



Allied Irish Banks, p.l.c.

Interim Results 2000

Forward Looking Statements

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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Tom Mulcahy
Group Chief Executive

Shareholder Value

Profit before Tax	€609m	+12%
Profit Attributable	€414m	+13%
Tangible EPS	49.9c	+16%
Dividend per Share	13.5c	+14%
Return on Equity	21.7%	

Performance Highlights

- Growth in operating profit of 18%
- Other income up 14% (underlying)
- Underlying cost growth of 6%
- Group loan growth of 7% since December 1999
- Strong asset quality maintained
- Range of e-Business initiatives implemented



AIB Bank

IRELAND

- Profit from retail banking activities up 24%
 - Loan growth 12%
 - Absorbed margin decline
- ARK Life profit up 32%
 - Strong growth in single premiums / pensions
- Cost / income ratio 52%
- Volume momentum for second half
- Quality asset formation

AIB Bank

Northern Ireland

- First Trust Bank profit up 15%
 - Loan growth 9%
- Business confidence improving

BRITAIN

- Profit up 20%
 - Loan growth 7%
 - Deposit growth 9%
- Continuing benefits of SME focus

USA

- Underlying \$ profit up 5%

ALLFIRST

- Absorbed margin decline of 22 bps
- Loan growth - commercial +7%, retail -2%
- Other income up 5% underlying
- No deterioration in asset quality

ALLIED IRISH AMERICA

- Growing "not for profit" (NFP) business
- Loan growth of 13%
- New office in Chicago

Allied Irish America Market Opportunity

700,000 NFP's
\$987bn Assets
Income \$620bn

Fund Generation

- Contributions \$175bn p.a.
- Represents 2% of US GDP
- 47% of beneficiaries religious

Religious Affinities

- 119m members
- 204k churches
- 10k schools/colleges
 - 4k hospitals
- 600 religious orders

Tuition Management

- 10k schools / colleges
- Av. Tuition per school \$4.8m
- Av. Tuition per college \$18m
 - Total school fees \$11bn
 - Total college fees \$41bn

Allied Irish America

- Risk assets \$1.7bn in NFP sector
- Extensive national opportunity
- High value
- Frequently under served
- Potential to grow at 25 - 30% per annum
 - Planning 6 additional offices

Capital Markets

- Profit up 12%
- Investment banking
 - Goodbody - improved market share
 - Asset management - strong profit growth
 - Custodial services - IFSC based growth
- Treasury
 - Strong revenue performance
 - Continuing technology investment
- Corporate banking
 - Strong interest / fee income growth
 - Operating surplus up over 50%

Poland

- Profit up 82%
- WBK up 31%
- Loan growth 2% underlying
- Growth in network
 - 402 outlets (37 added)
 - 444 ATMs (67 added)

STRATEGIC FOCUS

- Top five financial services franchise with 10%+ market share
- Major focus on electronic banking capability
- Merge banks at appropriate time - merged bank to be quoted on WSE

Singapore

- Development co-operation in progress
 - Customer information / profitability systems
 - Bancassurance
 - Retail product penetration
 - SME product / service range
- Decision on option exercise not critical

Online Customer Development

Dec 99	000's	Jun 00	Target Dec 00
30	Ireland	56	100
3	Northern Ireland	10	15
1	USA	27	35
6	Poland	14	20

750k+ phone banking customers

Online Diary 2000

- Home mortgages Q1 ✓
- GSM banking service Q2 ✓
- Secure online payment Q2 ✓
- WAP based mortgages Q2 ✓
- Consumer finance Q3 -
- WAP banking Q3
- Online currency dealing Q3
- Online share dealing Q3
- Web cash management Q4
- Virtual model Q4

Virtual Model

- Q4 launch in Ireland
- Brand name selected
- Product development well advanced
- Committed to differentiated consumer proposition
- Electronic channel access only
- Exploring application in other AIB locations

Outlook

- Competing profitably in transition to the network economy
- Franchise enhancement through the profit and loss account
- eBusiness developments positioning for the future
- Building provisions against changing economic conditions
- Positive outlook across the Group
- Continued commitment to low double digit EPS growth



Gary Kennedy
Group Financial Director

Performance by Division

Half Year Jun 99	€m	Half Year Jun 00	Change %
270	AIB Bank	323	20
142	USA	164	15
80	Capital Markets	90	12
23	Poland	43	82
27	Group	(13)	-
<u>542</u>	Group Profit before Disposals	<u>607</u>	12

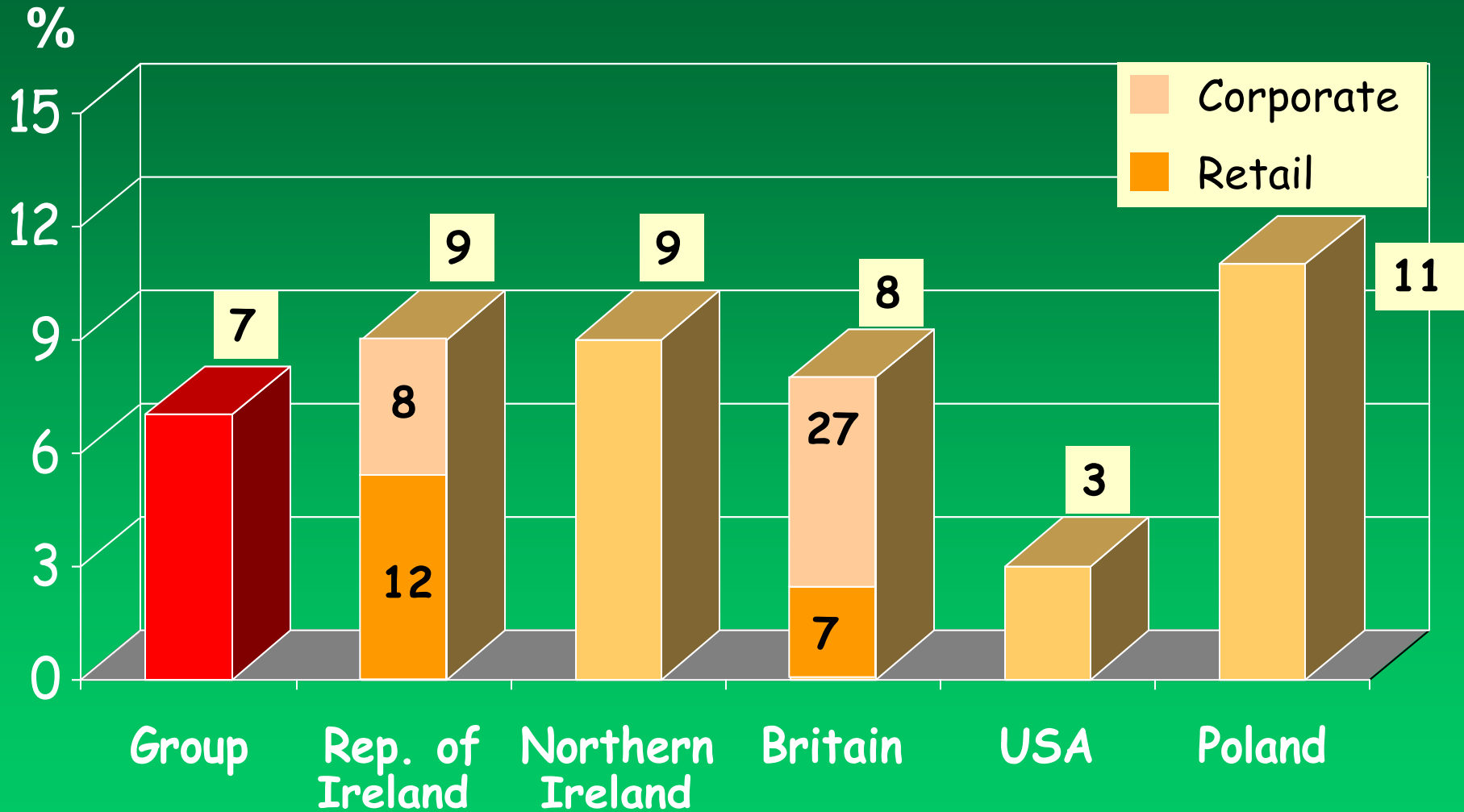
Total Income

Jun 1999	€m	Jun 2000	Change %
843	Net Interest Income	985	17
490	Other Income	615	26
<u>1,333</u>	Total Income	<u>1,600</u>	20
36.7%	<i>Other Income Ratio</i>	38.3%	

Other Income

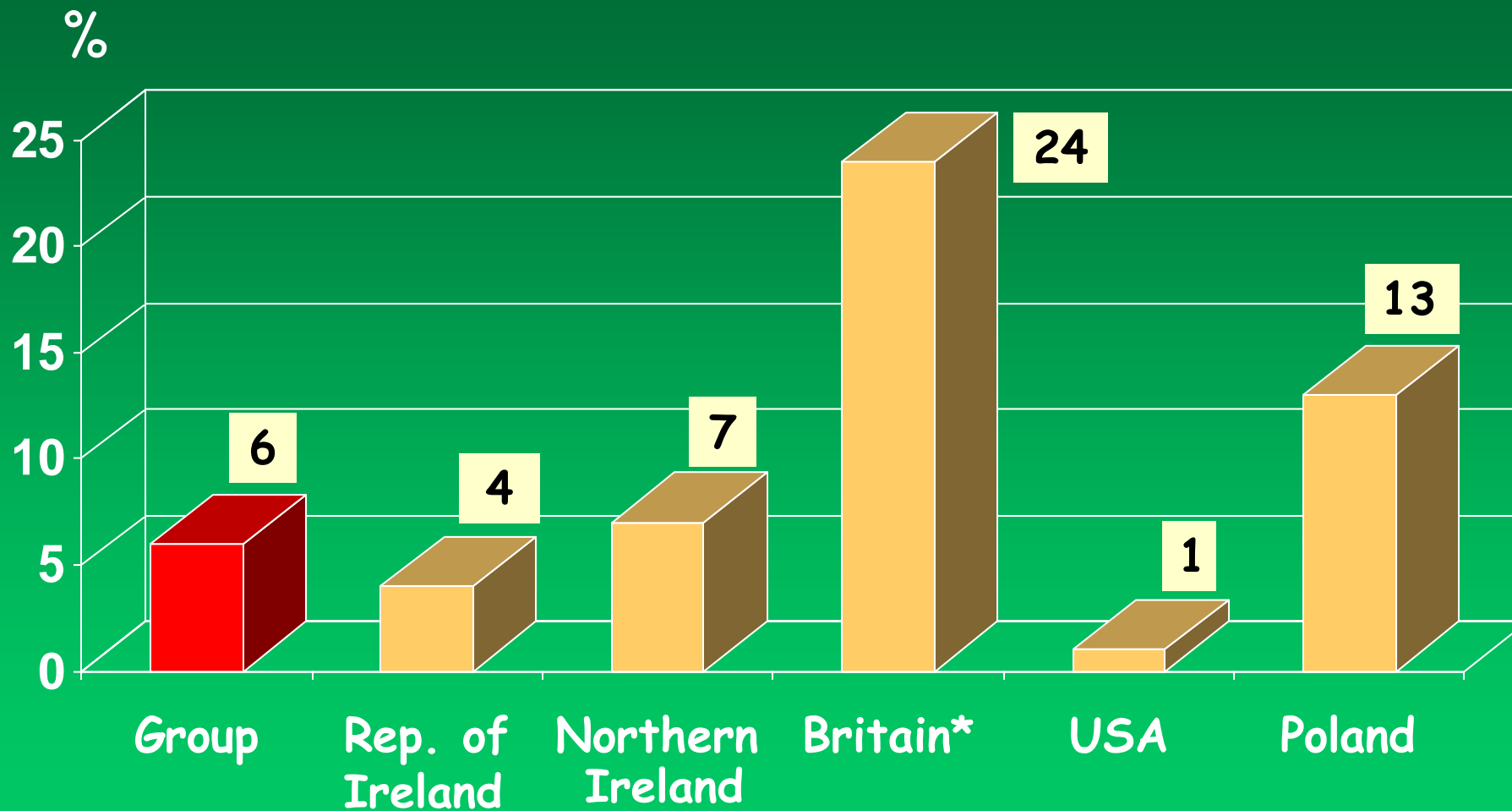
- AIB Bank - ARK Life APE +31%, credit card, finance & leasing
- USA - electronic banking +16%, trust & advisory fees +10%
- Capital Markets - Corporate Banking, Goodbody, IFSC & Treasury
- Poland - card fees, foreign exchange, branch revenues

Loan Growth



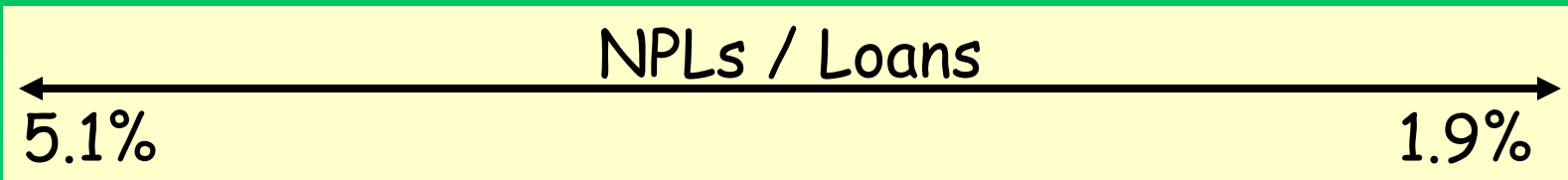
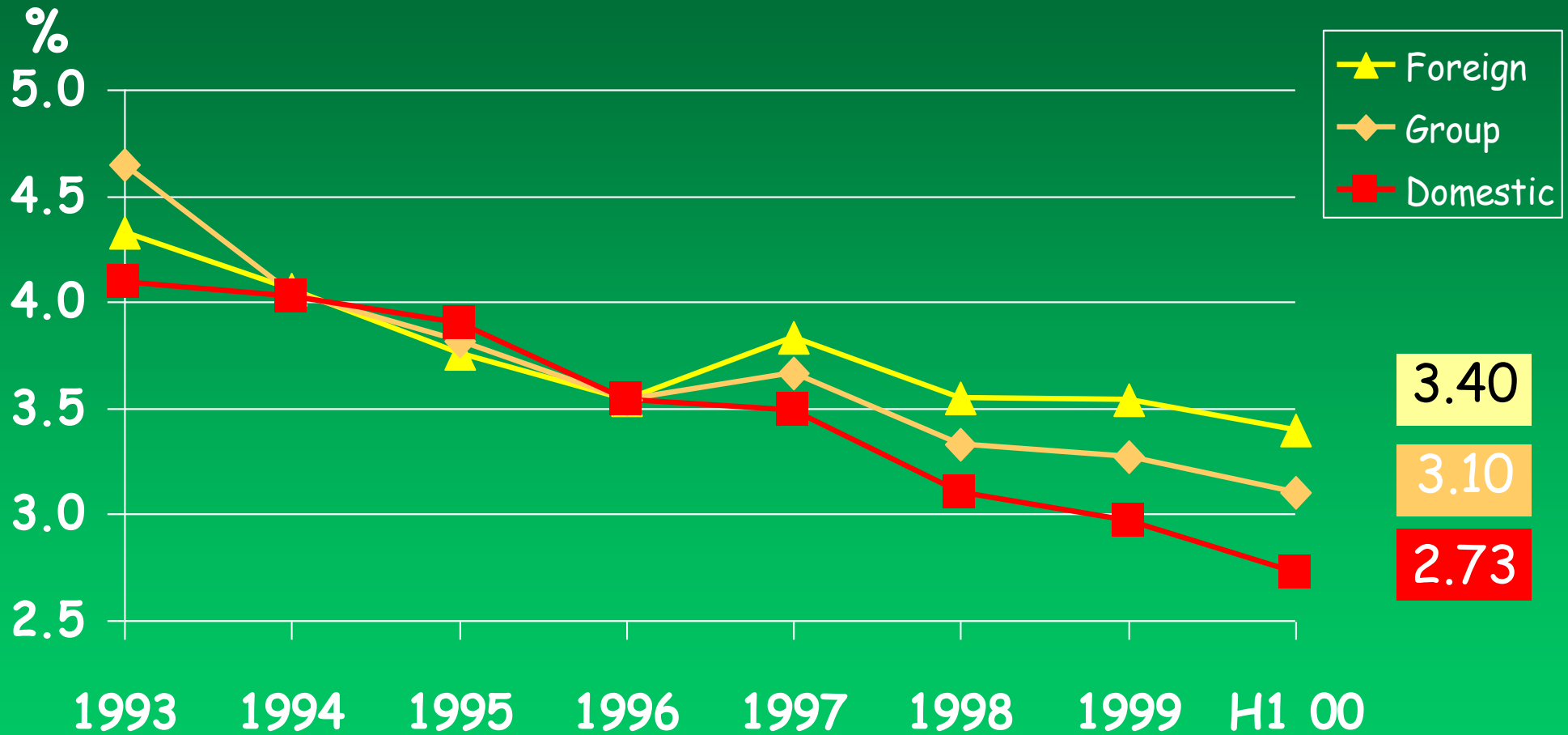
Residential mortgages (RoI) up 10%

Deposit Growth



* Retail up 9%

Net Interest Margin



Operating Expenses

Jun 1999	€m	Jun 2000	Change %	Underlying Change %
459	Staff Costs	545	19	6
300	Other Costs	379	26	8
<u>759</u>	Operating Expenses	<u>924</u>	22	6

- Costs driven by:
 - Increased business activity
 - Technology / eBusiness expenditure
 - Network expansion in Poland
 - BZ goodwill amortisation €12m
- Cost reductions of 4% in USA

Efficiency

Cost / Income Ratio* (%)	Jun 99	Jun 00
AIB Bank		
- Ireland	54	52
- Northern Ireland	55	53
- Britain	60	57
Capital Markets	56	55
USA	59	58
Poland	65	65

* Tangible (excluding goodwill amortisation)

Asset Quality

%	Dec 1999	Jun 2000
NPLs / Loans	1.9	1.9
Bad debts charge / average loans	0.2	0.3
Provisions / NPLs	102	98

- 1999 bad debt charge 0.28 bps (excl LDC release)
- NPLs / loans 1% (excl BZ)
- Provisions / NPLs at 140% (excl BZ)
- BZ fair value assessment by end 2000
- Home mortgages (RoI) - LTV 55% on 2000 advances
- AIB Bank (RoI) - specific provisions up €2m only

Provisions for Bad Debts

Jun 1999 €m	Average Loans %		Jun 2000 €m	Average Loans %
21	0.3	AIB Bank	28	0.3
20	0.4	USA	18	0.3
5	0.2	Capital Markets	11	0.3
5	1.0	Poland	13	1.0
<u>51</u>	0.3	Divisional Total	<u>70</u>	0.3
-16	-	LDC Provisions	-	-
<u><u>35</u></u>	0.2	P/L Charge	<u><u>70</u></u>	0.3



Balance Sheet / Capital Ratios

Dec 1999	€m Assets:	Jun 2000	Constant Currency Change %
39,171	Loans to Customers	42,825	7
42,335	Customer Accounts	46,499	6
67,070	Total Assets	74,687	10

%	Capital Ratios:	%
5.4	Ordinary Equity to Assets	5.4
6.4	Tier 1	6.5
11.3	Total	11.3

Sustaining Performance 1995 - 1999

ROE (average)	23%
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EPS Growth	18%*
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Dividend Growth	19%*
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RORWA (average)	1.74%
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* 5 year CAGR

Sustaining Performance

- Product penetration
 - New / existing customers
- New Revenue Streams
 - Open product distribution
 - Business to business processes
- Costs re-engineering
 - Branch network re-configuration
 - Routine transactions to lower cost platforms
 - Automation of existing processes
- Developing RAROC based approach
 - Business Unit profitability
 - Loan pricing



AIB Bank Profit Statement

Half Year Jun 99	€m	Half Year Jun 00	Change %
440	Net Interest Income	502	14
199	Other Income	243	22
<u>639</u>	Total Income	<u>745</u>	17
348	Operating Costs	<u>394</u>	13
291	Operating Surplus	351	21
21	Provisions	28	35
<u><u>270</u></u>	Profit before Taxation	<u><u>323</u></u>	20

USA Division Profit Statement

Half Year Jun 99	€m	Half Year Jun 00	Change %
244	Net Interest Income	261	7
150	Other Income	174	16
<u>394</u>	Total Income	<u>435</u>	10
<u>231</u>	Operating Costs	<u>253</u>	9
163	Operating Surplus	182	12
21	Provisions	18	(13)
<u><u>142</u></u>	Profit before Taxation	<u><u>164</u></u>	15

Capital Markets Profit Statement

Half Year Jun 99	€m	Half Year Jun 00	Change %
71	Net Interest Income	79	12
122	Other Income	146	19
<u>193</u>	Total Income	<u>225</u>	16
<u>109</u>	Operating Costs	<u>124</u>	14
84	Operating Surplus	101	20
4	Provisions	11	179
<u><u>80</u></u>	Profit before Taxation	<u><u>90</u></u>	12

Poland Profit Statement

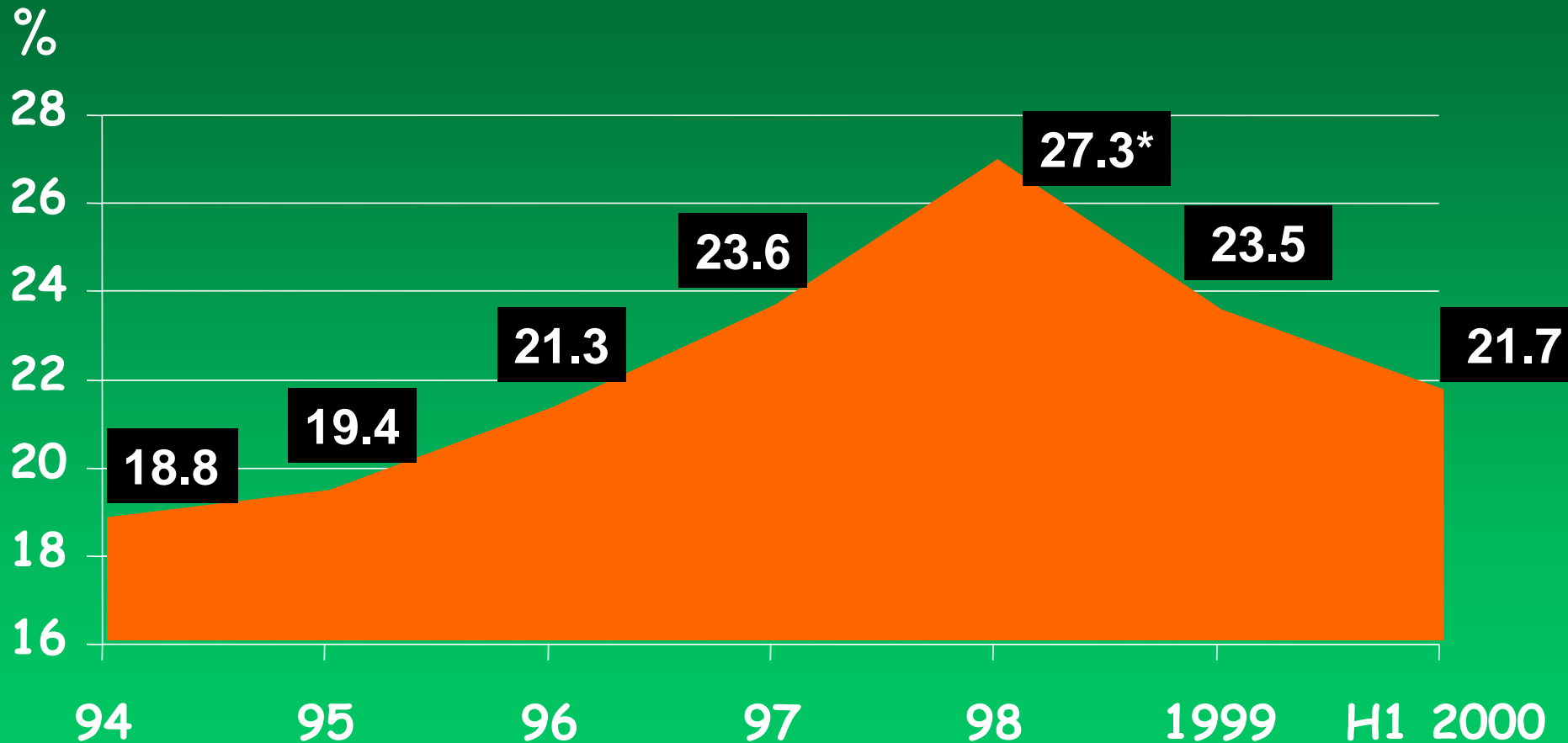
Half Year Jun 99	€m	Half Year Jun 00	Change %
50	Net Interest Income	122	141
31	Other Income	69	118
<u>81</u>	Total Income	<u>191</u>	132
53	Operating Costs	136	155
28	Operating Surplus	55	89
5	Provisions	12	117
<u>23</u>	Profit before Disposals	<u>43</u>	82



Non-Performing Loans by Division

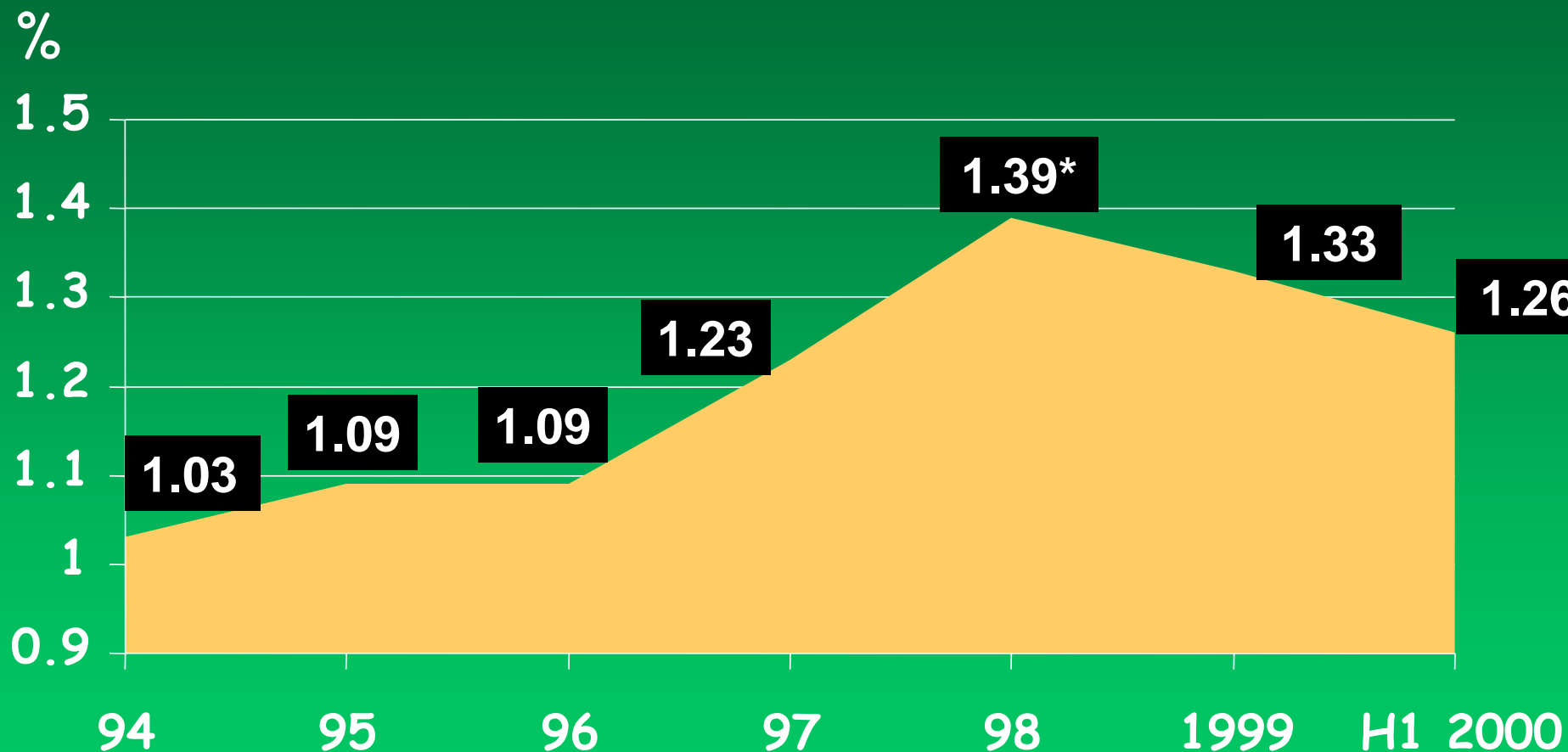
As at December 31, 1999				As at June 30, 2000		
NPLs €m	NPLs/ Actual Advances %	Total Provisions/ NPLs %		NPLs €m	NPLs/ Actual Advances %	Total Provisions/ NPLs %
234	1.2	112	AIB Bank	238	1.1	116
53			USA - €m	67		
53	0.4	319	- US\$m	65	0.5	263
30	0.5	248	Capital Markets	35	0.5	246
436			Poland - €m	480		
1,814	17.4	60	- Pln m	2,008	17.4	56
<u>753</u>	1.9	102	Total	<u>820</u>	1.9	98

Return on Equity



* after elimination of impact of deferred tax adjustment

Return on Assets



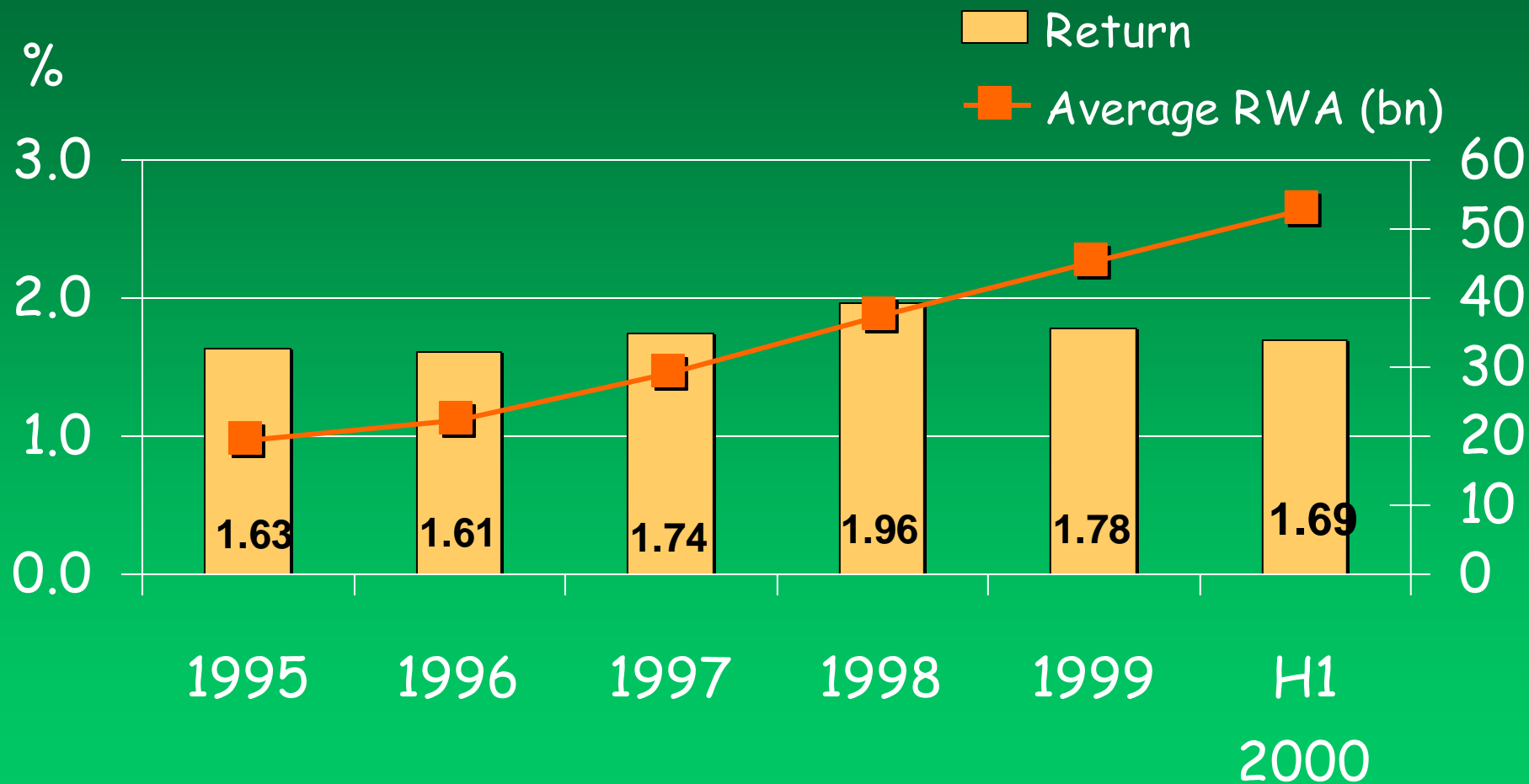
* after elimination of impact of deferred tax adjustment

Cost / Income Ratio *



* Tangible

Return on Risk Weighted Assets



Risk Weighted Assets

Dec 99	€m	Jun 00	Change %
17,919	AIB Bank	20,015	12
16,898	USA	19,117	13
11,375	Capital Markets	12,696	12
2,838	Poland	3,063	8
245	Group	277	13
<u>49,275</u>		<u>55,168</u>	12

Irish Economic Outlook

Growth %	1999	Forecast 2000	Forecast 2001
Real GDP	9.8	9.5	7.5
Domestic Demand	6.3	9.7	6.8
Unemployment Rate	5.6	4.2	3.5
Inflation (average)	1.6	5.3	3.3

Source: AIB Chief Economist

- Inflation pressures largely externally generated
- Wage pressures reduced by productivity gains
- Consensus - "soft" landing anticipated
 - 4-5% GDP growth and inflation to return below 2.5% in the medium-term

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