



Allied Irish Banks, p.l.c.

Interim Results 2001

Forward looking statement



A number of statements we will be making in our presentation and in the accompanying slides will not be based on historical fact, but will be “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projected in the forward looking statements. Factors that could cause actual results to differ materially from those in the forward looking statements include, but are not limited to, global, national and regional economic conditions, levels of market interest rates, credit or other risks of lending and investment activities, competitive and regulatory factors and technology change.

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Michael Buckley

Shareholder value



Profit before Taxation

€667m

+12%

Profit
Attributable

€463m

+11%

Tangible
EPS *

55.4c

+14%

Dividend per
share

15.4c

Return on
Equity

20.4%

** excludes €13m goodwill amortised*

Highlights *



- Strong retail momentum continues in Ireland and Britain - profit up 15%
 - Rep. of Ire. - profit up 16%
deposits +16%, home mortgages +22%
 - GB & NI - profit up 13%
deposits +18%
- Capital Markets - profit up 13%
 - corporate banking loans + 27%, fee income + 47%

Highlights



\..... Cont.

- Allfirst
 - earnings up 6%
 - Q2 earnings up 10%
 - strong asset quality
- Poland
 - challenging economic conditions
 - merger completed
 - investment programme on target

Cont .../

Highlights



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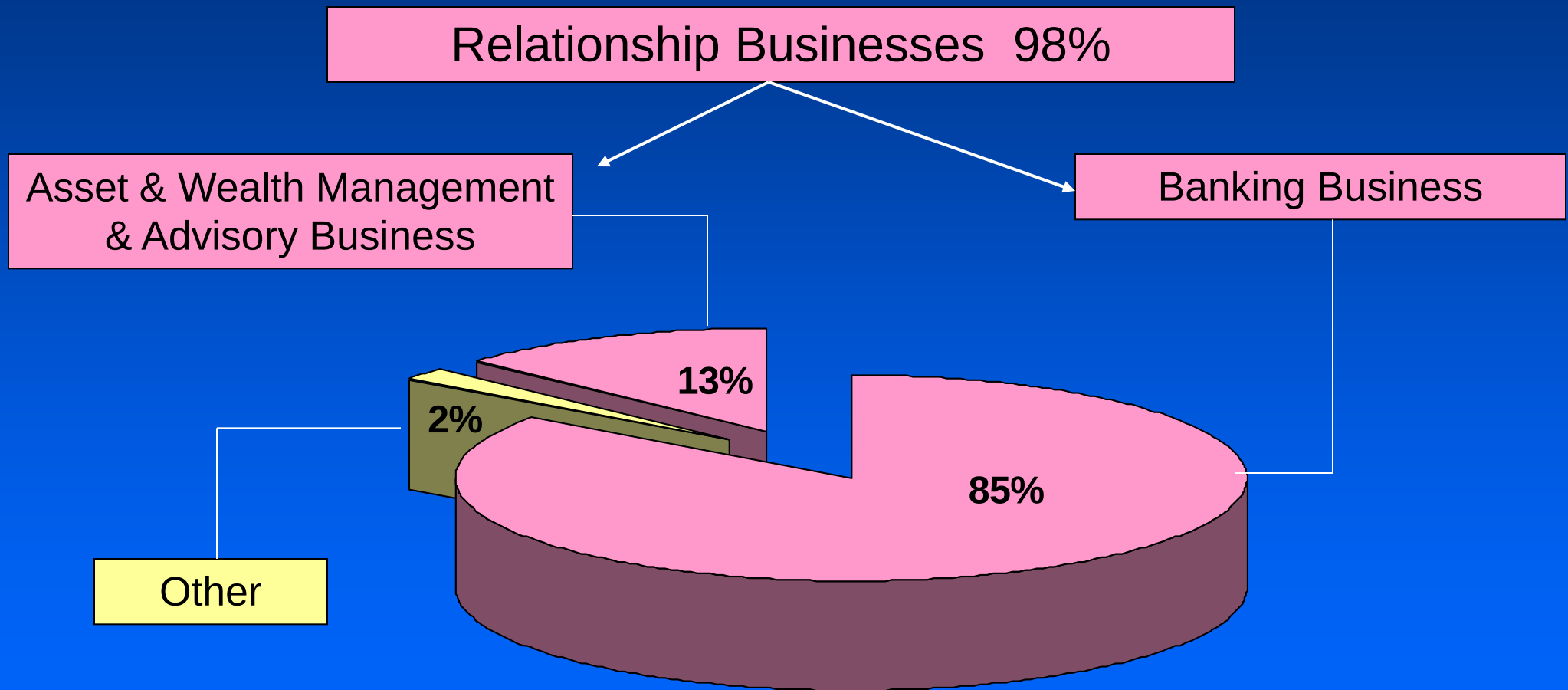
- Other income up 13%, now over 40% of total income
- Prudent provision cover across the Group
- Profitable Singapore experience

Key performance drivers



- Strong customer revenues
- Costs well managed
- Continued investment for sustainable growth
- Asset quality maintained

Customer driven business - core strength*



** for illustrative purposes only*

Different markets - one approach



- Transferable core competence in retail & commercial banking
- Relationships at heart of our business
- Focussed Asset & Wealth management
- Vibrant corporate banking business spans our markets
- Sharing eBusiness initiatives & exploring opportunities

Outlook - Ireland



Above trend growth will be generated by:

- Harvesting own customer opportunities
- Further productivity gains through channel optimisation
- Maintaining asset quality

Outlook - GB & NI



- Leveraging off proven success in SME niche
- Building on unique customer franchise in Northern Ireland
- Monitoring of market for acquisitions / alliances

Outlook - USA



- Restoring revenue momentum by repositioning / business mix
- Retain asset quality and efficiency foundation
- Nourish and invest in 'Not for Profit' business
- Actively pursue footprint expansion

Outlook - Capital Markets



- Buoyant revenues in corporate banking
 - domestic and international
- Strong deal flow in advice led businesses

Outlook - Poland



- Building national position from strong regional base
 - medium term growth
 - investment in network expansion
 - investment in new branch banking platform
 - realise cost benefits of merger
- Intense focus on loan portfolio

Conclusion



“Strong, deep and resilient franchise”



Gary Kennedy

Performance by division



Jun 2000	€m	Jun 2001	Change %
323	AIB Bank	372	15
164	USA	170	4
90	Capital Markets	101	13
45	Poland	26	(42)
(13)	Group	(2)	
<u>609</u>	Group profit before tax	<u>667</u>	9
442	Group profit after tax	502	14
414	Group profit attributable	463	12

Operating income



Jun 2000	€m	Jun 2001	Change %
985	Net interest income	1,067	8
611	Other income	720	18*
<u>1,596</u>	Total operating income	<u>1,787</u>	12
38.3%	<i>Other income ratio</i>	40.2%	

Other income (*constant currency basis +13%)

■ Banking fees and commissions up 16%

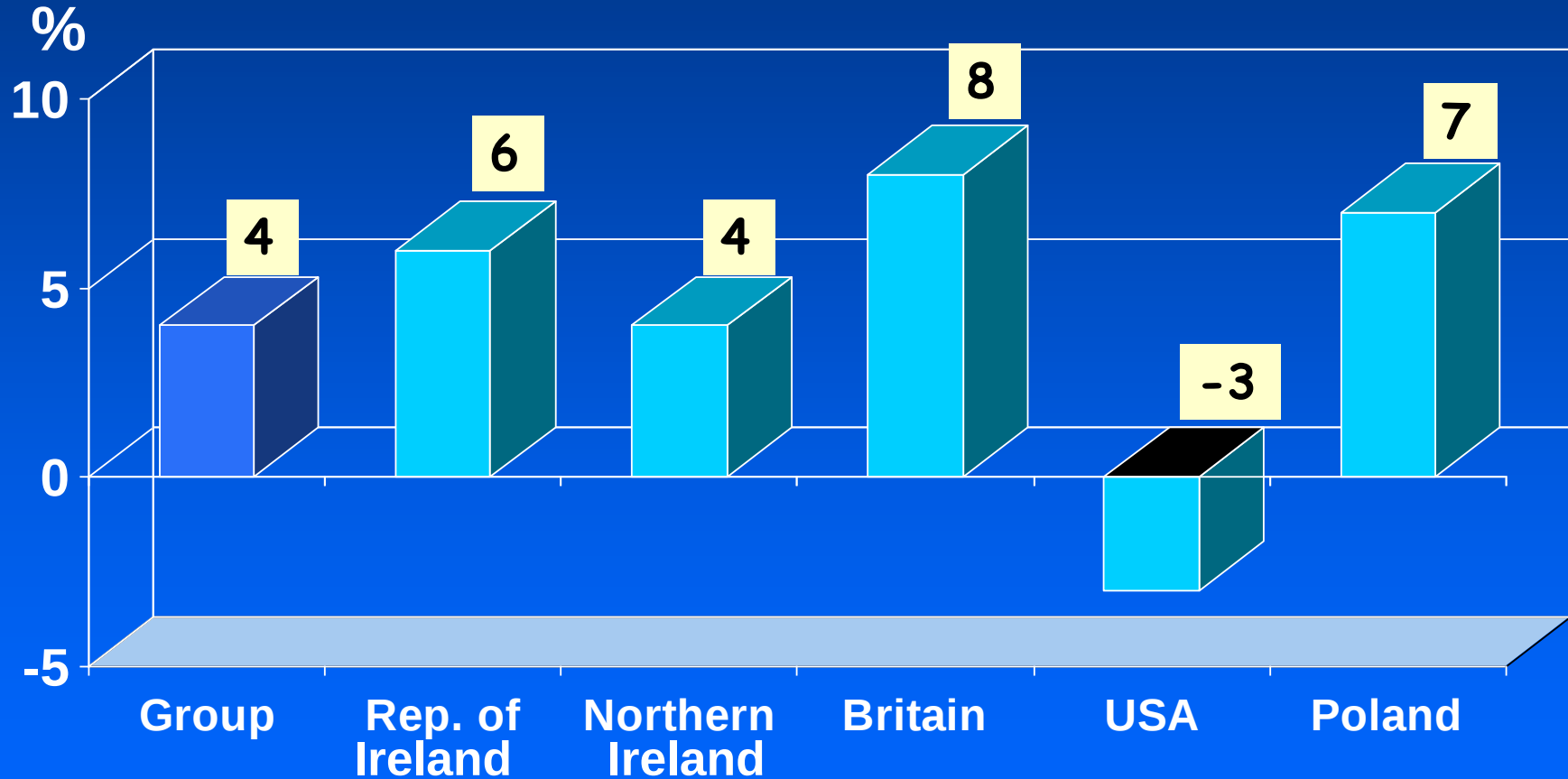
● strong corporate banking, credit card and electronic banking revenues

■ Ark Life up 12%

Loan growth



Since December 2000



Rep. of Ireland residential mortgages up 9%

Deposit growth



Since December 2000



Net interest margin



H1 2000	H2 2000	%	H1 2001	Change on H1 2000 bps
3.10	2.94	Group	2.93	(17)
2.73	2.76	Domestic	2.67	(6)
3.40	3.08	Foreign	3.16	(24)

Operating expenses



Jun 2000	€m	Jun 2001	Change %	Underlying Change %
545	Staff costs	631	16	12
379	Other expenses	429	13	9
<u>924</u>	Total operating expenses	<u>1,060</u>	15	11

Costs include:

- BZWBK merger and investment
- AIA investment
- Euro and RoI - front loaded salary package

Cost / income ratio*



%	Jun 2001	Jun 2000
AIB Bank	51	53
- Republic of Ireland	51	52
- Northern Ireland & Britain	53	55
Capital Markets	56	56
USA	62	58
Poland	80	65

* *tangible (excluding goodwill amortisation)*

Asset quality



%	Jun 2001	Jun 2000
NPLs / loans	1.9	1.9
Bad debts charge / average loans	0.28	0.34
Provisions / NPLs	99	98

- Use of group provisions in Poland
- Specific charge only 0.16% (excluding Poland)
- Allfirst NPAs down \$21m to 0.82% (US GAAP basis)

Provisions for bad debts



Jun 00 €m	Average Loans %		Jun 01 €m	Average Loans %
28	0.27	AIB Bank	32	0.27
18	0.29	USA	20	0.30
11	0.34	Capital Markets	10	0.26
13	1.02	Poland	5	0.31
<u>70</u>	0.34	Total	<u>67</u>	0.28

Balance sheet / capital ratios



Jun 2000	€m Assets:	Jun 2001	Constant Currency Change %
42,825	Loans to customers	49,636	4
46,499	Customer accounts	52,479	3
74,687	Total assets	87,895	5

%	Capital Ratios:	%
5.4	Ordinary equity to assets	5.6
6.5	Tier 1	7.4
11.3	Total	11.8

Summary



Leverage franchise to deliver shareholder expectations

- consistent EPS and RoE performance
- customer driven revenues / productivity
- investing for the future
- asset quality through economic cycles



AIB Bank profit statement



Jun 2000	€m	Jun 2001	Change %
502	Net interest income	569	13
243	Other income	259	7
<u>745</u>	Total operating income	<u>828</u>	11
394	Operating expenses	426	8
351	Operating surplus	402	15
28	Provisions	32	14
<u>323</u>	Operating profit	<u>370</u>	15
-	Property disposal	2	
<u><u>323</u></u>	Profit before taxation	<u><u>372</u></u>	15

USA profit statement



Jun 2000	€m	Jun 2001	Change %
261	Net interest income	287	10
171	Other income	209	23
<u>432</u>	Total income	<u>496</u>	15
253	Operating costs	306	21
<u>179</u>	Operating surplus	<u>190</u>	6
18	Provisions	20	9
<u>161</u>	Operating profit	<u>170</u>	6
3	Income from associates	-	
<u><u>164</u></u>	Profit before taxation	<u><u>170</u></u>	4

Capital Markets profit statement



Jun 2000	€m	Jun 2001	Change %
79	Net interest income	55	(31)
145	Other income	186	29
<u>224</u>	Total income	<u>241</u>	8
<u>124</u>	Operating costs	<u>134</u>	8
100	Operating surplus	107	7
<u>11</u>	Provisions	<u>8</u>	(32)
89	Operating profit	99	12
<u>1</u>	Income from associates	<u>2</u>	
<u><u>90</u></u>	Profit before taxation	<u><u>101</u></u>	13

Poland profit statement



Jun 2000	€m	Jun 2001	Change %
122	Net interest income	134	10
<u>69</u>	Other income	<u>73</u>	6
191	Total operating income	207	8
136	Operating expenses	177	30
<u>55</u>	Operating surplus	<u>30</u>	(46)
<u>12</u>	Provisions	<u>5</u>	(59)
43	Operating profit	25	(42)
<u>2</u>	Property disposal	<u>1</u>	
<u>45</u>	Profit before taxation	<u>26</u>	(42)

Poland Division relative to BZWBK



	H1 Jun 2001	
	PLN	€m
BZWBK (legal entity Polish GAAP)	117	32
Use of provisions created on acquisition		22
Goodwill amortisation re BZ		(12)
Other adjustments *		(16)
Poland division		<u>26</u>

** includes capital adjustment, consolidation of subsidiaries and alignment with Group accounting policies*

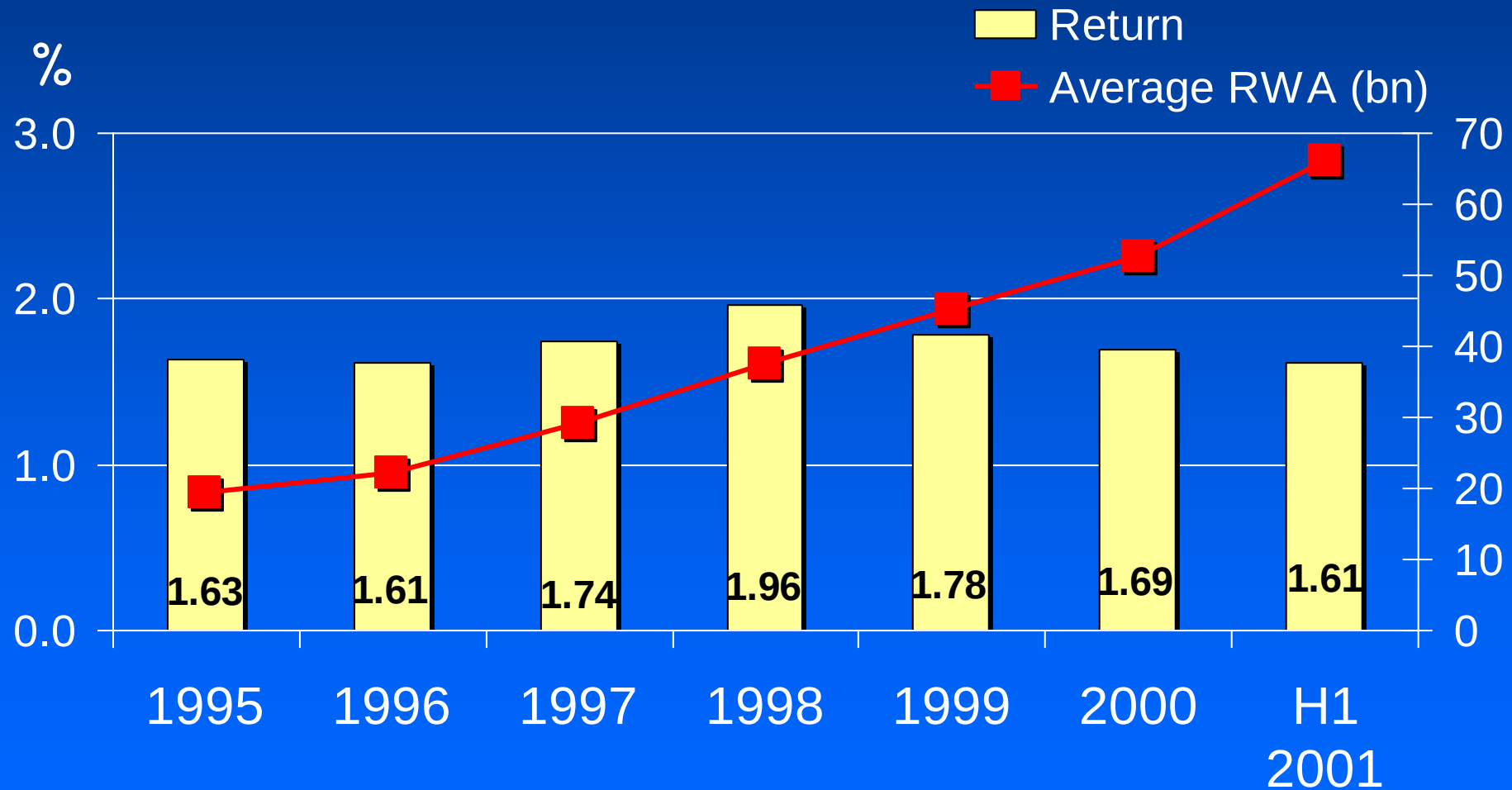
Non-performing loans by division

As at December 31, 2000

As at June 30, 2001

NPLs €m	NPLs/ Actual Advances %	Total Provisions/ NPLs %		NPLs €m	NPLs/ Actual Advances %	Total Provisions/ NPLs %
232	1.0	125	AIB Bank	253	1.0	124
87			USA - €m	82		
81	0.7	205	- US\$m	70	0.6	241
29	0.4	262	Capital Markets	25	0.3	334
523			Poland - €m	609		
2,014	18.0	62	- Pln m	2,052	18.0	61
<u>871</u>	1.9	100	Total	<u>969</u>	1.9	99

Return on risk weighted assets



Risk weighted assets



Jun 2000	€m	Jun 2001	Change %
20,015	AIB Bank	22,728	14
19,117	USA	22,188	16
12,696	Capital Markets	16,747	32
3,063	Poland	4,164	36
277	Group	284	2
<u>55,168</u>		<u>66,111</u>	20

Irish economic outlook



Growth %	2000	Forecast 2001	Forecast 2002
Real GDP	11.5	7.0	7.0
Domestic demand	9.7	6.0	5.8
Unemployment rate	4.2	3.8	4.0
Inflation (average)	5.3	4.5	3.5

Source: AIB Chief Economist, Group Treasury

- Both internal and external factors slowing economy
- Inflation pressures to ease as economy slows
- 4-5% growth forecast over medium term remains intact

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