

ALLIED IRISH BANKS, P.L.C.



Interim Results 2005

for the half-year ended 30 June, 2005

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.

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Eugene Sheehy
Group Chief Executive

Earnings per share	↑ 16%
excl. volatility / dividend timing	↑ 15%

Cost / income ratio	↓ 1.9%
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Dividend	↑ 10%
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Return on equity	20%
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- All franchises performing well
- Income growing faster than costs, positive gap 4%
 - Consistent feature in all divisions
 - Strong growth in loans \uparrow 11%, deposits \uparrow 6%
 - Absorbing step up in regulation / compliance costs
 - Improving productivity, cost / income ratio \downarrow in all divisions
- Operating performance underpinned by asset quality
 - Impaired loans 1.1%
 - Exceptionally low bad debt charge 13bps
- Growth enabled by strong balance sheet
 - Tier 1 ratio 7.7%

GDP %	2005 (f)	2006 (f)
Ireland	5.0	5.5
UK	1.7	2.4
Poland	3.8	5.0
USA	3.7	3.6
Eurozone	1.3	1.8

Profit before tax

■ AIB Bank Republic of Ireland	€406m	↑ 17% [*]
■ AIB GB & NI	€156m	↑ 13%
■ Capital Markets	€206m	↑ 33%
■ Poland	€68m	↑ 17%
■ M&T	€69m	↑ 21% ^{**}

** Excludes fx investigation costs in H1 2004*

***after tax figure*



Diverse geographies, consistent business model

- Strong, recurring earnings power
 - Success founded on customer demand
- Distinctive relationship management skills
 - No. 1 retail, commercial & corporate franchises in Ireland
 - Fast growing “bank of choice” in selected G.B. mid market business sectors
 - Carefully built premium position in Poland
- Proven skills transfer capability
 - Debt management, international niches in acquisition / project finance
- Valued relationship with M&T
 - Shared core principles

- Continue to harvest income potential in our high quality franchises
- Early stage development of enterprise wide operations / systems programme
 - Improving service quality, operational risk and productivity
- Further develop robust enterprise wide risk management, compliance, finance and internal audit functions

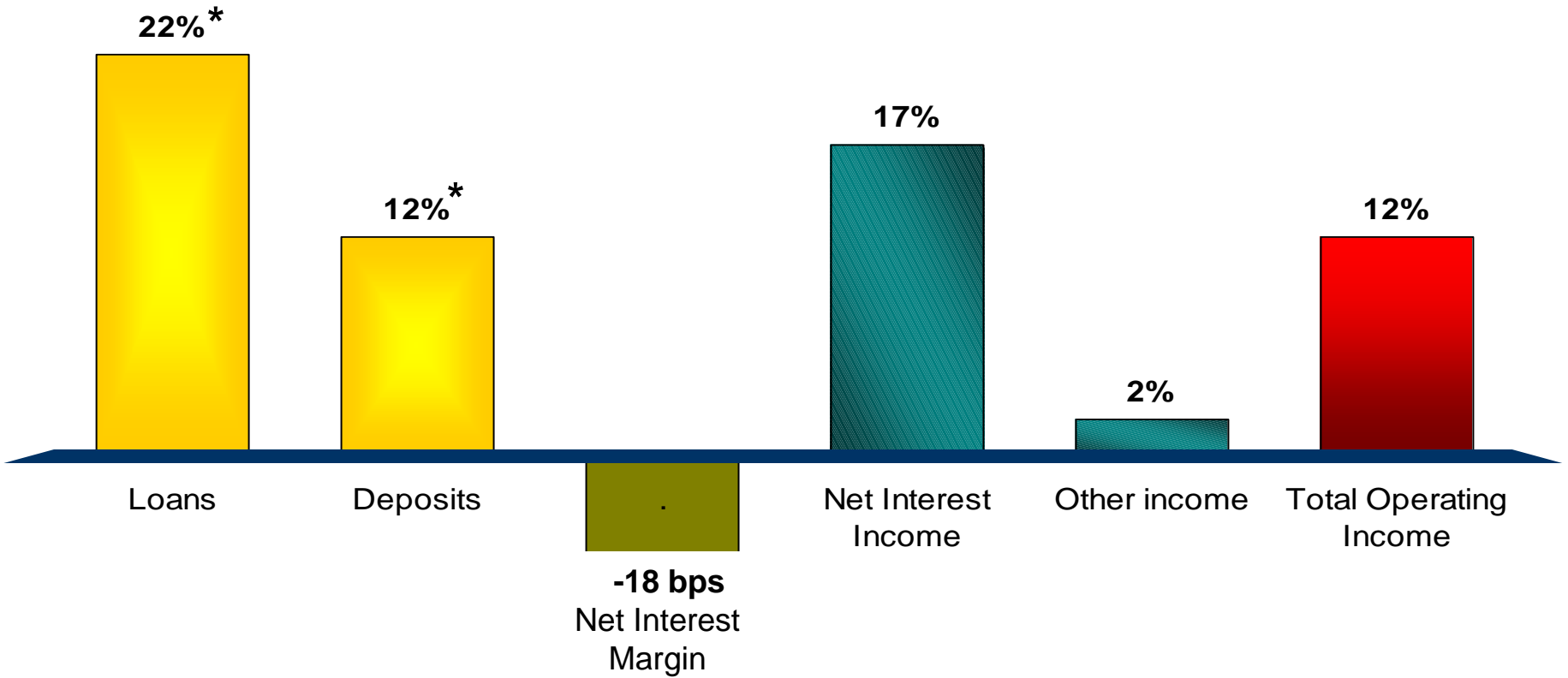


Gary Kennedy

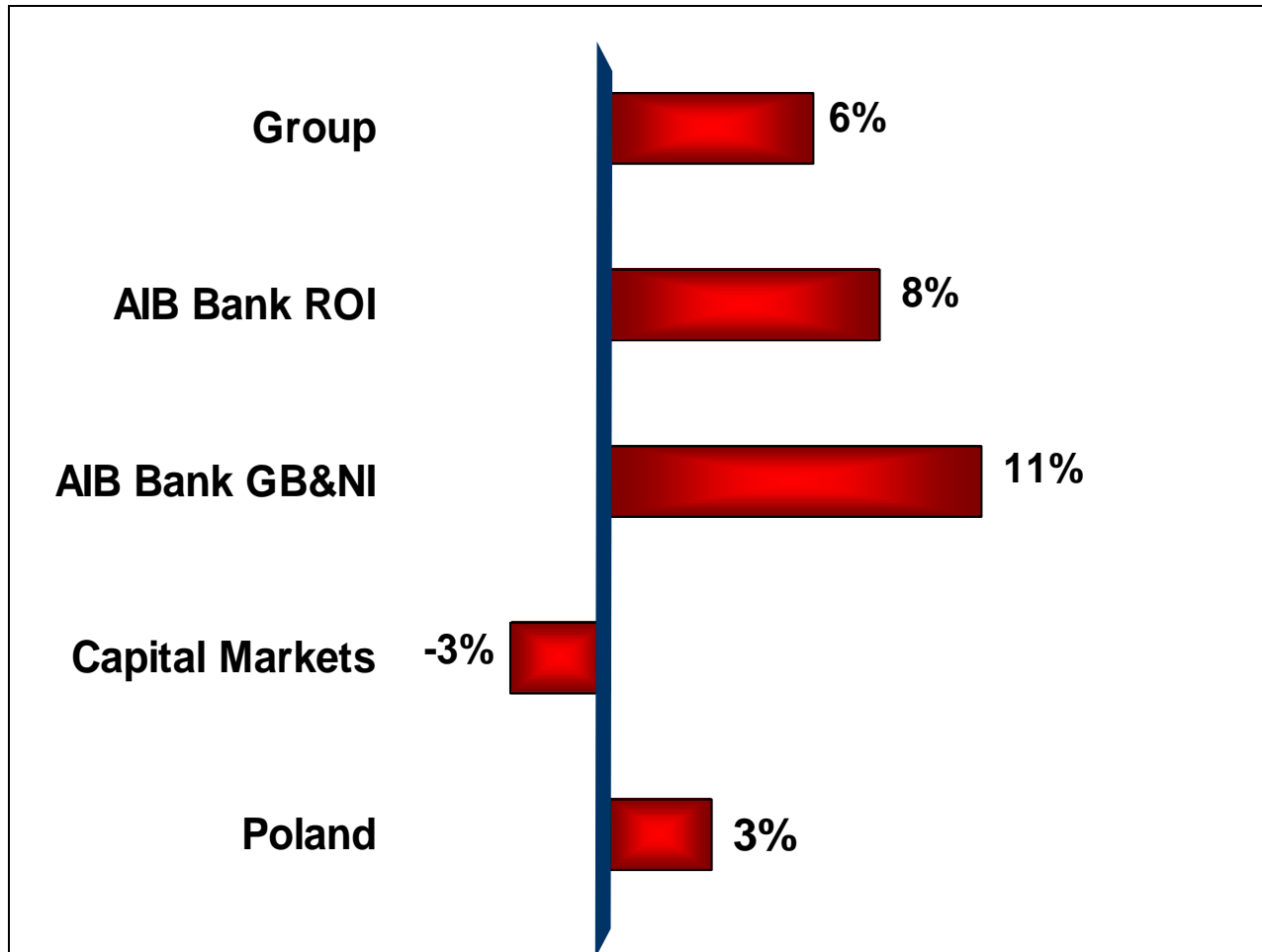
Group Director,
Finance & Enterprise Technology

Proforma H1 2004	€m	H1 2005	Change %
1,586	Total operating income	1,803	12
896	Total operating expenses	985	8
690	Group operating profit before provisions	818	17
63	Total provisions	42	-37
627	Group operating profit	776	23
703	Group profit before tax	851	21
62.4c	EPS	72.3c	16
	EPS excl. volatility / dividend timing		15

- Effective tax rate 20%



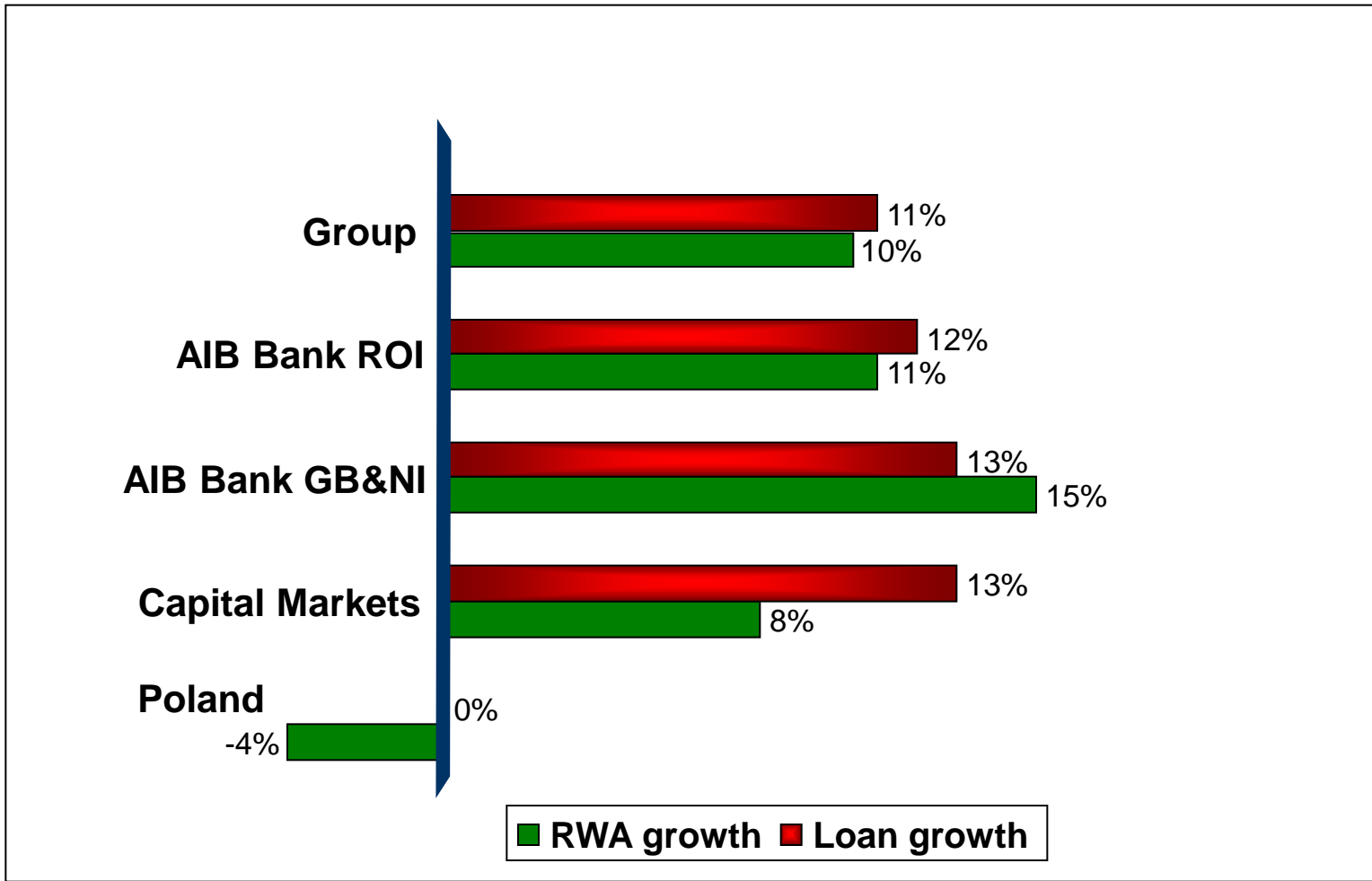
* annualised



** excludes the impact of currency movements*

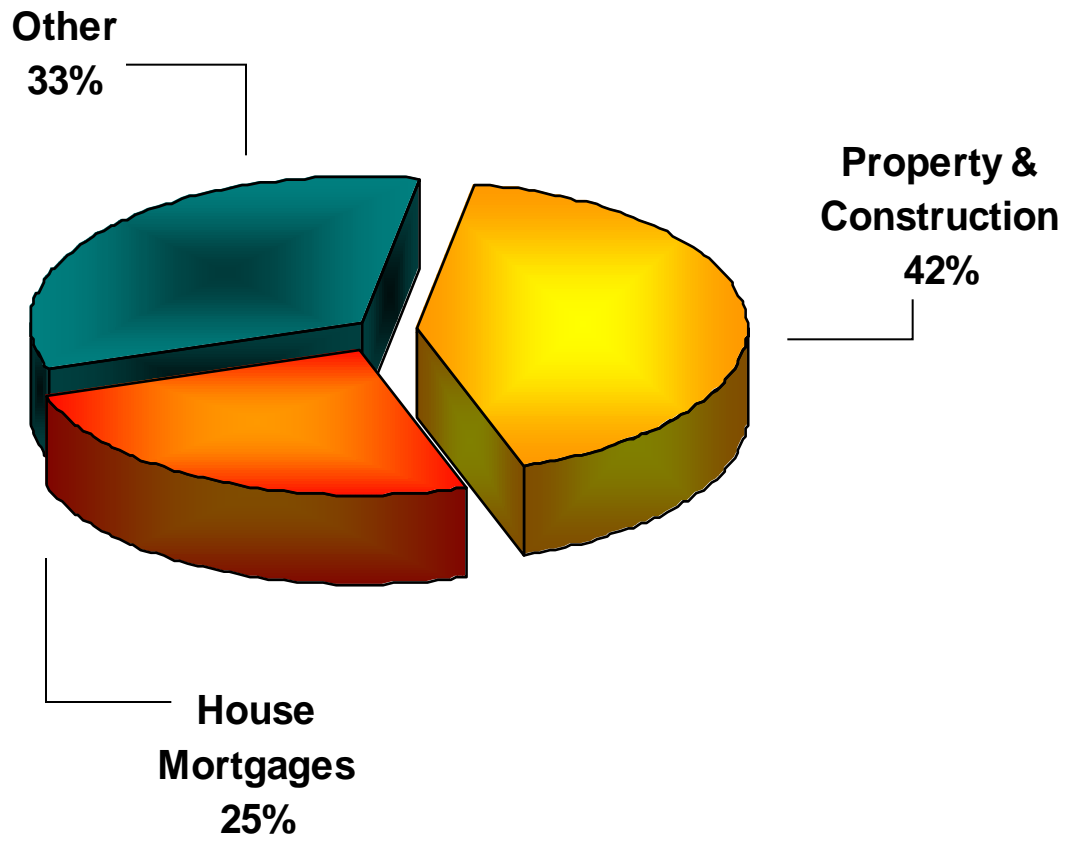


Risk weighted asset & loan growth *

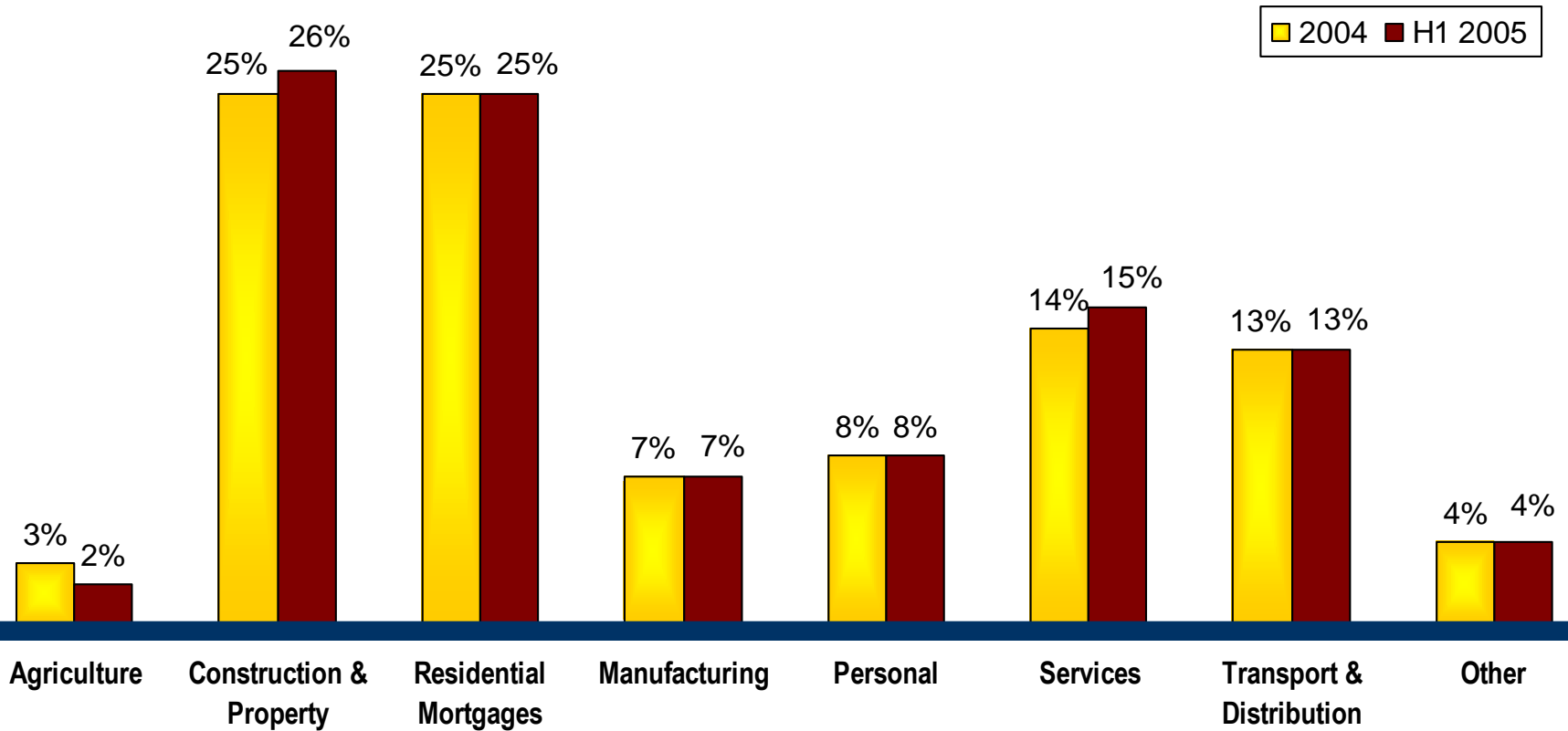


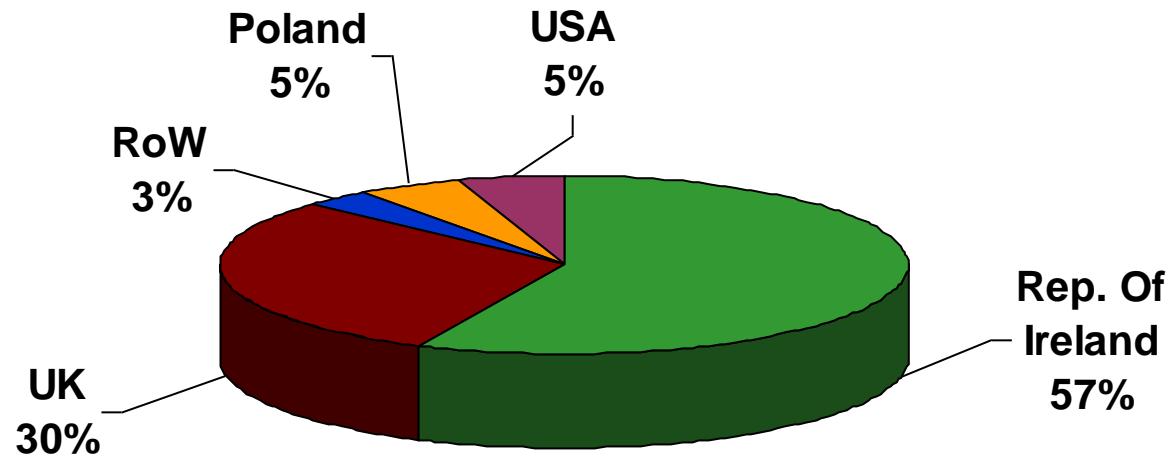
* excludes the impact of currency movements

Loans ↑ 11% YTD



% of Group loan portfolio





- Loan origination from
 - Core relationship franchises and
 - Leveraging proven skillset

- Excellent credit quality

- Impaired loans 0.5% v total Impaired loans 1.1%

	Typical emphasis	% of portfolios
investment	strong covenants	54
house building/development	pre-sold / pre-let	41
contracting	strong track records	5
		<hr/> 100

- Well diversified portfolio by:

- type (commercial, retail, office & residential),
- geography
- and borrower



House mortgages - Republic of Ireland

- Primary focus on debt service ratio (repayment capacity)

New Business				
<u>Consistent LTVs (% no's of drawdowns)</u>	<u>Dec 02</u>	<u>Dec 03</u>	<u>Dec 04</u>	<u>Jun 05</u>
< 75%	66	67	67	70
> 75% < 90%	26	25	24	18
> 90%	8	8	9	12
Total	100	100	100	100
<u>Strong arrears profile</u>	<u>Dec 02</u>	<u>Dec 03</u>	<u>Dec 04</u>	<u>Jun 05</u>
% total mortgage advances	0.8%	0.5%	0.5%	0.5%

H1 2005	Proforma H1 2004	bps change
2.55%	2.73%	-18

- Majority of 18 bps attrition due to loans growing faster than deposits
- Other factors include lower yields on re-investment of customer account funds, business mix and competition
- 2005 guidance: - 20 bps

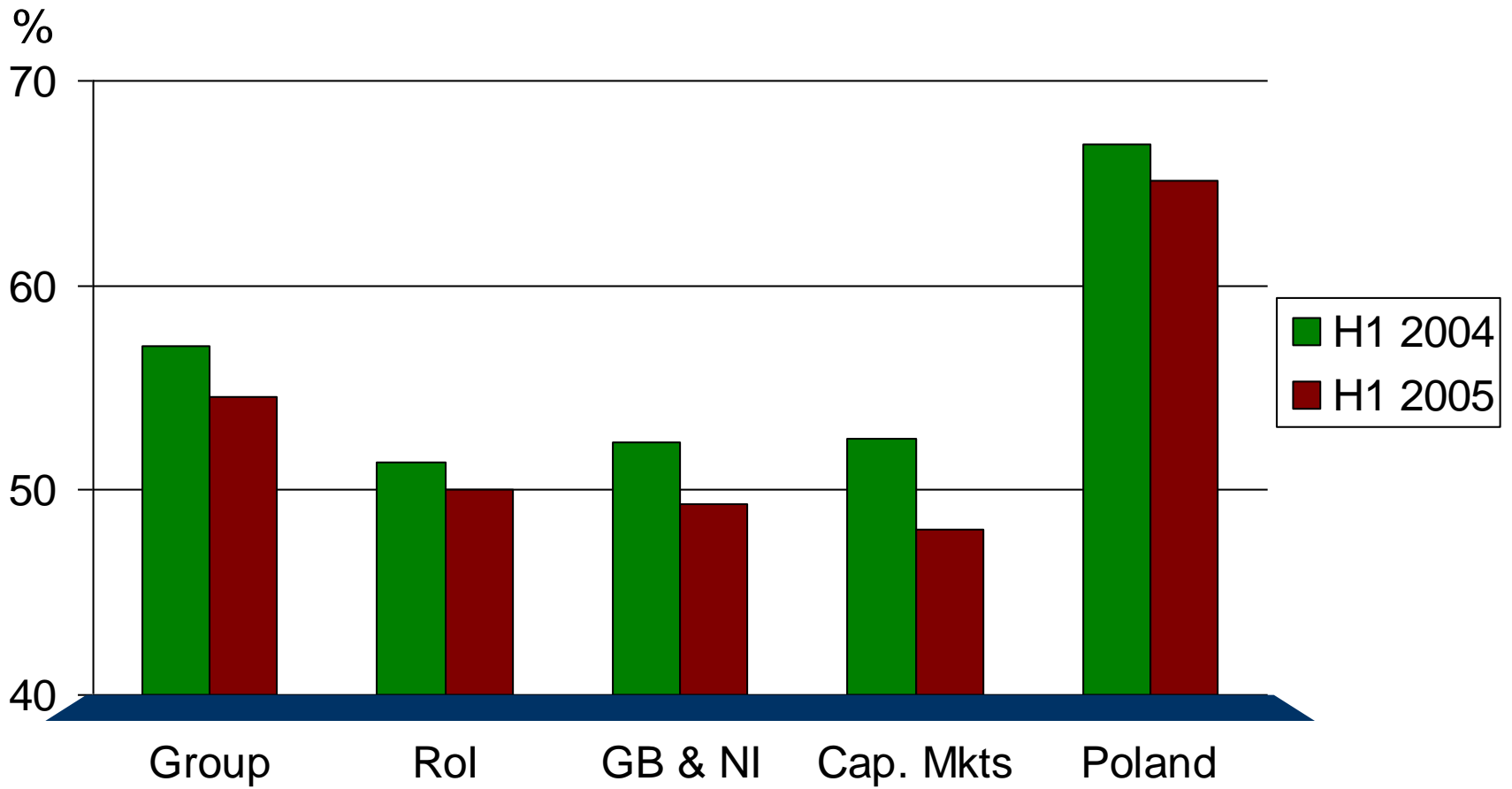
Proforma H1 2004	€m		H1 2005	Underlying * change %
555	Staff costs		638	12
277	Other costs		282	3
<u>64</u>	Depr. & amort.		<u>65</u>	-5
<u><u>896</u></u>	Operating expenses		<u><u>985</u></u>	8

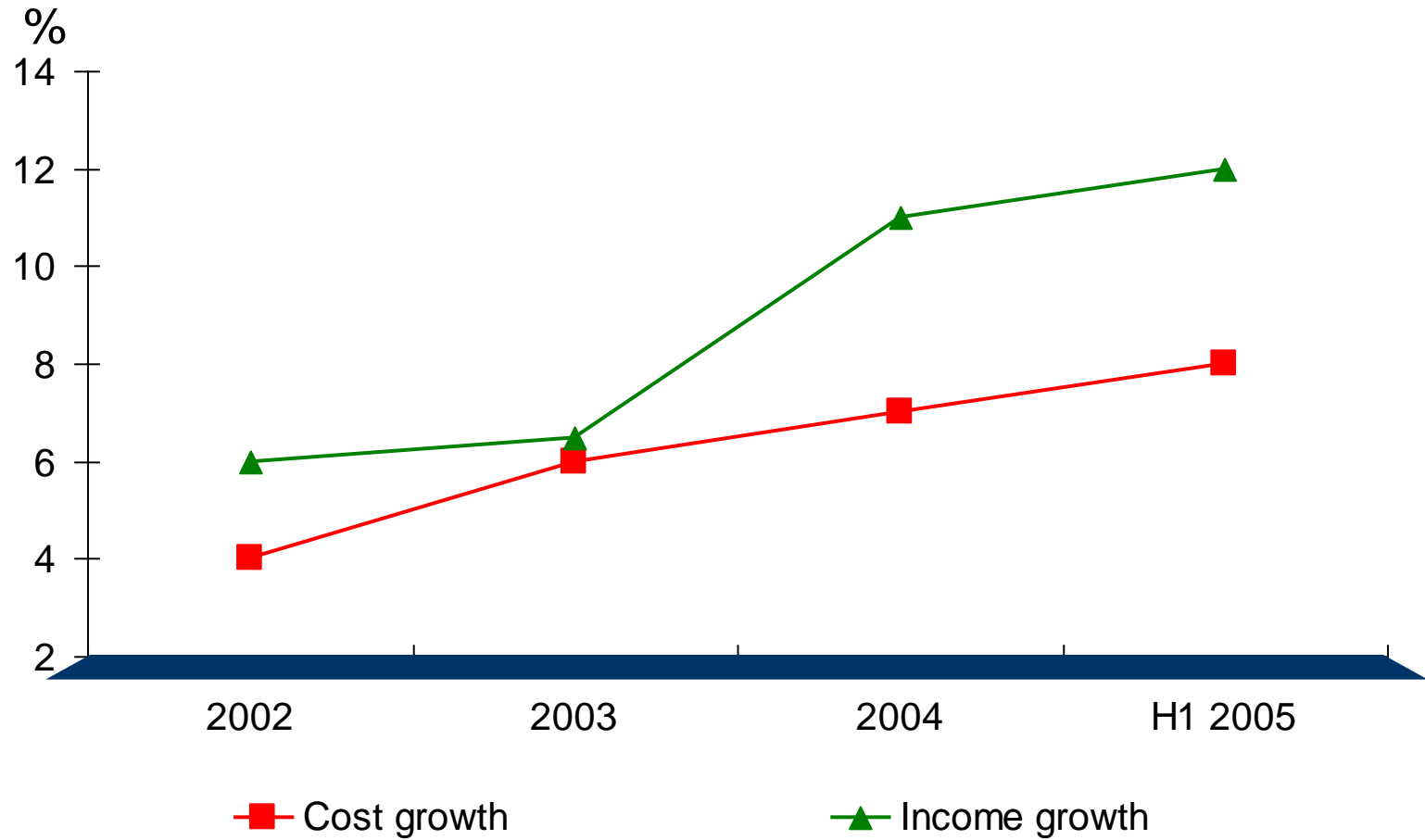
- “run rate” increase of + 5%
- Performance compensation + 1%
- Regulatory / compliance costs + 2%
- + 8%
- 2005 full year forecast + 7%

* excludes impact of currency movements, f.x. investigation costs, hedging volatility and other finance income

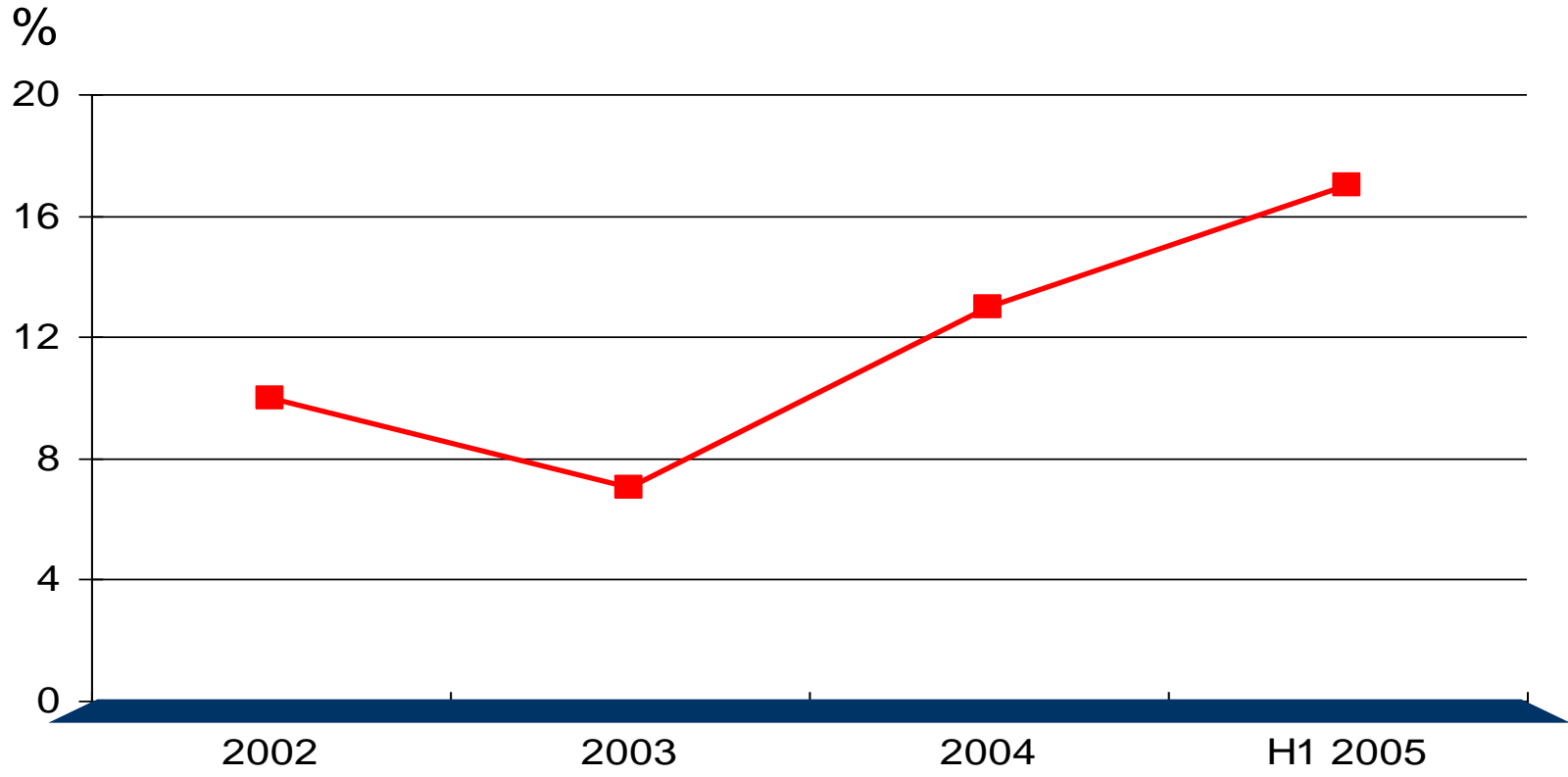


Cost / income ratio ↓ in all divisions





Operating profit increase before bad debt charge *



* Underlying

2004		H1 2005	
1.3	Impaired loans (ILs)	%	1.1
6.6	Criticised loans / total loans	%	5.5
0.7	Gross new ILs	%	0.5
73	Total provisions / ILs	%	75
20	Bad debt charge	bps	13



Impaired loans by Division

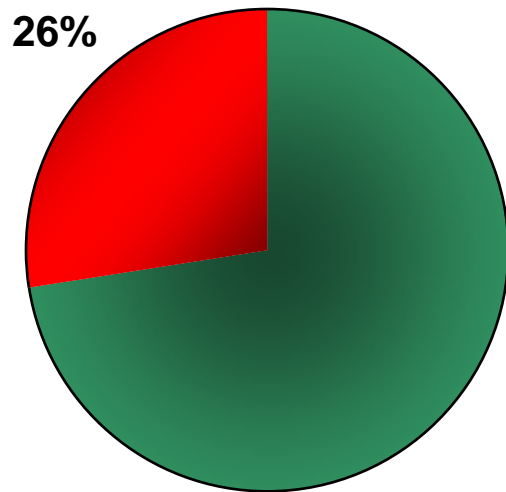
As at December 31, 2004				As at June 30, 2005			
ILs	ILs/ Actual	Total		ILs	ILs/ Actual	Total	
€m	Advances	Provisions/ ILs		€m	Advances	Provisions/ ILs	
	%	%			%	%	
295	0.8	83	AIB Bank ROI	308	0.8	84	
154	1.2	73	AIB Bank GB & NI	174	1.1	70	
100	0.8	79	Capital Markets	106	0.7	78	
297	8.4	60	Poland	277	7.8	66	
<u>846</u>	1.3	73	Total	<u>865</u>	1.1	75	



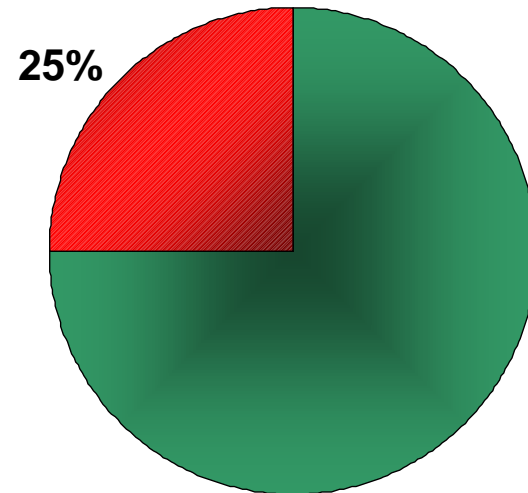
Bad debt provisions by division

June 2004	Average Loans %	€m	June 2005	Average Loans %
28	0.19	AIB Bank ROI	26	0.14
(3)	(0.05)	AIB Bank GB & NI	8	0.11
10	0.17	Capital Markets	7	0.09
20	1.32	Poland	5	0.26
<u>55</u>	0.20	Total	<u>46</u>	0.13

2004



H1 2005



■ Equity ■ Preference Shares

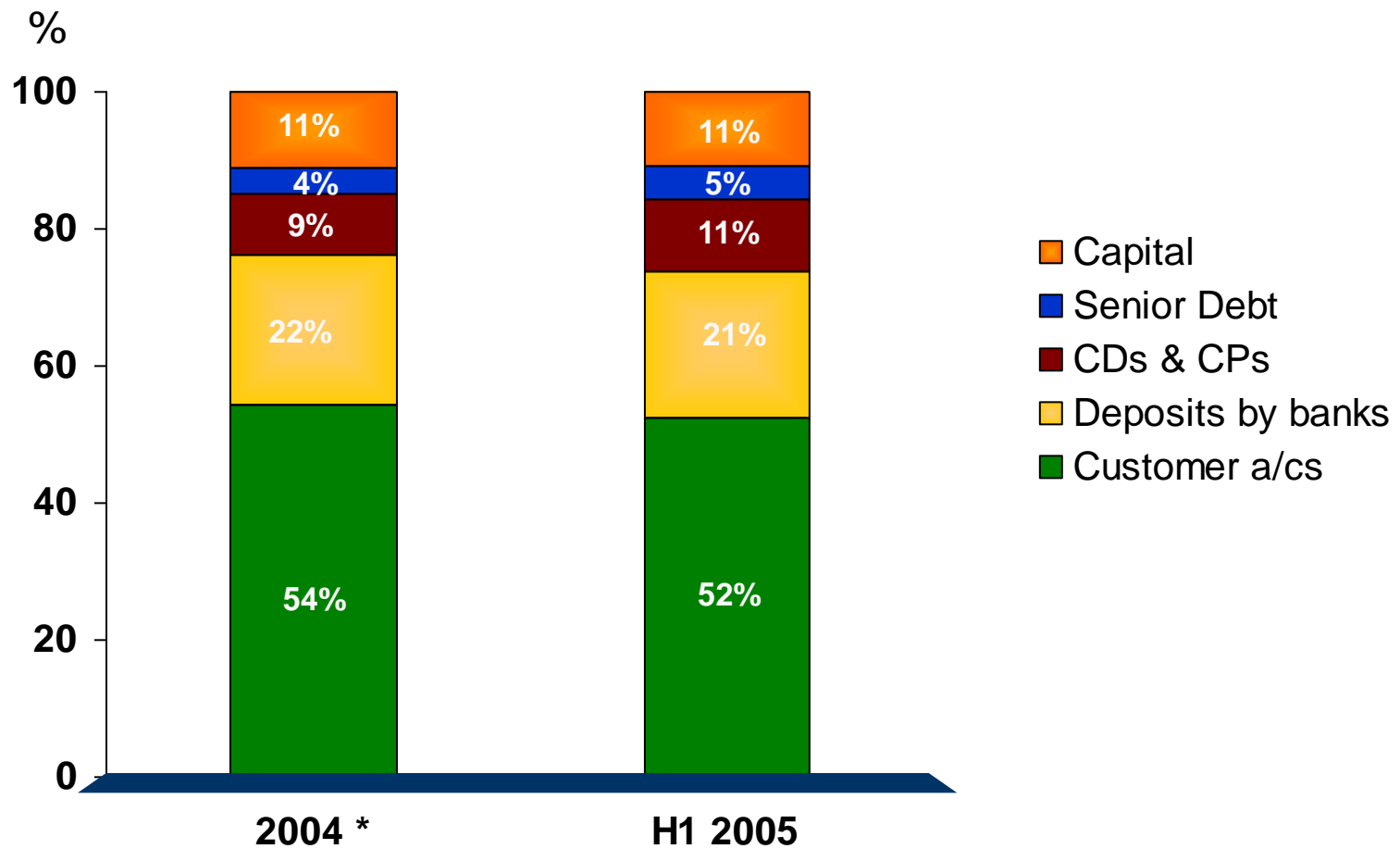
Tier 1 Capital Ratio 8.3%*

7.7%

* Tier 1 ratio as at 1 Jan '05

	June 2005
Total tier 1 capital	€ 6,794m
Total capital	€ 9,729m
Total risk weighted assets	€ 88bn

- Lending must exceed:
 - EVA hurdle rates and
 - Return from alternative use of capital



* IFRS restated

	H1 2005 € m	vs Proforma H1 2004 %
Total operating income	859	11 *
Total operating costs	430	8 *
Income / cost growth gap		3
Operating profit before provisions	429	14
Profit before taxation	406	17

- Strong momentum in high growth, competitive market
- Loans ↑ 12% : deposits ↑ 8%

** Excludes fx investigation costs in H1 2004*



AIB Bank Great Britain & Northern Ireland

	H1 2005 € m	vs Proforma H1 2004 %
Total operating income	321	14
Total operating costs	158	7
Income / cost growth gap		7
Operating profit before provisions	163	21
Profit before taxation	156	13

- Outperforming in both high quality franchises

G.B

- Profit ↑ 17%
- Loans ↑ 14% : deposits ↑ 13%

N.I.

- Profit ↑ 9%
- Loans ↑ 11% : deposits ↑ 9%

	H1 2005 € m	vs Proforma H1 2004 %
Total operating income	408	16
Total operating costs	200	9
Income / cost growth gap		7
Operating profit before provisions	208	23
Profit before taxation	206	33

- Strong growth in corporate banking operating profit ↑ 51%
 - Loans ↑ 13%
- Treasury ↓ 11%
 - Modest risk positions
- Investment banking performing well

	H1 2005 € m	vs Proforma H1 2004 %
Total operating income	208	3
Total operating costs	136	-
Income / cost growth gap		3
Operating profit before provisions	72	8
Profit before taxation	68	17

- Non interest income ↑ 10%
 - Driven by strong customer activity
- Loans flat, deposits ↑ 3%
 - Growth curtailed by risk considerations
- Asset quality continues to improve, remains best in class

	H1 2005 \$ m	vs H1 2004 %
Net income	386	↑ 12

- Average loans ↑ 6%
 - Good business pipelines
- Good productivity, cost / income ratio ↓ 52%
- NPL's ↓ 0.46%: net charge offs 14 bps in Q2
- 2005 M&T guidance 10% - 13% growth in GAAP EPS

- Dynamic broad based performance
- High growth franchises, well contained costs
- Strong asset quality, exceptionally low bad debt charge in H1
- Robust capital and funding
- Business pipelines support positive outlook
- Targetting 2005 EPS range 140c – 142c



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