,000 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 will be payable to AIB Capital over the life of the remaining Perpetual Preferred Securities of the Partnership subject to the Partnership maintaining a minimum cash deposit of €1,913,980, being the proportion of the original €10,000,000 in costs that relate to remaining €91,398,000.

10. The Limited Partnership Interests (Preference Securities Holders) (continued)**Coupon on Perpetual Preferred Securities**

Following the cancellation of the €808,602,000 Preferred Perpetual Securities held by AIB Capital of 7 December 2009, the Partnership was not required to pay the coupon due for these securities from the date of the last coupon payment, being 17 December 2008 to the date of exchange, 7 December 2009. The €36,795,544 interest receivable on the Subordinated Notes transferred to AIB Capital Exchange Offering 2009 Ltd (“AIB Capital”) was offset against this coupon payment and this is offset in the statement of changes in equity.

The coupon on the remaining €191,398,000 Perpetual Preferred Securities which was due to be paid on 17 December 2009 was not paid. During 2009 the European Commission (EC) indicated that, in line with its policy and pending the assessment of the AIB Group restructuring plan, 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. 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 the Partnership on which an annual non-cumulative distribution was due on 17 December 2009.

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) and the Ultimate parent company (Note 6).

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

On 7 December 2009, the Partnership redeemed and cancelled €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 €90,000,000 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 (see note 3). The deferred cash amount will be 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 AIB Group agreed to the EC request not to make coupon payments on its capital instruments 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. 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 on 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.

AIB UK I LP

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, there are no significant events which have occurred between the 30 June 2010 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 financial statements

The Half Yearly Financial Report was approved by the General Partner on the 27 August 2010.

16. Copies of the 2010 Half-yearly Financial Report and 2009 Annual Audited Financial Statements

The Half-yearly Financial Report and the 2009 Annual Audited Financial Statements are available on AIB Group's internet site at: www.aibgroup.com/investorrelations.