

Interim Results 2004

Interim Results

for the half year ended 30 June 2004

Allied Irish Banks, p.l.c.



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 United States 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.

visit www.aibgroup.com/investorrelations



Michael Buckley
Group Chief Executive

Adjusted earnings per share	↑ 10%
-----------------------------	-------

vs 60c base H1 2003*	↑ 7%
----------------------	------

Profit before tax	↑ 10%
-------------------	-------

Dividend	↑ 10%
----------	-------

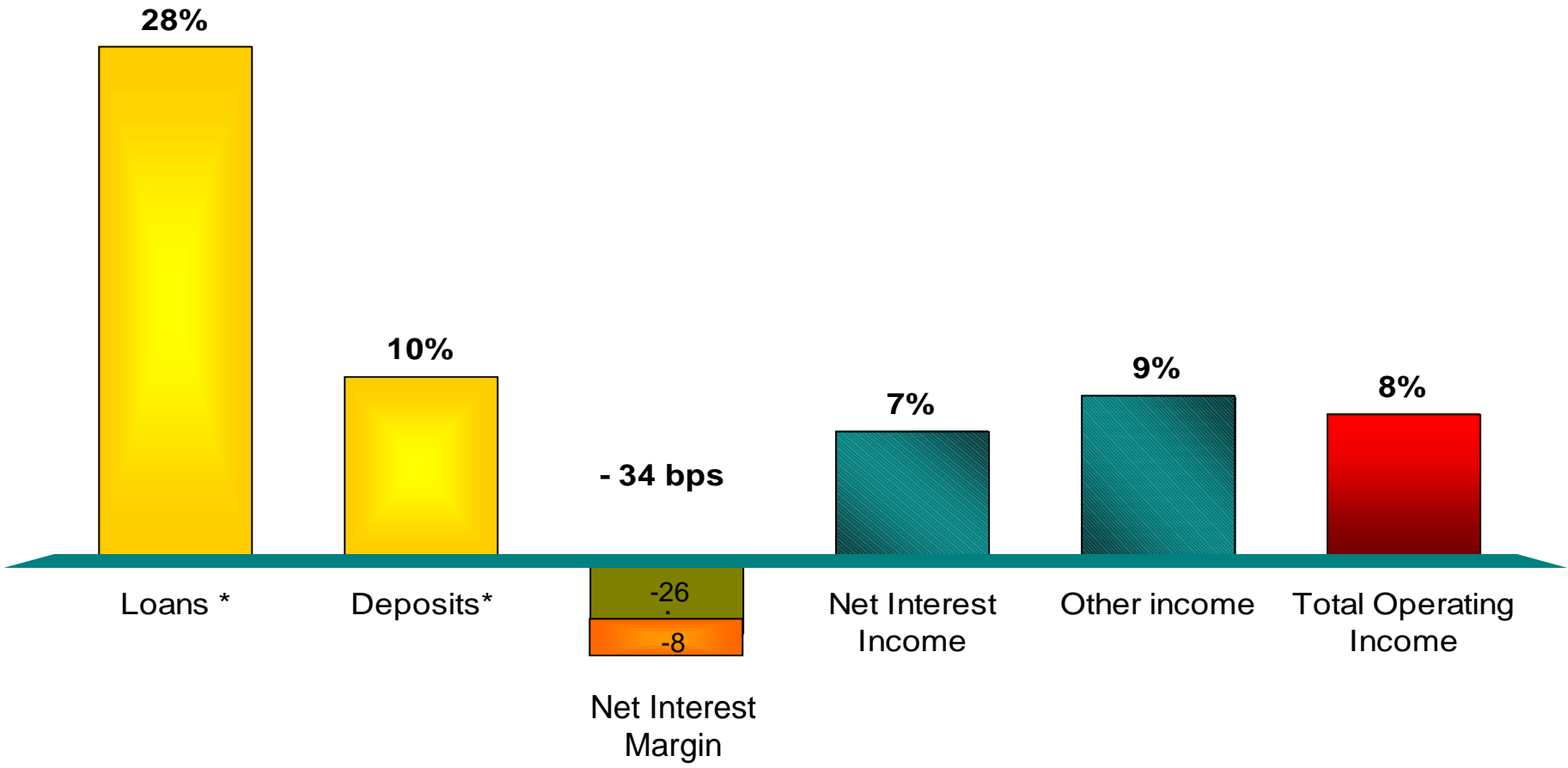
Tangible return on equity	28.6%
---------------------------	-------

* excludes H1 2003 M&T / Allfirst integration costs of 1.5c



Strong fundamentals driving performance

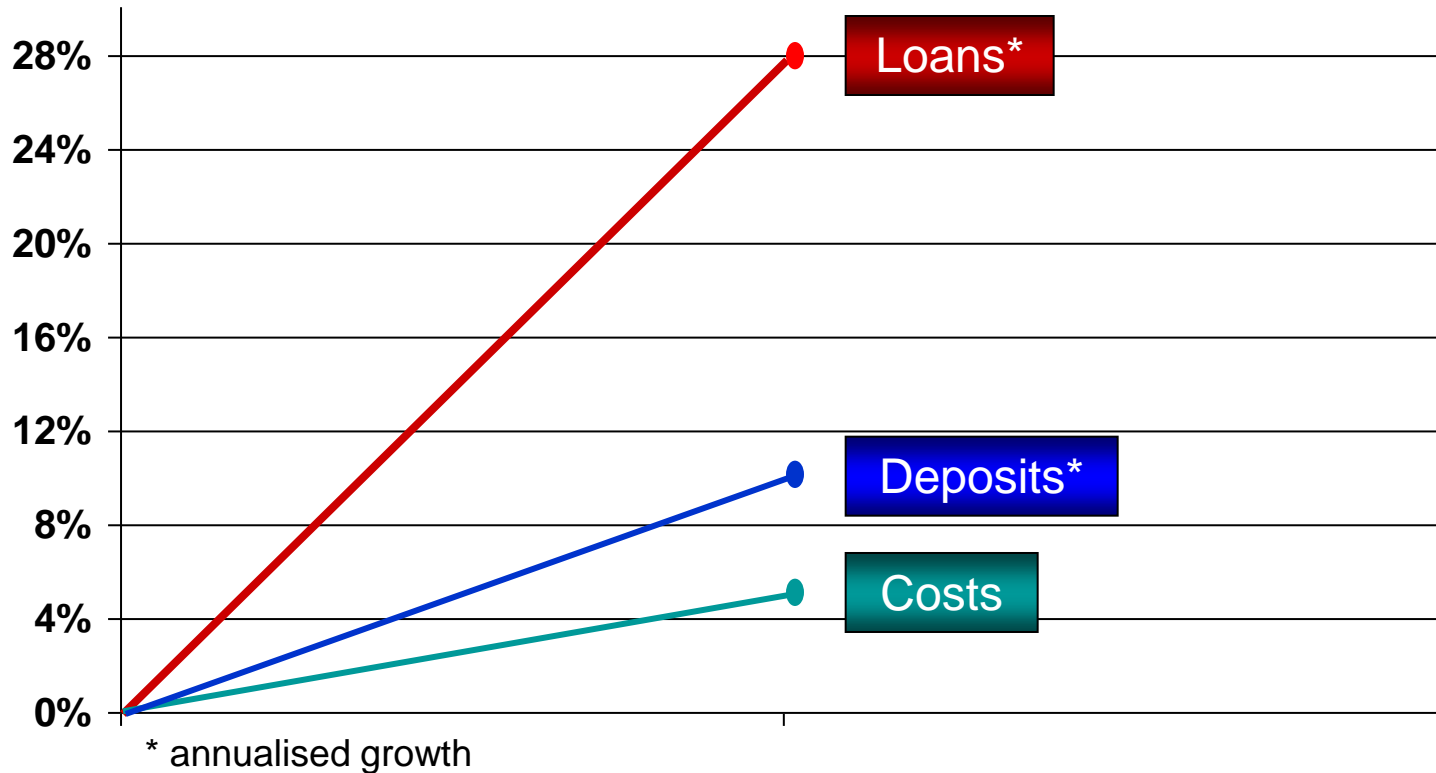
- Solid income growth, significant increases in loans & deposits
- Tight cost management
- Income growing faster than costs, improving productivity
- Robust asset quality, positive trends



Includes income reduction of €36m re investigation

* annualised volume growth

Moderate increase relative to strong business growth



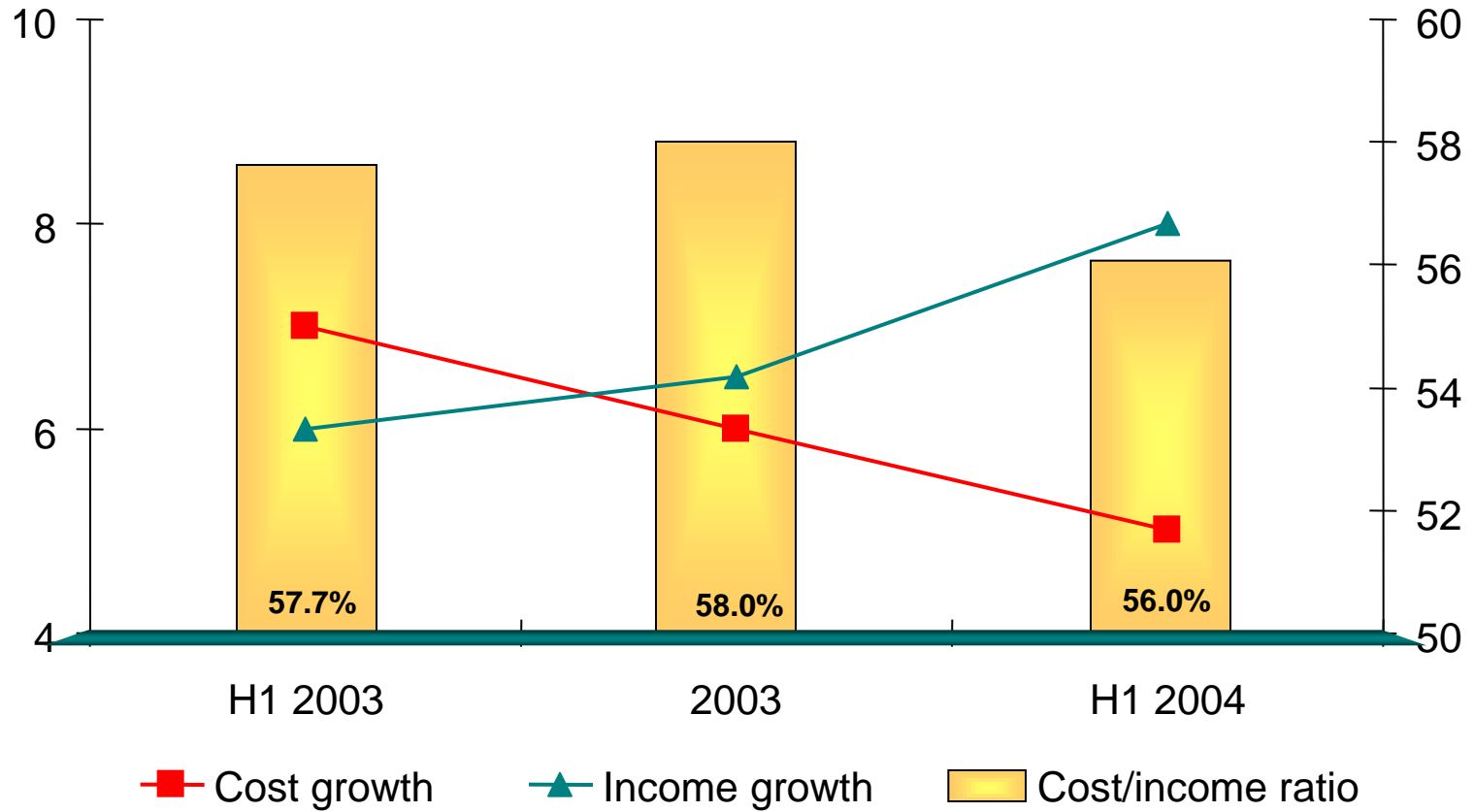
- Includes: - investigation costs of €9m
- IAS & Basel II incremental costs €6m

Growing income faster than costs

Income ↑ 8%

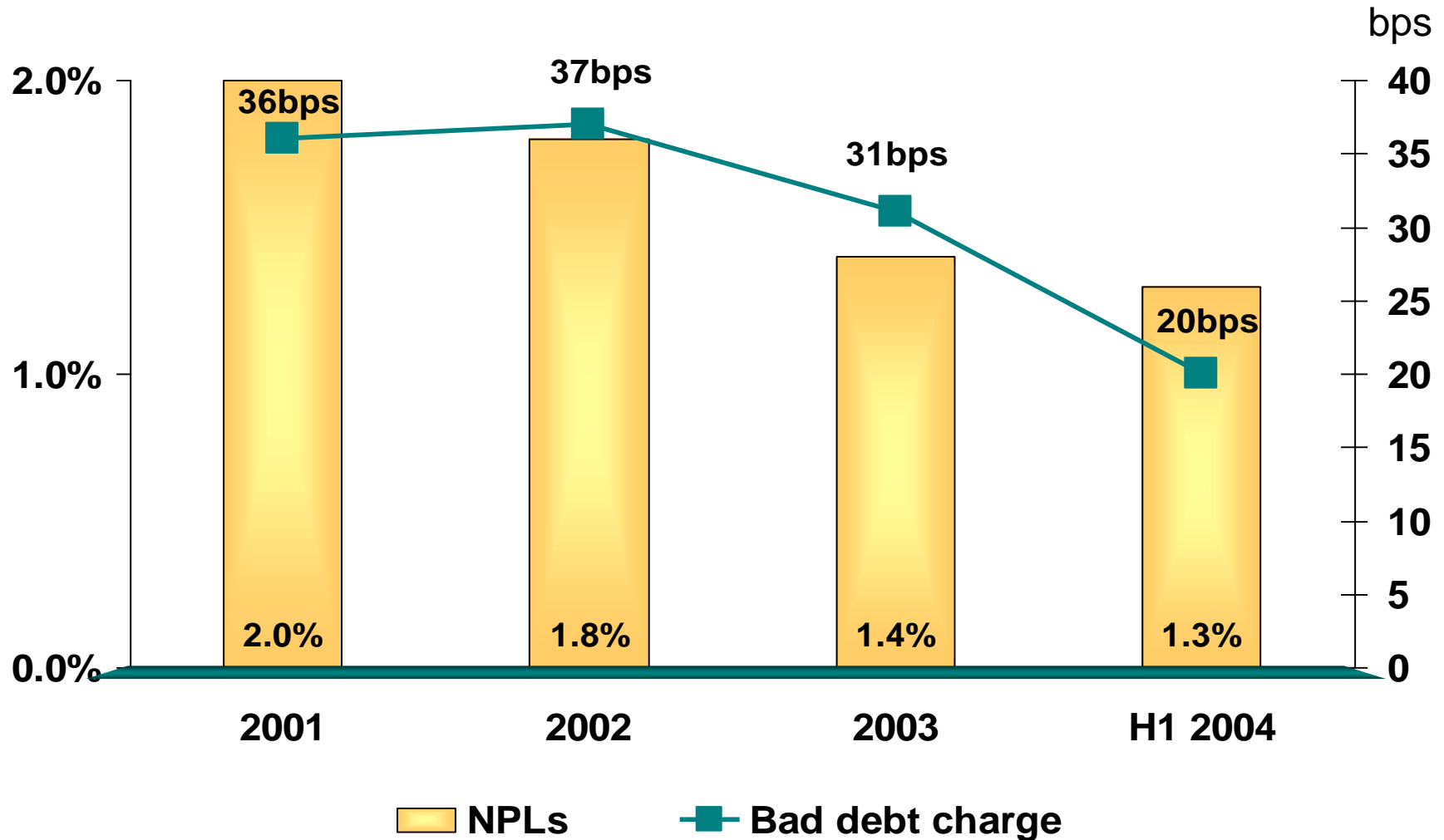
Costs ↑ 5%

Positive gap 3%



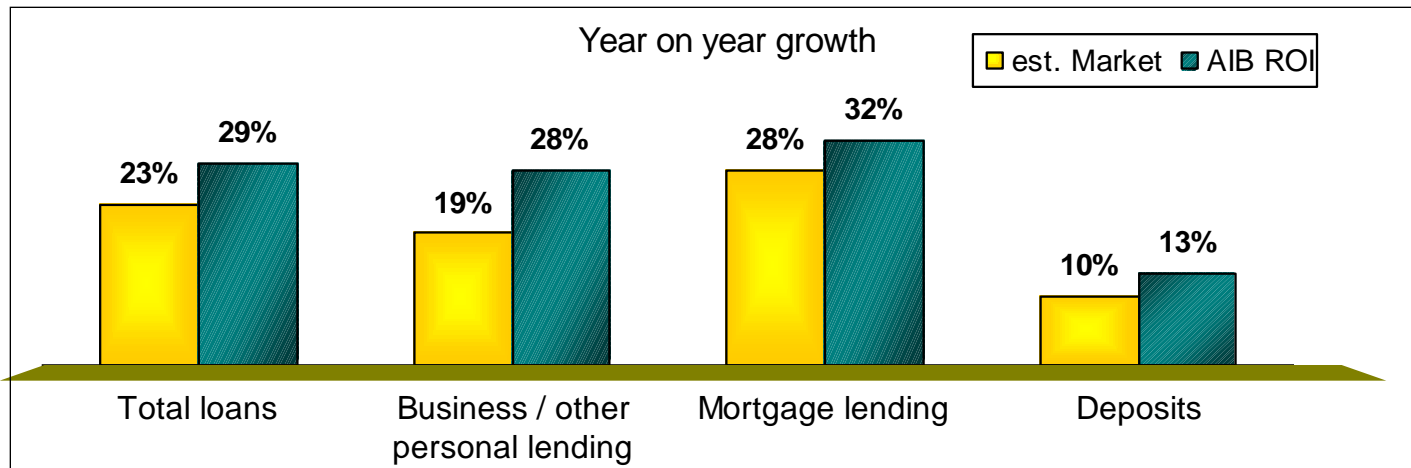
Dec 03			Jun 04
1.4	Non-performing loans (NPLs)	%	1.3
6.7	Criticised loans / total loans	%	6.3
0.9	Gross new NPLs	%	0.7
94	Total provisions / NPLs	%	91
31	Bad debt charge	bps	20

General provision 2.6 times provision rate to June '04



- AIB Bank Republic of Ireland ↑ 1% (16% underlying)
- AIB GB & NI ↑ 20%
- Capital Markets ↑ 25%
- Poland ↑ 163%
- M&T ↑ 13%

- Underlying* profit ↑ 16%
 - Income ↑ 10%, costs ↑ 6.5%
- Tangible cost / income ratio 54%, underlying* 50% (51% H1 2003)
- Loans ↑ 14%, deposits ↑ 7%
- Ark Life profit ↓ €2m to €24
 - ↑ APE sales offset by tighter margins
- Strong customer demand, continuing market share gains despite strong competition

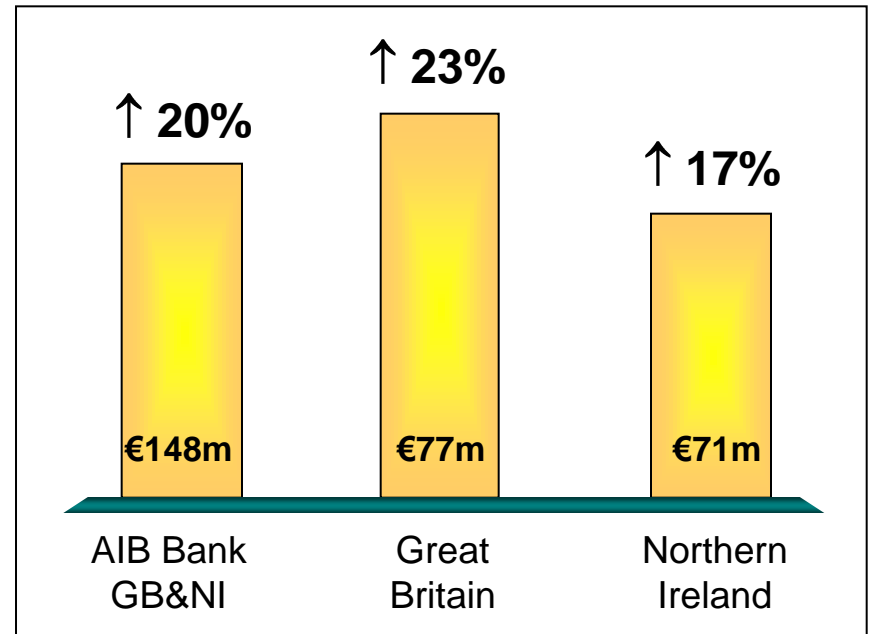


* pre investigation charge



AIB Bank Great Britain & Northern Ireland \uparrow 20%

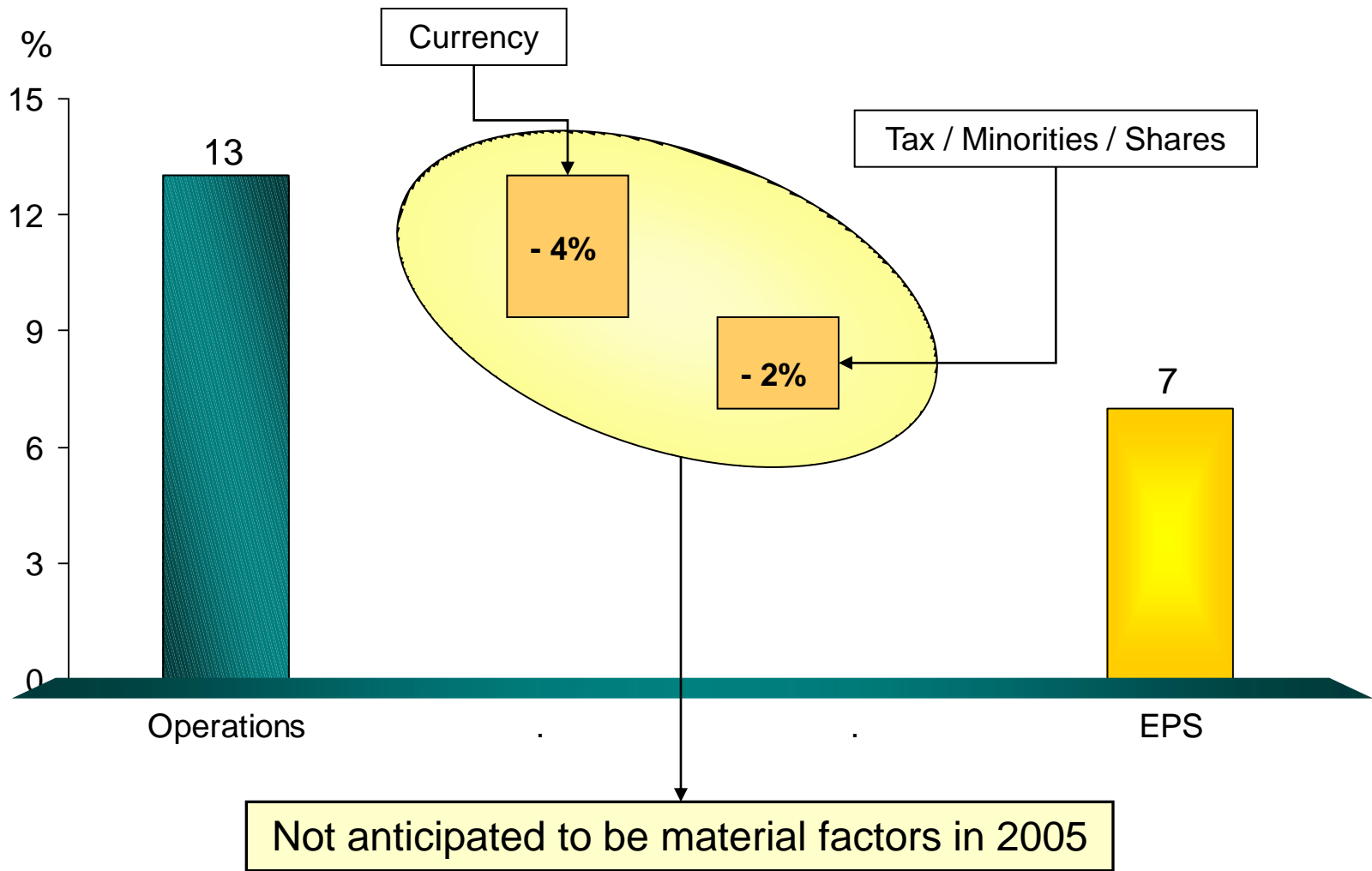
- Income \uparrow 12%, costs \uparrow 10%
 - Tangible cost / income ratio 50% (51% H1 2003)
- Growth underpinned by credit quality
 - Net provision writeback
- Sustained momentum in GB, distinctive “business & wealth management” focus
 - Loans \uparrow 11%, deposits \uparrow 16%
- Customer focus driving strong N.I. performance
 - Loans \uparrow 12%, deposits \uparrow 7%



- Income ↑ 6%, costs flat
 - tangible cost / income ratio ↓ to 51% (55% H1 2003)
- Realising benefits from 2003 restructuring programme
- Corporate banking ↑ 58%
 - loans ↑ 20%, strong international and domestic demand
 - excellent credit quality, lower provisions
- Good Treasury performance
 - driven by customer initiated activities
 - well positioned in global markets
 - continued low utilisation of risk limits for wholesale activities
- Investment banking higher

- Combining business momentum with efficiency gains
 - Income ↑ 10%, costs ↓ 10%
 - Tangible cost / income ratio 66% (81% H1 2003)
- Loans ↑ 4%, deposits flat (investment funds ↑ 40%)
 - good H2 pipeline
 - maintaining credit discipline
 - not competing for low margin corporate deposits
- Positive asset quality trends
- Profit recovery facilitated by improving economic environment

- Net operating income ↑ 24%
- Diluted net operating EPS ↑ 11%
- Strong commercial loan growth and business pipeline
- Good cost discipline, cost / income ratio 50.4% (53.6% Dec 2003)
- Further reduction in NPLs, 0.51% (0.67% 2003)
- Unchanged full year guidance
 - \$5.90 - \$6.10 GAAP EPS





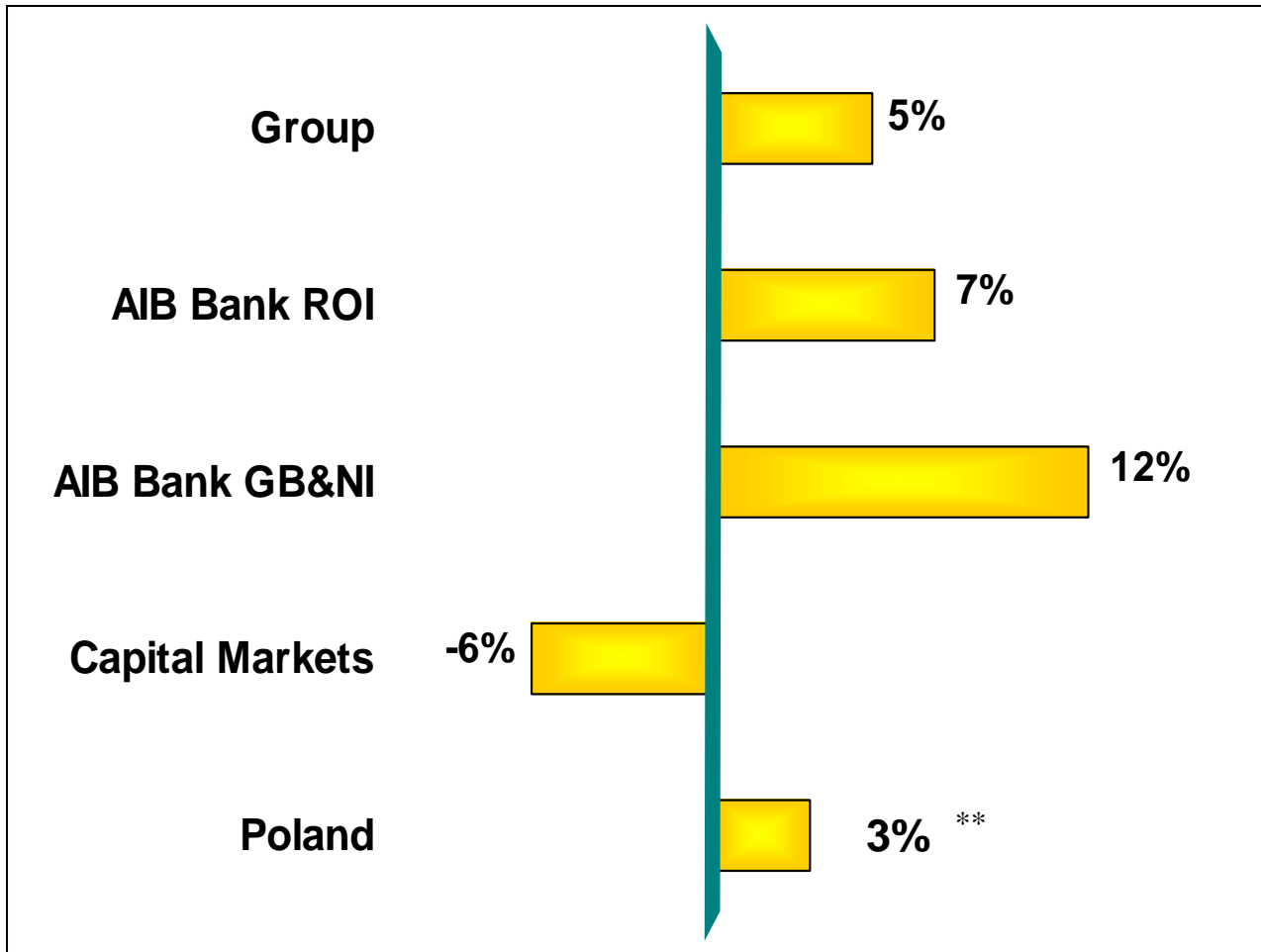
Gary Kennedy

*Group Director,
Finance & Enterprise Technology*

H1 2003	€m	H1 2004	Underlying change %*
919	Net interest income	977	7
7	Other finance income	9	16
<u>557</u>	Other income	<u>585</u>	9
<u><u>1,483</u></u>	Total operating income	<u><u>1,571</u></u>	8
38.0%	<i>Other income ratio</i>	37.8%	

Before investigation related charge of €36m:

- total operating income up 11% with other income up 16%
- banking fees & commissions up 13% (represents c.70% of other income)

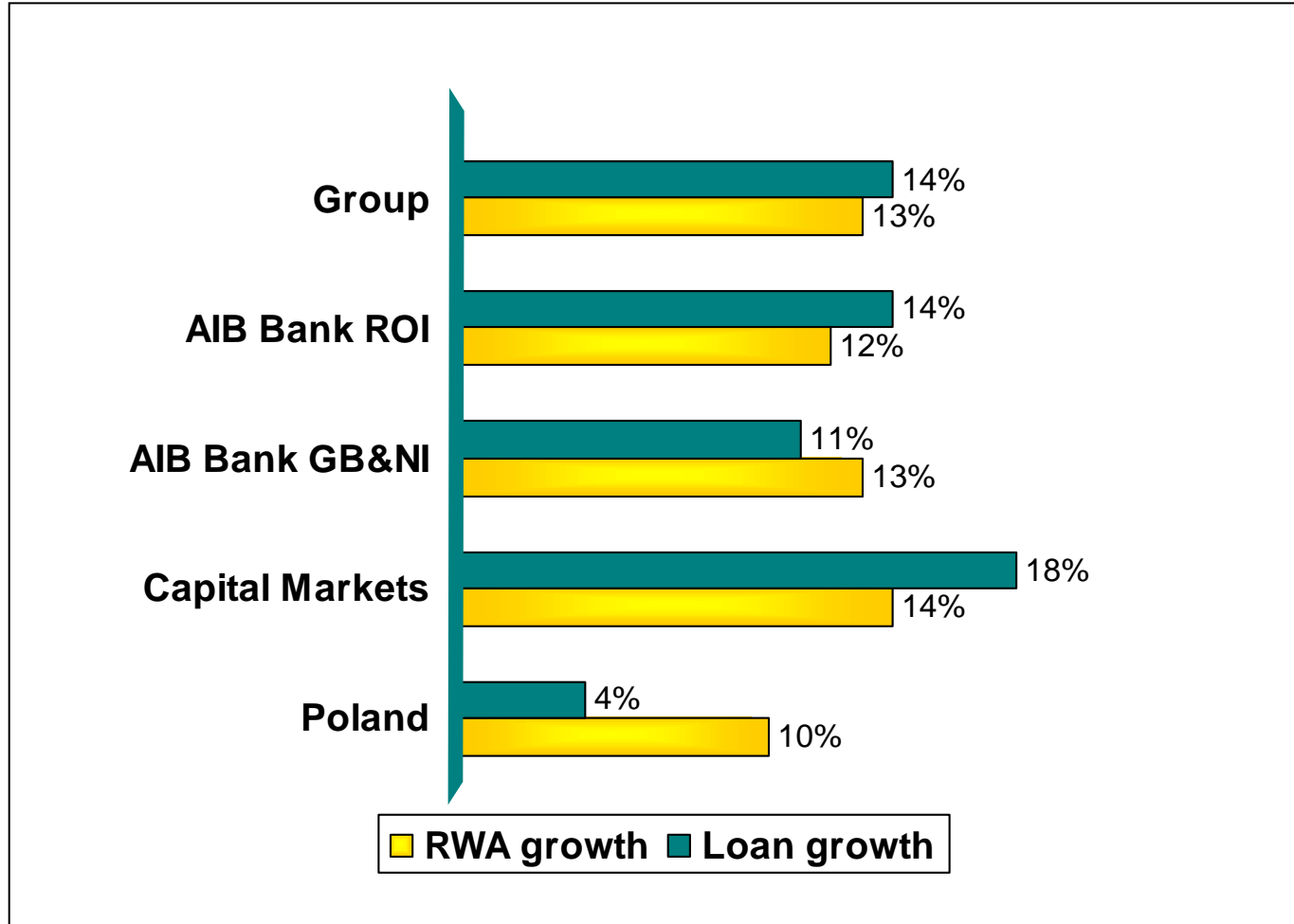


* excludes the impact of currency movements

** includes investment funds

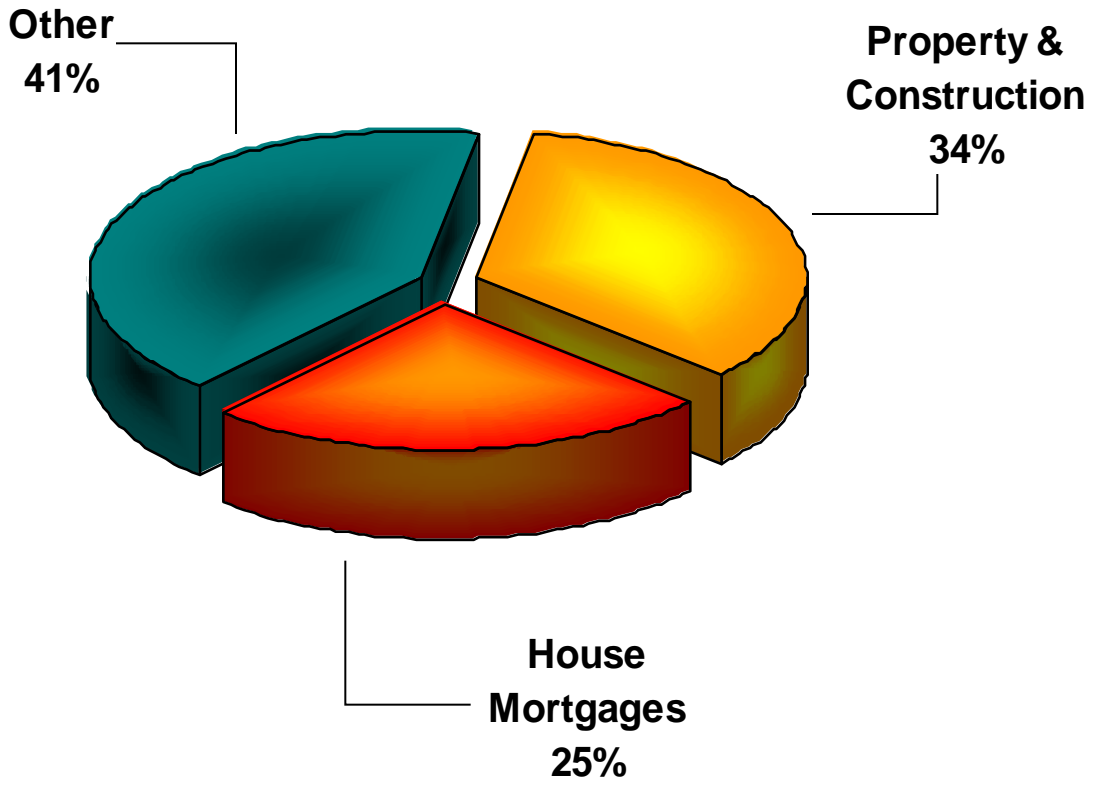
Risk weighted asset & loan growth*

(continuing activities)



* excludes the impact of currency movements

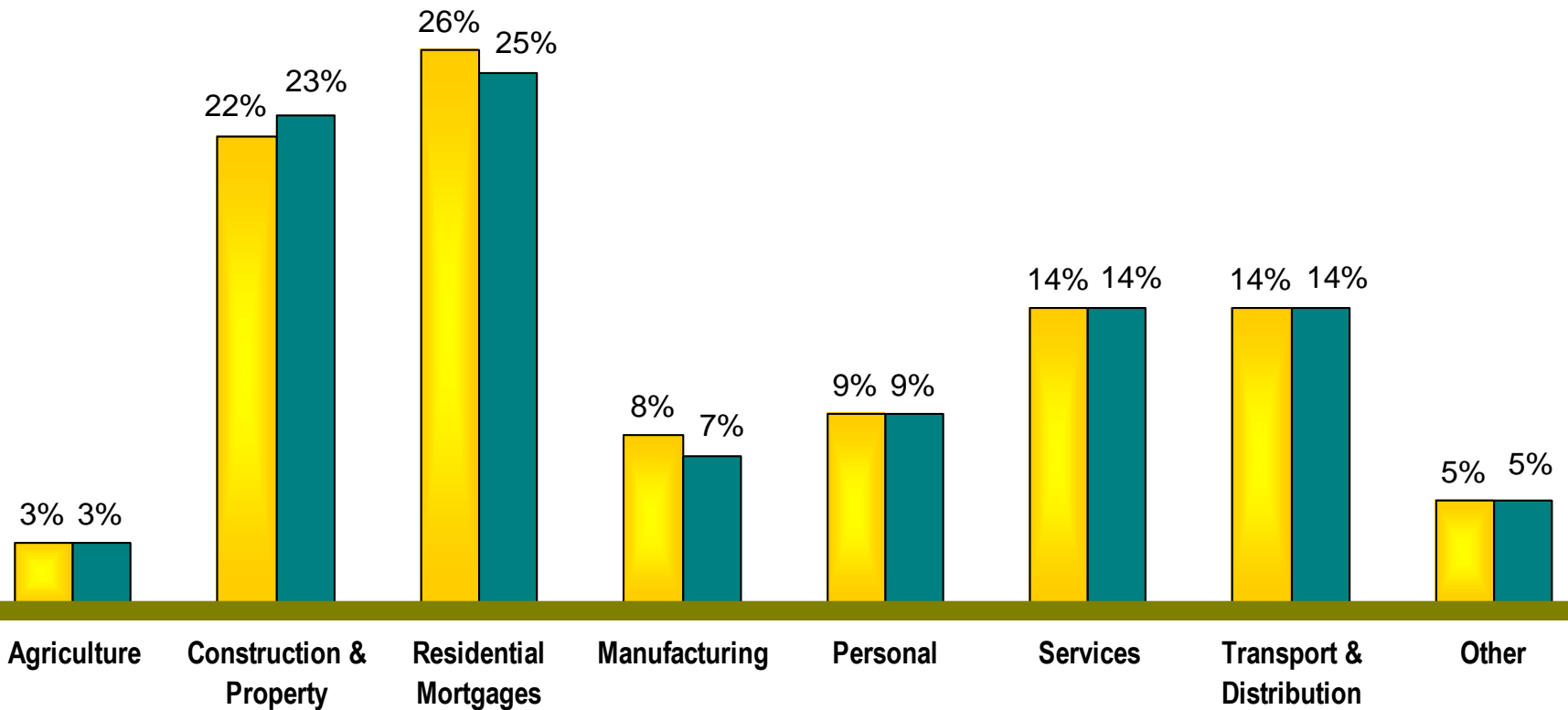
Loans ↑ 14%



Loan portfolios by sector - quality focus

% of Group loan portfolio

2003 H1 2004



- Excellent credit quality
 - NPLs 0.7% of portfolio

	Typical emphasis	% of portfolios
investment	strong covenants	58
development	pre-sold / pre-let	36
contracting	strong track records	6
		<hr/> 100

- Well diversified portfolio by:
 - type (commercial, retail, office & residential),
 - geography
 - and borrower

- Primary focus on debt service ratio (repayment capacity)

New Business

<u>Consistent LTVs (% no's of drawdowns)</u>	<u>Dec 01</u>	<u>Dec 02</u>	<u>Dec 03</u>	<u>Jun 04</u>
< 75%	72	66	67	68
> 75% < 90%	22	26	25	23
> 90%	6	8	8	9
Total	100	100	100	100

<u>Strong arrears profile (book balance €m)</u>	<u>Dec 01</u>	<u>Dec 02</u>	<u>Dec 03</u>	<u>Jun 04</u>
1 to < 2 payments in arrears	20	23	19	20
2 to < 3 payments in arrears	7	5	8	8
> 3 payments in arrears	26	30	27	29
Total	53	58	54	57
% total mortgage advances	0.9%	0.8%	0.5%	0.5%

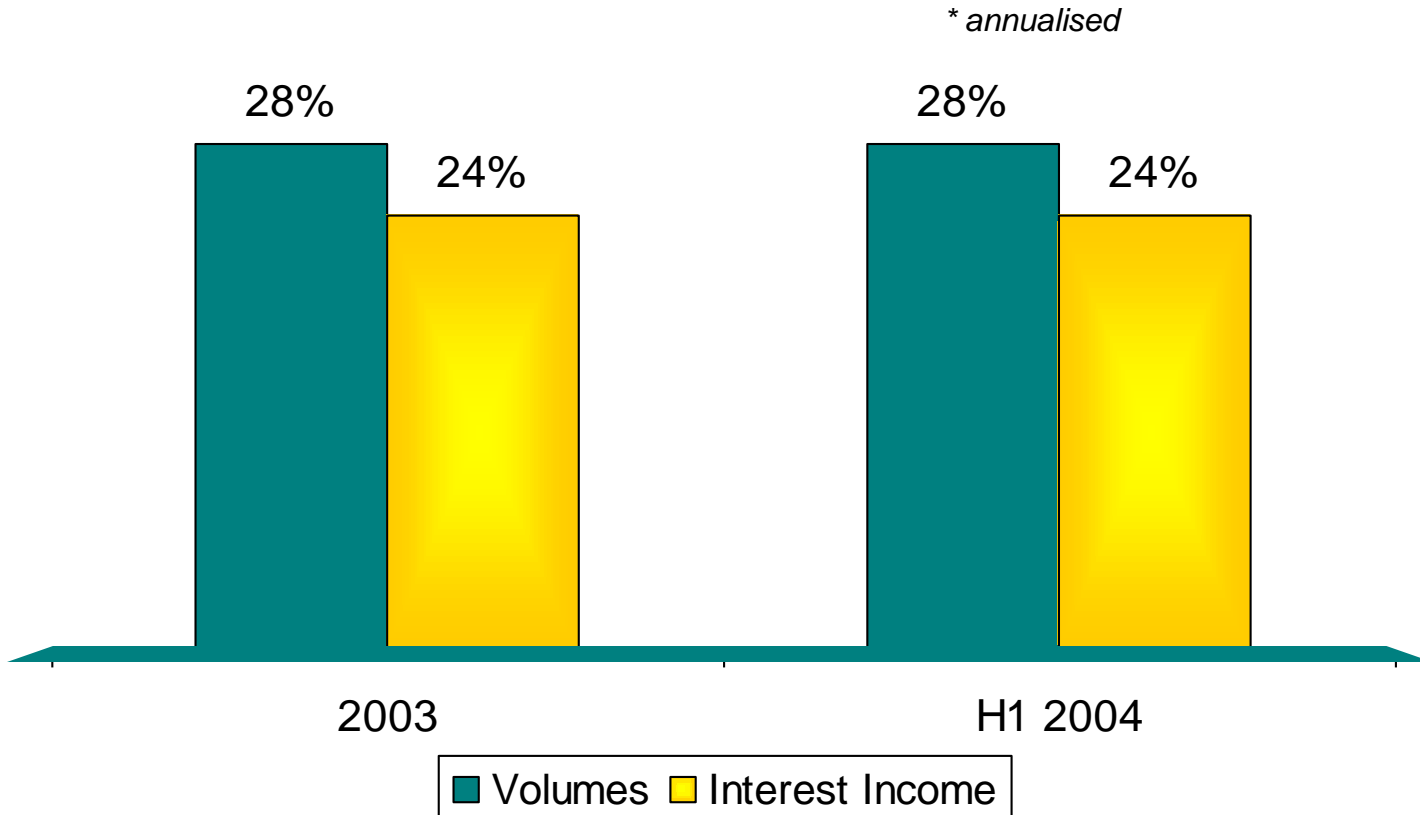
	H1 2004	H1 2003	bps change
Continuing activities	2.46%	2.80%	-34

Indicative breakdown of bps change

Funding effect of loans growing faster than deposits	-15
Mix effects	-4
Other	-7
<i>Sub total</i>	<u>-26</u>
Technical change in reinvestment of capital	<u>-8</u>
Total	<u><u>-34</u></u>

Rol loan growth: volumes & interest income

Broadly stable product margins



Operating expenses

(continuing activities)

H1 2003	€m	H1 2004	Underlying * change %
533	Staff costs	546	4
250	Other costs	273	11
88	Depr. & amort.	76	-11
<u>871</u>	Operating expenses	<u>895</u>	5
<u><u>57.7%</u></u>	<i>Tangible cost / income ratio</i>	<u><u>56.0%</u></u>	

* excludes the impact of currency movements



Non-performing loans by Division

As at December 31, 2003				As at June 30, 2004		
NPLs	NPLs/ Actual Advances	Total Provisions/ NPLs		NPLs	NPLs/ Actual Advances	Total Provisions/ NPLs
€m	%	%		€m	%	%
209	0.8	109	AIB Bank ROI	215	0.7	108
84	0.8	148	AIB Bank GB & NI	105	0.9	120
82	0.8	149	Capital Markets	81	0.7	153
332	10.9	52	Poland	340	10.5	52
1,560			- €m - Pln m	1,538		
<u>707</u>	1.4	94	Total	<u>741</u>	1.3	91

Bad debt provisions by division

(continuing activities)

H1 2003	Average Loans %	€m	H1 2004	Average Loans %
28	0.25	AIB Bank ROI	28	0.19
6	0.13	AIB Bank GB & NI	(3)	(0.05)
16	0.33	Capital Markets	10	0.17
16	1.00	Poland	20	1.32
-		Group	-	
<u>66</u>	0.29	Total	<u>55</u>	0.20

- GB & NI - very strong recoveries / low levels of new provisions
- Poland - increased provisions in corporate portfolio. Overall trend continues to improve. FY 2004 charge likely to be similar to 2003

	H1 2004
Total tier 1 capital	€5,032m
Total capital	€7,041m
Total risk weighted assets	€72,146m
Tier 1 ratio	7.0%
Equity % of tier 1	86%
Total capital ratio	9.8%

- $> 15\%$ risk adjusted return a prerequisite
- New lending exceeds targeted return rate
- Strong capacity / various options to increase capital ratios
- Pragmatic consideration of acquisition opportunities

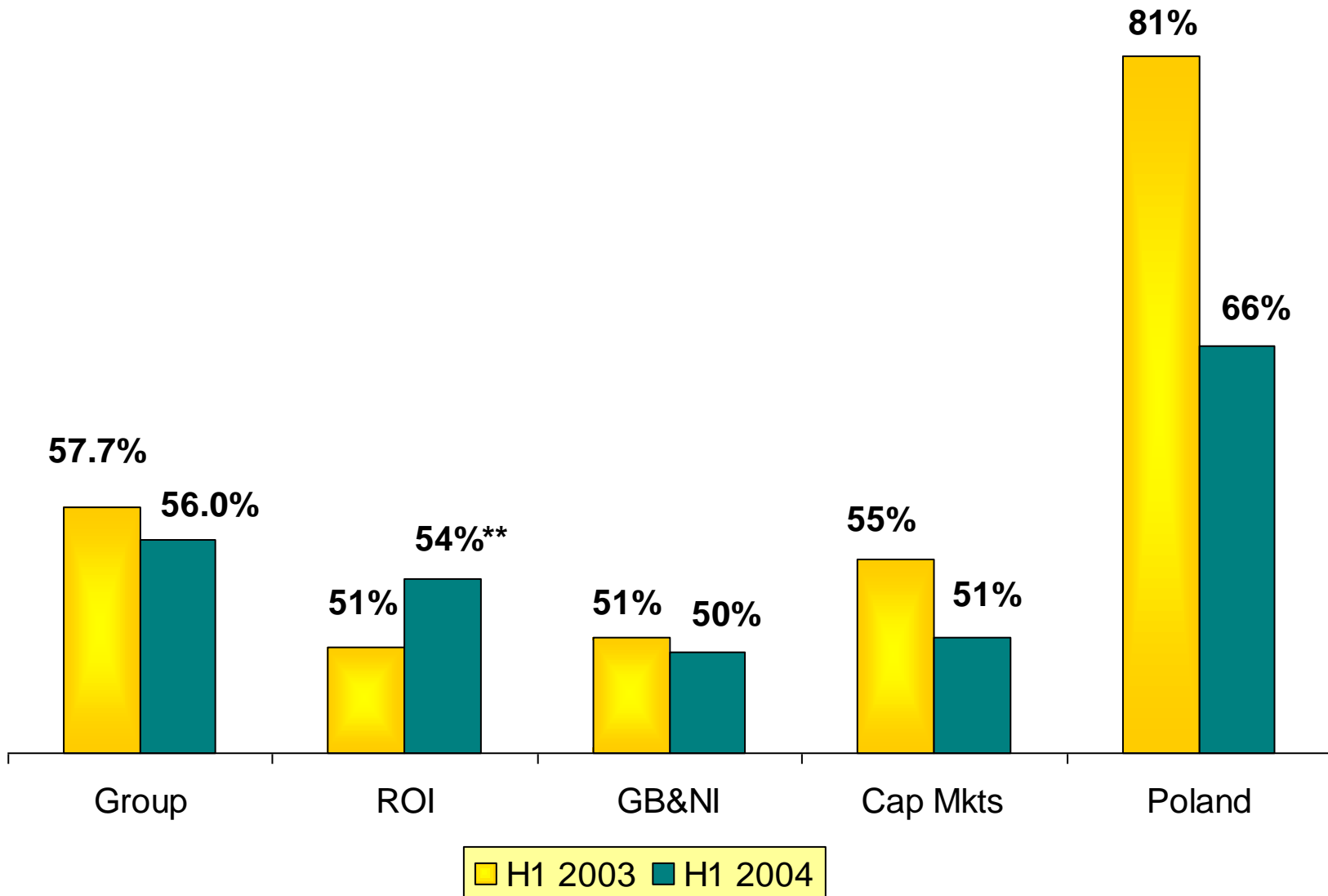
- Strong business momentum in all operating divisions
- Improving productivity, clear income / cost gap
- High loan growth and high quality credit portfolios
- 2004 adjusted EPS target: 123c - 126c (2003 base 118c)
- Business dynamics underpin 2005 double digit EPS target



Additional Information

Tangible cost / income ratios*

(continuing activities)



* excludes goodwill

** investigation related charge of €45m included

	Jun 2004		Underlying
	PLN	€m	change %
BZWBK consolidated Polish GAAP	303	64	89
BZ goodwill amortisation		(12)	
Other Group adjustments*		(14)	
Poland division		<u>38</u>	163

* includes central costs and other adjustments in line with AIB segmental reporting

31 Dec 2003	€m Assets:	30 June 2004	Underlying * change %
50,999	Loans to customers	59,045	14
40,984	Customer accounts	43,773	5
80,960	Total assets	95,550	16

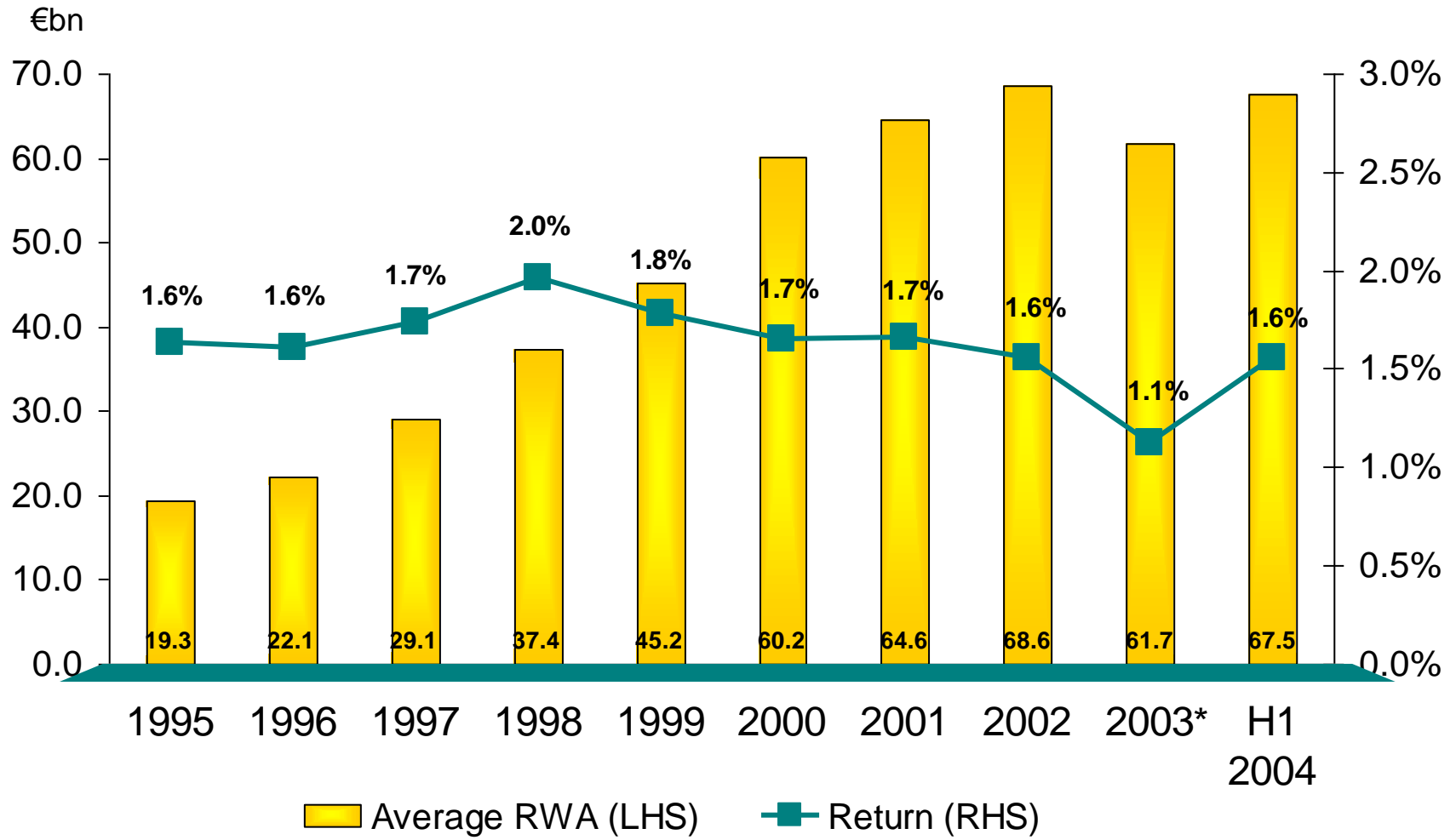
* excludes the impact of currency movements

		Dec	
2003	Jun 2004 Tier 1	7.1%	7.0%
	Total	10.4%	9.8%

31 Dec 2003	€m	H1 2004	Underlying Change %*
24,119	AIB Bank Rep Ire	27,043	12
10,055	AIB Bank GB & NI	11,923	13
24,506	Capital Markets	28,695	14
3,259	Poland	3,689	10
62,615	Total RWA	72,146	13

* excludes the impact of currency movements

Return on risk weighted assets



* 2003 return on risk weighted assets, having absorbed loss on disposal of Govett, restructuring and early retirement costs and impact of Allfirst dividend withholding tax on Profit & Loss account

Interim Results 2004

Interim Results

for the half year ended 30 June 2004

Allied Irish Banks, p.l.c.



Our Group Investor Relations Department will be happy to facilitate your requests for any further information

Alan Kelly	<i>alan.j.kelly@aib.ie</i>		+353-1-6412162
David O'Callaghan	<i>david.a.o'callaghan@aib.ie</i>		+353-1-6414191
Pat Clarke	<i>patricia.m.clarke@aib.ie</i>		+353-1-6412381
Mary Gethings	<i>mary.gethings@aib.ie</i>		+353-1-6413469



+353-1-660 0311



+353-1-641 2075