



Interim Report 2003 - Allied Irish Banks, p.l.c.

"AIB produced a solid result for the first half of 2003. The interim dividend of EUR19.0c per share is up 10% on the 2002 half-year. It will be paid on 26 September 2003 to shareholders on the company's register of members at the close of business on 8 August 2003.

"Adjusted earnings per share half-year on half-year decreased by 5% to EUR58.5c. The rise in the value of the euro against the US dollar, sterling and zloty had a negative impact of 4% on our results.

"AIB's underlying performance was good. Growth was strong in our Irish and UK businesses with market share gains and improvements in productivity. AIB Capital Markets had another good half-year. Our Polish results were weaker as a result of lower interest rates, though credit quality has improved. Across the group, asset quality remains resilient with no signs of material deterioration in any of our portfolios.

"From 1 April, AIB benefited from the completion of the deal with M&T Bank Corporation and the contribution from our 22.5% shareholding in this highly-regarded US bank. The US\$886 million in cash AIB received as part of the M&T/Allfirst transaction was used to fund a share buyback programme. Almost

| | |
|---|--------------------|
| Adjusted earnings per share | EUR 58.5c, down 5% |
| Reduction in other finance income (FRS 17) | (2.4c) |
| Irish Government bank levy | (1.7c) |
| M&T restructuring charge | (1.5c) |
| Excluding the above items the growth in adjusted earnings per share was 4% | |

56 million shares at a cost of approximately €750 million have been bought.

"Economic conditions in all our markets continue to be uncertain. Yet AIB's progress in completing the M&T deal and improving productivity in key divisions makes me confident about our future – and our performance in the second half of 2003."

Lochlann Quinn, Chairman

Summary Consolidated Profit & Loss Account for the half-year ended 30 June

| €m except per share amounts | 2003 ⁽¹⁾ | 2002 |
|--|---------------------|-------|
| Net interest income | 1,013 | 1,197 |
| Other finance income | 5 | 29 |
| Other income | 668 | 745 |
| Total operating income | 1,686 | 1,971 |
| Total operating expenses | 992 | 1,145 |
| Group operating profit before provisions | 694 | 826 |
| Total provisions | 92 | 132 |
| Group operating profit | 602 | 694 |
| Share of operating profits of associates | 45 | 5 |
| Share of restructuring and integration costs in associated undertaking | (16) | – |
| Amortisation of goodwill in associate | (14) | – |
| Profit on disposals | 19 | 4 |
| Group profit on ordinary activities before tax | 636 | 703 |
| Tax on ordinary activities | 182 | 166 |
| Group profit on ordinary activities after tax | 454 | 537 |
| Equity/non-equity minority interests | 9 | 14 |
| Dividends on non-equity shares | 3 | 4 |
| | 12 | 18 |
| Group profit attributable to ord. shareholders | 442 | 519 |
| Basic earnings per share | 50.6c | 60.0c |
| Adjusted earnings per share | 58.5c | 61.9c |
| Diluted earnings per share | 50.2c | 59.6c |

⁽¹⁾The profit and loss for the half-year to 30 June 2003 includes Allfirst up to 31 March 2003 and the Group's 22.5% share of M&T's profit from 1 April 2003.

Summary Consolidated Balance Sheet

| €m | 2003 | 2002 |
|---------------------------------------|--------|--------|
| Total Assets | 76,103 | 86,155 |
| Shareholders' funds: equity interests | 5,183 | 4,670 |
| Loans etc. | 49,842 | 56,380 |
| Deposits etc. | 62,469 | 70,584 |

Summary Consolidated Cash Flow Statement

| Net cash inflow/(outflow) from operating activities | 718 | (974) |
|---|---------|-------|
| Dividends received from assoc. undertakings | 13 | – |
| Returns on investm't & servicing of finance | (64) | (87) |
| Equity dividends paid | (217) | (191) |
| Taxation | (191) | (133) |
| Capital expend. and financial investment | (71) | 1,132 |
| Acquisitions and disposals | (1,049) | (4) |
| Financing | (616) | (135) |
| Decrease in cash | (1,477) | (392) |

Divisional performance

| | 2003 | 2002 |
|--|------|------|
| AIB Bank ROI | 310 | 294 |
| AIB GB&NI | 125 | 117 |
| Capital Markets | 132 | 134 |
| Poland | 8 | 24 |
| USA | 66 | 117 |
| Group | (5) | 17 |
| Group profit on ordinary activities before tax | 636 | 703 |

Independent review report of KPMG to Allied Irish Banks, p.l.c.

Introduction We have been instructed by the Company to review the financial information for the six months ended 30 June 2003, which comprises a summary consolidated profit and loss account, summary consolidated balance sheet and summary consolidated cash flow statement. We have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information. This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Irish Stock Exchange. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Irish Stock Exchange which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual

accounts except where any changes, and the reasons for them, are disclosed.

Review work performed We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in Ireland and the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and, therefore, provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion On the basis of our review, we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2003.

 Chartered Accountants, Dublin
28 July 2003.

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