ALLIED IRISH BANKS PLC
Form 6-K
February 22, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the date of 22 February, 2005

ALLIED IRISH BANKS, public limited company

Bankcentre, Ballsbridge, Dublin 4, Republic of Ireland

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F..X... Form 40-F.....

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ..... No ..X...

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- ________

Allied Irish Banks, p.l.c. ("AIB") (NYSE:AIB)

HIGHLIGHTS - AIB GROUP ANNUAL RESULTS 2004

Adjusted earnings per share EUR 133.1c, up 22%

- up 13% compared to 2003 base of EUR 118.0c(1)

Income / cost gap +4%

Tangible cost income ratio down 2.0% to 56.3%

Currency translation impact, -4% on adjusted EPS growth

Tangible return on equity 29.6%

Tier 1 capital ratio 7.9%

Total dividend of EUR 59.4c, up 10%

Double-digit US$ earnings growth from M&T

EARNINGS AHEAD OF MARKET CONSENSUS DUE TO:

- Lower tax charge - effective rate 23.7%

- Strong fourth quarter business performance, notably in Capital Markets

- Technical adjustments in Ark Life including lower discount rate 7.5%

DIVISIONAL PROFIT PERFORMANCE (2)

AIB BANK ROI up 11%

After incurring EUR50 million investigation related charges Market share gains, loans up 30%, deposits up 16%

AIB BANK GB & NI up 16%

Loans up 29%, deposits up 15%

CAPITAL MARKETS up 30%

Strong performance in Corporate Banking, Treasury and Investment Banking

POLAND up 135%

Costs down 9%; loans up 6%, deposits up 10%

AIB GROUP CHIEF EXECUTIVE MICHAEL BUCKLEY SAID:

'AIB had a record year in 2004. We had a great blend of earnings, strong profit growth across all geographies and a wide range of market share gains. Total shareholder return in 2004 was well ahead of our peers. The momentum in our business is excellent.'

(1) Before restructuring and early retirement costs in 2003. A base of EUR 118.0c was established for 2004 comparison with 2003. The adjusted earnings per share for 2003 including restructuring and early retirement costs was EUR 109.5c.

(2) 2003 base is before restructuring and early retirement costs, the sale of Govett and the impact of exchange rate movements on the translation of foreign locations' profit.

Allied Irish Banks, p.l.c.

Dividend

The Board is recommending a final dividend of EUR 38.5c per share payable on 28 April 2005 to shareholders on the Company's register of members at the close of business on 4 March 2005. The final dividend, together with the interim dividend of EUR 20.9c per share, amounts to a total dividend of EUR 59.4c per share, an increase of 10% on 2003.

The Company's dividend reinvestment plan has been suspended due to the increasing dilutive impact on earnings per share growth. Accordingly, the 2004 final dividend and future dividends will be paid in cash to all shareholders. A special low cost dealing facility will be made available to shareholders who wish to reinvest their dividend.

For further information please contact:

Declan Mc Sweeney	Alan Kelly	Catherine Burke
Chief Financial Officer	Head of Group Investor Relations	Head of Corporate Relations
Bankcentre	Bankcentre	Bankcentre
Dublin	Dublin	Dublin
353-1-660-0311	353-1-660-0311	353-1-660-0311
Ext. 14954	Ext. 12162	Ext. 13894

This results announcement and a detailed presentation can be viewed on our internet site at www.aibgroup.com/investorrelations

Forward-looking statements

A number of statements we make in this document 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, regional economic conditions, levels of market interest rates, credit or other risks of lending and investment activities, competitive and regulatory factors and technology change. Any 'forward-looking' statements made by or on behalf of the Group speak only as of the date they are made.

Financial highlights
for the year ended 31 December 2004

	2004 EUR m	2003 EUR m
Results		
Total operating income	3,264	3,176
Group profit before taxation	1,418	1,011
Profit attributable	1,047	677
Profit retained	477	174
Per EUR 0.32 ordinary share		
Earnings - basic	122.9c	78.8c
Earnings - adjusted (note 12)	133.1c	109.5c
Earnings - diluted	122.4c	78.4c
Dividend	59.40c	54.00c
Dividend cover - times	2.0	1.5
Net assets	628c	587c
Performance measures		
Return on average total assets	1.17%	0.90%
Return on average ordinary shareholders' equity	20.2%	14.5%
Return on average ordinary shareholders' equity - tangible(1)	29.6%	20.0%
Balance sheet		
Total assets	102,240	80,960

Shareholders' funds: equity interests	5,399	4,942
Loans etc	67,156	53,326
Deposits etc	83,630	66,195

Capital ratios

Tier 1 capital	7.9%	7.1%
Total capital	10.7%	10.4%

(1) Tangible shareholders' equity excludes capitalised goodwill of EUR 1.2 billion at 31 December 2004 (2003: EUR 1.4 billion; 2002: EUR 0.5 billion). In addition, profit attributable has been adjusted to exclude goodwill amortisation and impairment of EUR 90.4 million at 31 December 2004 (2003: EUR 72.6 million; 2002: EUR 31.7 million) in arriving at return on average ordinary shareholders' equity - tangible.

Allied Irish Banks, p.l.c.
Group Headquarters &
Registered Office
Bankcentre, Ballsbridge
Dublin 4, Ireland
Telephone (01) 6600311
Registered number 24173

Consolidated profit and loss account
for the year ended 31 December 2004

	Notes	2004 EUR m	200 E
Interest receivable:			
Interest receivable and similar income arising from debt securities and other fixed income securities		888	
Other interest receivable and similar income	4	3,118	2
Less: interest payable	5	(1,970)	(1
Net interest income		2,036	1
Other finance income		18	
Dividend income		27	
Fees and commissions receivable		1,031	1
Less: fees and commissions payable		(131)	
Dealing profits	6	96	
Other operating income	7	187	
Other income		1,210	1
Total operating income		3,264	3
Administrative expenses			
Staff and other administrative expenses	8(a)	1,713	1
Restructuring costs in continuing businesses	8(b)	9	
		1,722	1
Depreciation and amortisation		164	

Total operating expenses		1,886	1
Group operating profit before provisions		1,378	1
Provisions for bad and doubtful debts	14	116	
Provisions for contingent liabilities and commitments		20	
Amounts (written back)/written off fixed asset investments	9	(1)	
Group operating profit		1,243	1
Share of operating profits of associated undertakings		201	
Share of restructuring and integration costs in associated undertaking		-	
Amortisation of goodwill on acquisition of associated undertaking		(52)	
Profit on disposal of property		9	
Profit/(loss) on disposal of businesses	10 & 2	17	
Group profit on ordinary activities before taxation		1,418	1
Taxation on ordinary activities	11	336	
Group profit on ordinary activities after taxation		1,082	
Equity and non-equity minority interests in subsidiaries		30	
Dividends on non-equity shares		5	
		35	
Group profit attributable to the ordinary shareholders of Allied Irish Banks, p.l.c.		1,047	

Consolidated profit and loss account (continued)
for the year ended 31 December 2004

	Notes	2004 EUR m	200 E
Group profit attributable to the ordinary shareholders of Allied Irish Banks, p.l.c.		1,047	
Dividends on equity shares		511	
Transfer to reserves		59	
		570	
Profit retained		477	
Earnings per EUR 0.32 ordinary share - basic	12(a)	122.9c	
Earnings per EUR 0.32 ordinary share - adjusted	12(b)	133.1c	1
Earnings per EUR 0.32 ordinary share - diluted	12(c)	122.4c	

(1) The consolidated profit and loss account for 2002 reflects the consolidation of Allfirst for a full year, while the profit and loss account for 2003 reflects the consolidation of Allfirst for the period to 31 March 2003 (see note 2).

Consolidated balance sheet
31 December 2004

	Notes	2004 EUR m	2003 EUR m
Assets			
Cash and balances at central banks		887	838
Items in course of collection		368	339
Central government bills and other eligible bills		-	45
Loans and advances to banks		2,320	2,633
Loans and advances to customers	13	64,836	50,490
Securitised assets		-	719
Less: non-returnable proceeds		-	(516)
		-	203
Debt securities	15	24,076	18,127
Equity shares		195	180
Interests in associated undertakings		1,317	1,361
Intangible fixed assets		380	420
Tangible fixed assets		785	792
Other assets		2,247	1,507
Deferred taxation		198	174
Prepayments and accrued income		918	636
Long-term assurance business attributable to shareholders	16	467	405
		98,994	78,150
Long-term assurance assets attributable to policyholders	16	3,246	2,810
		102,240	80,960
Liabilities			
Deposits by banks		20,428	18,094
Customer accounts	17	51,397	44,612
Debt securities in issue		11,805	3,489
Other liabilities		3,900	3,144
Accruals and deferred income		911	595
Pension liabilities		676	502
Provisions for liabilities and charges		122	87
Deferred taxation		123	142
Subordinated liabilities		2,765	2,130
Equity and non-equity minority interests in subsidiaries		1,212	158
Share capital		299	295
Share premium account		1,870	1,885
Reserves		977	951
Profit and loss account		2,435	2,007
Shareholders' funds including non-equity interests		5,581	5,138
		98,920	78,091
Long-term assurance liabilities to policyholders	16	3,320	2,869
		102,240	80,960

Consolidated cash flow statement
for the year ended 31 December 2004

	2004 EUR m	2003 EUR m	2002 EUR m
Net cash inflow/(outflow) from operating activities	3,168	1,631	(121)
Dividends received from associated undertakings	37	33	1
Returns on investments and servicing of finance	(111)	(93)	(138)
Equity dividends paid	(340)	(378)	(345)
Taxation	(317)	(273)	(280)
Capital expenditure and financial investment	(4,130)	(1,049)	1,379

Acquisitions and disposals	9	(1,049)	(5)
Financing	1,744	(173)	(129)
Increase/(decrease) in cash	60	(1,351)	362

Reconciliation of Group operating profit to net cash inflow/(outflow) from operating activities	2004 EUR m	2003 EUR m	2002 EUR m
Group operating profit	1,243	1,039	1,358
(Increase)/decrease in prepayments and accrued income	(280)	106	1,162
Increase/(decrease) in accruals and deferred income	302	(95)	(1,191)
Provisions for bad and doubtful debts	116	152	194
Provisions for contingent liabilities and commitments	20	9	2
Amounts (written back)/written off fixed asset investments	(1)	16	55
Increase in other provisions	33	57	16
Depreciation and amortisation	164	174	207
Profit/(loss) on disposal of businesses	17	(141)	-
Interest on subordinated liabilities	68	47	83
Interest on reserve capital instruments	38	38	38
Profit on disposal of debt securities and equity shares	(17)	(40)	(117)
Profit on termination of off-balance sheet instruments	(36)	-	-
Average gains on debt securities held for hedging purposes	(2)	(1)	(4)
Profit on disposal of associated undertakings	(1)	-	(1)
Amortisation of premiums net of (discounts) on debt securities held as financial fixed assets	24	23	(15)
Increase in long-term assurance business	(63)	(53)	(48)
Net cash inflow from trading activities	1,625	1,331	1,739
Net increase in deposits by banks	2,703	4,207	3,975
Net increase in customer accounts	6,488	5,729	2,299
Net increase in loans and advances to customers	(14,420)	(10,043)	(6,129)
Net decrease in loans and advances to banks	345	591	982
Decrease/(increase) in central government bills	45	(41)	18
Net increase in debt securities and equity shares held for trading purposes	(2,066)	(1,216)	(1,180)
Net (increase)/decrease in items in course of collection	(29)	(161)	174
Net increase/(decrease) in debt securities in issue	8,303	1,082	(1,425)
Net increase/(decrease) in notes in circulation	30	41	(3)
Increase in other assets	(735)	(920)	(28)
Increase/(decrease) in other liabilities	737	701	(521)
Effect of exchange translation and other adjustments	142	330	(22)
	1,543	300	(1,860)
Net cash inflow/(outflow) from operating activities	3,168	1,631	(121)

Statement of total recognised gains and losses

	2004 EUR m	2003 EUR m	20 EUR
Group profit attributable to the ordinary shareholders	1,047	677	1,0
Gain recognised on disposal of Allfirst (note 2)	-	489	
Currency translation differences on foreign currency net investments	(69)	(457)	(3
Actuarial loss recognised in retirement benefit schemes	(197)	(50)	(8
Actuarial (loss)/gain recognised in associated undertaking	(1)	8	
Total recognised gains/(losses) relating to the year	780	667	(1

Reconciliation of movements in shareholders' funds

	2004 EUR m	2003 EUR m	2002 EUR m
Group profit attributable to the ordinary shareholders	1,047	677	1,034
Dividends on equity shares	511	452	429
	536	225	605
Gain recognised on disposal of Allfirst (note 2)	-	489	-
Goodwill written back on disposals	-	1,043	-
Actuarial loss recognised in retirement benefit schemes	(197)	(50)	(823)
Actuarial (loss)/gain recognised in associated undertaking	(1)	8	-
Other recognised losses relating to the year	(80)	(491)	(352)
Ordinary share buyback	-	(812)	-
Ordinary shares issued in lieu of cash dividend	134	108	76
Other ordinary share capital issued	71	62	39
Net movement in own shares	(20)	141	37
Net addition to/(deduction from) shareholders' funds	443	723	(418)
Opening shareholders' funds	5,138	4,415	4,833
Closing shareholders' funds	5,581	5,138	4,415
Shareholders' funds:			
Equity interests	5,399	4,942	4,180
Non-equity interests	182	196	235
	5,581	5,138	4,415

Note of historical cost profits and losses

Reported profits on ordinary activities before taxation would not be materially different if presented on an unmodified historical cost basis.

Commentary on results

Translation of foreign locations' profit

Approximately 50% of the Group's earnings are denominated in currencies other than the EUR. As a result, movements in exchange rates can have an impact on earnings growth. In 2004, the US dollar and Polish zloty average accounting rates weakened relative to the EUR by 9% and 3% respectively and sterling strengthened relative to the EUR by 1% compared with the year to December 2003. These rate movements, coupled with hedging profits of EUR 28 million in the year to December 2003 (EUR 1 million in 2004) had a 4% negative impact on the adjusted earnings per share growth rate in the year to December 2004.

The following table shows the average accounting rates and average effective rates for both periods. The average effective rates include the impact of currency hedging activities.

	Average accounting rates 2004	Average accounting rates 2003	Average effective rates 2004	Average effective rates 2003

US dollar	1.2474	1.1346	1.17	1.01
Sterling	0.6813	0.6901	0.70	0.67
Polish zloty	4.5314	4.4157	4.58	4.28

The following commentary on profit and loss account headings covers continuing activities, which exclude Allfirst in 2003, and is based on underlying percentage growth adjusting for the impact of exchange rate movements on the translation of foreign locations' profit and excludes the transfer of Ark Life's sales force to AIB's payroll (resulted in higher payroll costs which were previously recorded as a deduction in other income as part of Ark Life profit). Allfirst, which was merged with M&T Bank Corporation ('M&T') on 1 April 2003, is a discontinued activity.

Investigation related charges referred to in the following commentary relate primarily to the application of prices to foreign exchange products without regulatory approval. AIB provided EUR 50 million for investigation related charges and costs with EUR 12 million charged to net interest income, EUR 24 million charged to other income and EUR 14 million of costs included in other administrative expenses.

"Total income up 11%"

"Group loans up 28%"

Total income

Total income increased by 11% to EUR 3,264 million in 2004.

Total operating income	Year 2004 EUR m	Year 2003 EUR m	Underlying % Change 2004 v 2003
Net interest income	2,036	1,840	11
Other finance income	18	14	28
Other income	1,210	1,124	11
Total operating income	3,264	2,978	11

Commentary on results

Net interest income

Net interest income increased by 11% to EUR 2,036 million after incurring EUR 12 million of investigation related charges. Strong and deposit growth in Republic of Ireland and GB & NI divisions as well as exceptional loan growth in Corporate Banking were key factors generating the increase. Loans to customers increased by 28% and customer accounts increased by 14% on a constant currency basis since December 2003 (details of loan and deposit growth by division are contained on page 14 of this release).

Half-year Dec 2004 EUR m	Half-year June 2004 EUR m	% Change (1)	Average interest earning	Year 2004 EUR m	Year 2003 EUR m	Change (1

			assets - continuing activities			
88,543	79,986	11	Average interest earning assets	84,288	68,270	2

(1) This particular analysis is not adjusted for the impact of exchange rate movements.

Half-year Dec 2004 %	Half-year June 2004 %	Basis point change	Net interest margin - continuing activities (2)	Year 2004 %	Year 2003 %	Basi poin chang
2.38	2.46	-8	Net interest margin	2.42	2.70	-2
			Business margin			-2
			Technical margin			-

(2) The net interest margin for AIB Group for the year to December 2003 is included on page 39 of this release.

As disclosed in our interim results announcement, AIB introduced a new policy in respect of the investment of its capital funds. This action increased our balance sheet debt securities with a corresponding reduction in off balance sheet derivatives, the effect of which has increased reported average interest earning assets with no impact on net interest income except for any reduction in yield. This technical factor reduced the reported net interest margin by 8 basis points.

Half-year Dec 2004 %	Half-year June 2004 %	Basis point change	Domestic and foreign margins - continuing activities	Year 2004 %
2.18	2.20	-2	Domestic	2.19
2.81	2.99	-18	Foreign	2.90
2.38	2.46	-8	Net interest margin - continuing activities	2.42

The domestic margin for the year, adjusted for the technical factor, was down 24 basis points compared with 2003 and the foreign margin decreased by 8 basis points. The domestic margin in the second half was 2 basis points lower than the first half and the foreign margin declined 18 basis points on the first half.

AIB Group manages its business divisionally on a product margin basis with funding and groupwide interest exposure centralised and managed by Global Treasury. While a domestic and foreign margin is calculated for the purpose of statutory accounts, the analysis of net interest margin trends is best explained by analysing business factors as follows: The Group net interest margin was 2.42% in 2004, with the business margin reducing by 20 basis points on 2003.The margin reduction was due to a continuation of trends evident in 2002 and 2003 with loans increasing at a stronger rate than deposits, higher growth in mid-market loans in the Republic of Ireland and the United Kingdom, a changing mix of products, growth in our international corporate operations and the impact of low interest rates on deposit margins and capital income.

Average loans increased at over double the rate of deposits compared with 2003 and was the largest factor in the margin reduction. While this strong lending growth generated good incremental profit, the funding impact resulted in a reduction in the overall net interest margin calculation when net interest income is expressed as a percentage of average earning assets.

While it is difficult to disaggregate trends in product margins between mix and competitive factors, competitive pricing behaviour did have some impact on deposit margins in Ireland and the United Kingdom. Our new business lending continued to meet our targeted return on economic capital hurdles. The full year impact in 2004 of ECB and Polish interest rate cuts in 2003 also had a negative impact on retail deposit margins.

The structural effect of loans growing faster than deposits and changes in business mix are expected to be continuing features with consequent impact on the net interest margin calculation. Our expectation is that the Group net interest margin will again reduce by around 20 basis points in 2005.

Commentary on results

"Other income up 11% after incurring euro24 million of investigation related charges"

"Buoyant loan arrangement fees"

"Change in Ark Life discount rate - Profit up 18%"

Other income

Other income at EUR 1,210 million was up 11%.

Other income	Year 2004 EUR m	Year 2003 EUR m	Underlying % Change 2004 v 2003
Dividend income	27	15	80
Banking fees and commissions	873	830	6
Asset management and investment banking fees	158	128	23
Fees and commissions receivable	1,031	958	8
Less: fees and commissions payable	(131)	(117)	12
Dealing profits	95	103	-6
Contribution of life assurance company	72	60	18
Profit on termination of off-balance sheet instruments	36	-	-
Other	79	81	-
Other operating income	187	141	34
Hedging profits	1	24	-
Total other income	1,210	1,124	11

Banking fees and commissions increased by 6%, or 9% excluding EUR 24 million of investigation related charges and amounted to over 70% of other income. The strong growth reflects increased business volumes and strong growth in lending related fees in Republic of Ireland, GB & NI and Corporate Banking. In Poland there was good growth in international payment fees and credit card income.

Investment banking revenues were higher due to particularly strong growth in Goodbody Stockbrokers and a good increase in AIB Corporate Finance. Asset Management revenues were lower following the sale, in November 2003, of Govett to Gartmore Investment Management p.l.c.

Ark Life profit was EUR 72 million compared with the 2003 profit of EUR 60 million. The profit increase included EUR 12 million from a reduction in the discount rate used in the calculation of its embedded value profit after providing for the solvency margin. The discount rate was reduced from 10% to 7.5% in the fourth quarter.

Included in other income was a gain of EUR 36 million from closing out capital invested positions in January 2004 resulting from the introduction of a new policy in respect of the investment of AIB's capital funds.

Dividend income increased significantly reflecting a very strong increase in Poland.

The other income as a percentage of total income reduced from 38.2% to 37.6%.

Commentary on results

"Tangible cost income ratio down 2.0% to 56.3%"

"Additional investment in groupwide information systems to meet new regulatory initiatives"

Total operating expenses

Operating expenses increased by 7% compared with 2003,(excluding restructuring and early retirement costs in both years and the Ark Life sales force reorganisation in 2003).

Operating expenses	Year 2004 EUR m	Year 2003 EUR m	Underlyin % Chang 2004 v 200
Staff costs	1,132	1,082	
Other costs	581	515	1
Depreciation and amortisation	164	170	-
Operating expenses before restructuring/early retirement costs	1,877	1,767	
Early retirement costs	-	62	
Restructuring costs in continuing businesses	9	10	
Total operating expenses	1,886	1,839	

The increase of 7% includes euro14 million of costs relating to the investigation. Excluding these costs the increase was 6%. The growth of 6% should be viewed in the context of significantly higher business volumes and buoyant revenue growth.

Staff costs were up 5% due to higher business activity levels and normal salary increases partly offset by some benefits from the early retirement programme provided for in 2003. Other costs increased by 13%,or 11% excluding investigation related charges. The 11% increase includes consultancy and other costs to facilitate AIB's preparation for Basel II, Sarbanes Oxley and IFRS, strengthening of compliance and internal audit structures and investment in growth businesses.

Depreciation and amortisation decreased by 3% reflecting lower depreciation in Poland following branch rationalisations in 2003 and the sale of AIB's IFSC property in 2003.

Productivity improved significantly with the tangible cost income ratio reducing to 56.3% from 58.3% in 2003.

Commentary on results

"Lower provision charge at 20 basis points"

"Prudent provision cover"

"NPLs as a percentage of loans declining"

Provisions

Total provisions decreased from EUR 167 million in 2003 to EUR 135 million in 2004.

Provisions	Year 2004 EUR m	Year 2003 EUR m
Bad and doubtful debts	116	142
Contingent liabilities and commitments	20	9
Amounts (written back)/written off fixed asset investments	(1)	16
Total provisions	135	167

The provision for bad and doubtful debts was EUR 116 million compared with EUR 142 million in 2003,representing a charge of 0.20% of average loans compared with 0.30% in 2003. The reduction reflected strong asset quality across divisions and favourable economic environments in 2004. There was a reduction in non- performing loans as a percentage of total loans from 1.4% at 31 December 2003 to 1.2% at 31 December 2004 and provision coverage for non-performing loans was 87%.

Asset quality was strong in AIB Bank Republic of Ireland where non-performing loans reduced to 0.6% of average loans from 0.8% in 2003. There was also a reduction in the provision charge as a percentage of average loans from 0.24% to 0.14% in 2004. The provision benefited from recoveries with all portfolios proving robust.

In AIB Bank GB & NI, provision experience was particularly good with the bad debt charge reducing from 0.21% to 0.11% in 2004. Non-performing loans increased from 0.8% to 1.0% at 31 December 2004 but underlying trends remained positive.

Asset quality in Capital Markets was strong with non-performing loans remaining at 0.8% and the provision charge at 0.27% of average loans.

In Poland, the provision charge reduced to 0.9% of loans from 1.0% in 2003 including a EUR 4 million general provision release. Asset quality continued to improve with non-performing loans continuing a downward trend and as a percentage of loans declined to 8.4% from 10.9%.

Provisions for contingent liabilities and commitments increased from EUR 9 million in 2003 to EUR 20 million in 2004 while provisions for amounts (written back)/written off fixed asset investments decreased from EUR 16 million to a net credit of EUR 1 million in 2004.

Share of operating profits of associated undertakings

The operating profit in 2004 was EUR 201 million compared to EUR 143 million in 2003 and mainly reflects AIB's 22.5% share of the income before taxes of M&T Bank Corporation, under Irish GAAP, for the year 2004 and the period from 1April 2003 to 31 December 2003.

Commentary on results

The following commentary is in respect of the total Group.

"AIB Bank Republic of Ireland deposits particularly strong, up 16%"

"Lower effective tax rate - some taxation provision releases"

"Tangible return on equity at 29.6%"

"Strong capital position - Tier 1 ratio at 7.9%"

Balance sheet

Total assets amounted to EUR 102 billion at 31 December 2004 compared to EUR 81 billion at 31 December 2003. Adjusting for the impact of currency, total assets and loans to customers were up 26% and 28% respectively since 31 December 2003 while customer accounts increased by 14%. Risk weighted assets excluding currency factors increased by 26% to EUR 79 billion.

Risk weighted assets, loans to customers and customer accounts (excluding money market funds and currency factors)

% change December 2004 v December 2003	Risk weighted assets % Change	Loans to customers % Change	Customer accounts % Change
AIB Bank Republic of Ireland	29	30	16
AIB Bank GB & NI	25	29	15
Capital Markets	25	31	6
Poland	16	6	10
AIB Group	26	28	14

Assets under management/administration and custody

Assets under management in the Group amounted to EUR 13 billion and assets under administration and custody amounted to EUR 183 billion at 31 December 2004.

Taxation

The taxation charge was EUR 336 million compared with EUR 318 million in 2003. The effective tax rate was 23.7% compared with 31.4% in 2003 (24.0% having adjusted for taxation arising on the Allfirst / M&T transaction and the sale of Govett). The effective tax rate is influenced by the geographic mix of profits which are taxed at the rates applicable in the foreign jurisdictions.

Return on equity and return on assets

The tangible return on equity increased to 29.6% compared to 20% in 2003. The basic return on equity increased to 20.2% from 14.5% in 2003 and the return on assets was 1.17%, up from 0.90% in 2003.

Capital ratios

The Group was strongly capitalised at 31 December 2004 with the Tier 1 ratio at 7.9% and the total capital ratio at 10.7%. These ratios include the EUR 1.0 billion of perpetual preferred securities issued in December 2004.

Commentary on results

"Outlook - business expected to continue to perform very strongly"

Commentary on half-year December 2004 performance

Adjusted earnings per share increased by 7% in the half-year to December 2004 compared with the half-year to June 2004. There was strong business momentum in the second half with all divisions performing well. Loan and deposit volumes increased by 29% and 18% respectively on an annualised basis since 30 June 2004.

Capital Markets performed very well and enjoyed a very strong fourth quarter performance. In Ark Life, there were technical adjustments, including a reduction in the discount rate used in the calculation of its embedded value profits from 10% to 7.5% generating profit of EUR 12 million, after providing for the solvency margin.

In the second half the effective tax rate was lower, benefiting from some taxation provision releases.

The strong business momentum coupled with the above mentioned items delivered a particularly strong second half adjusted earnings per share of EUR 68.7c.

Outlook

Accounts for 2005 will be prepared under IFRS for the first time. This will also result in a restatement of 2004 results in line with IFRS. To facilitate shareholders the following outlook is prepared on the traditional Irish GAAP basis, as it allows the use of these 2004 accounts as a reference base. Adjusted earnings per share amounted to EUR 133.1c in 2004. This outcome benefited from some taxation provision releases and technical adjustments in Ark Life.

Our business is expected to continue to perform very strongly and we are anticipating another year in 2005 of buoyant loan and deposit growth. The decline in the US dollar will affect the EUR translation of these profits, with an overall negative impact of approximately 1% to 2% in earnings per share growth terms anticipated from currency translation of earnings. Based on these factors our guidance for adjusted earnings per share growth in 2005 on an Irish GAAP basis would be for a range of EUR 142c to EUR 144c.

Implementation of International Financial Reporting Standards

AIB's primary financial statements for the year ended 31 December 2004 are prepared in accordance with Irish generally accepted accounting principles ('IR GAAP') which differ in certain significant respects from International Financial Reporting Standards ('IFRS'). Arising from the adoption of a regulation by the European Commission, from 1 January 2005, the Group accounts of all listed companies in the European Union ('EU') are required to be completed on the basis of IFRS as adopted by the EU. The objective is to improve financial reporting and enhance transparency to assist the free flow of capital throughout the EU and to improve the efficiency of the capital markets. AIB intends to implement IFRS in such a manner as to comply with EU endorsed IFRS as well as ensuring compliance with IFRS as issued by the International Accounting Standards Board ('IASB').

A groupwide programme has been in place since 2003 to ensure full compliance with IFRS in 2005. The significant deliverables include the necessary adjustments to the Group accounting policies, training so as to ensure the requirements are met, addressing the business impacts and making the necessary adjustments to the Group's accounting and reporting systems, including replacement where necessary. Progress is monitored by a Group level steering committee.

While many of the uncertainties concerning whether and how IFRS will be adopted for use in the EU have been resolved, some questions remain, particularly regarding the adoption of amendments to standards, interpretative guidance issued by the IASB/International Financial Reporting Committee ('IFRIC') and the requirements of companies legislation. This could have an effect on the 2005 financial statements. In addition, there remains some uncertainty as to the impact that the new accounting treatments will have on the calculation of regulatory capital.

The IFRS implementation work is nearing completion, although conversion work including verifying the accuracy of the opening balances will continue during 2005.The audit of the impact of transition to IFRS has not been completed at the date of this release. It is intended that restated comparative data for 2004 excluding the impact of IAS32 and IAS39 on financial instruments and IFRS 4 on insurance contracts, together with the opening 2005 IFRS balance sheet including these standards will be issued in the second quarter of 2005.AIB's first results prepared under IFRS will be published in the interim report for the six months to 30 June 2005.

Divisional commentary

On a divisional basis profit is measured in EUR and consequently includes the impact of currency movements. The underlying percentage change is reported in the divisional profit and loss accounts adjusting for the impact of exchange rate movements on the translation of foreign locations' profit. The profit segments by division for 2003 have been restated to reflect a change in the allocation of pension costs across business segments. Previously business segments accounted for the normalised pension contribution rate appropriate to individual pension schemes. The full impact of FRS 17 (Retirement Benefits) is now charged to each operating division. Each division now accounts for the full service cost, the expected return on pension scheme assets and the interest on pension scheme liabilities.

AIB Bank Republic of Ireland profit was up 11%

"Banking operations profit up 19%"

"Strong volume growth; loans +30%, deposits +16%"

"Ark Life discount rate reduced from 10.0% to 7.5% (+EUR 12 million)"

"EUR 50 million investigation related charges incurred"

AIB Bank Republic of Ireland Retail and commercial banking operations in Republic of Ireland, Channel Islands and Isle of Man; AIB Finance and Leasing; Card Services; and AIB's life and pensions subsidiary Ark Life Assurance Company.

AIB Bank Republic of Ireland profit and loss account	Year 2004 EUR m	Year 2003 before early retirement costs EUR m	Early retirement costs EUR m	as rep
Net interest income	1,126	1,016	-	
Other finance income	20	17	-	
Other income	399	389	-	
Total operating income	1,545	1,422	-	
Operating expenses	812	747	-	
Early retirement costs	-	-	40	
Total operating expenses	812	747	40	
Operating profit before provisions	733	675	(40)	
Provisions	44	62	-	
Operating profit	689	613	(40)	
Share of operating profits of associated undertakings	(1)	-	-	
Profit on disposal of property	7	13	-	
Profit on ordinary activities before taxation	695	626	(40)	

The divisional profit increase of 11% included EUR 50 million of investigation related charges. The profit was up 19% before these charges. Operating income and operating expenses were both up 8%. Excluding the investigation related charges these growth rates were 11% and 6% respectively, demonstrating a strong operating income/cost gap.

Banking operations performed strongly with profit increasing by 19%. Particularly strong loan and deposit growth, higher productivity and a reduced bad debt provision charge were the key performance drivers. Loans increased by 30% and deposits performed particularly well with a 16% increase since 31 December 2003. Operating expenses were up 6% excluding the transfer of the Ark Life sales force to AIB's payroll and investigation related costs. Higher levels of business volumes and customer activity coupled with normal salary increases were the main drivers of the 6% increase. The cost income ratio was 52.5% and was impacted by the EUR 50 million investigation related charges, excluding these the ratio decreased to 50.4%.

There was a particularly good increase in AIB Card Services profit resulting from higher loan volumes, a 21% increase in merchant turnover, good growth in fee income reflecting higher consumer spending and a lower bad debt charge. In AIB Finance and Leasing, profit was higher reflecting a 17% increase in loan volumes and a lower bad debt charge.

Ark Life reported profit of EUR 72 million, an 18% increase compared with the 2003 profit of EUR 60 million. The profit increase included EUR 12 million from a reduction in the discount rate used in the calculation of its embedded value profit after providing for the solvency margin. The discount rate was reduced from 10% to 7.5% in the fourth quarter. While Annual Premium Equivalent (APE) sales marginally decreased from EUR 104 million to EUR 100 million, there was a significant increase of 30% in new pension APE sales.

(1) Excludes currency movements and the impact of the transfer of the Ark Life sales force to AIB's payroll.

Divisional commentary

AIB Bank GB & NI profit was up 16%

"Strong double-digit profit growth"

"Loans up 29%, deposits up 15%"

"Lower bad debt charge"

AIB Bank GB & NI Retail and commercial banking operations in Great Britain and Northern Ireland.

	Year 2004	Year 2003 before early retirement costs	Early retirement costs	as re
AIB Bank GB & NI profit and loss account	EUR m	EUR m	EUR m	
Net interest income	411	364	-	
Other finance income	(6)	(5)	-	
Other income	191	165	-	
Total operating income	596	524	-	
Operating expenses	295	261	-	
Early retirement costs	-	-	15	
Total operating expenses	295	261	15	
Operating profit before provisions	301	263	(15)	
Provisions	13	19	-	
Operating profit	288	244	(15)	
Profit on disposal of property	1	2	-	
Profit on ordinary activities before taxation	289	246	(15)	

AIB Bank GB & NI continued its strong business performance in the year to 31 December 2004 with profit before taxation increasing by 16%. Loans and deposits increased by 29% and 15% respectively since 31 December 2003. Other income increased by 14%, mainly due to higher levels of arrangement fees, reflecting the growth in the loan book. While investment continued in future business development capability and regulatory driven projects, the cost income ratio reduced to 49.5%. Credit quality also remained robust and was reflected in a 35% decrease in the bad debt provision charge compared to 2003.

Allied Irish Bank (GB), primarily a business bank, achieved very significant profit growth of 21% to euro149 million in 2004. There was very substantial expansion in our business base with loans and deposits increasing by 33% and 19% respectively. Significant growth was achieved in niche corporate markets, in line with strategic targets and this focus has now been extended to include the hotel and healthcare sectors. Future business capacity continues to be enhanced with five business development offices and two full business banking branches opened in the year. For the sixth consecutive occasion, 'Britain's Best Business Bank' award from the Forum of Private Business was won by Allied Irish Bank (GB) with the improved score reflecting growing out-performance in customer satisfaction, relative to our competitors.

First Trust Bank, a retail bank in Northern Ireland, also reported good profit growth with a 12% increase to EUR 140 million. Loans and deposits were buoyant, up 23% and 10% respectively with strong growth emanating from corporate and home mortgage lending activity, resulting in increased market share. The cost income ratio was maintained at 49%. Automation of delivery channels and improving marketing and customer relationship systems will further enhance productivity in 2005.

Divisional commentary

Capital Markets profit was up 30%

"Exceptional growth in Corporate Banking profit"

"Strong profit growth in Treasury and Investment Banking"

Capital Markets Global Treasury, Corporate Banking, Investment Banking and Allied Irish America ('AIA').

	Year 2004	Year 2003 before loss on disposal of Govett/early retirement costs	Loss on disposal of Govett/early retirement costs	as re
Capital Markets profit and loss account	EUR m	EUR m	EUR m	
Net interest income	359	312	-	
Other finance income	3	2	-	
Other income	389	365	-	
Total operating income	751	679	-	
Operating expenses	403	391	-	
Early retirement costs	-	-	3	
Total operating expenses	403	391	3	
Operating profit before provisions	348	288	(3)	
Provisions	29	46	-	
Operating profit	319	242	(3)	
Share of operating profits of associated undertakings	6	7	-	
Profit/(loss) on disposal of businesses	4	7	(153)	
Profit on ordinary activities before taxation	329	256	(156)	

Profit before taxation increased by 30% reflecting a very strong performance across each business area.

Corporate Banking performed exceptionally with operating profit up 30% and pre-tax profit up 54% on the comparative period. We experienced significant customer loan growth in both the domestic and international businesses leading to a 32% increase in advances in 2004. International businesses continued to experience substantial profit growth, notably in acquisition finance, structured finance, United Kingdom and US banking units. We retain a rigorous approach to credit risk management and continue to seek to optimise value in a quality loan portfolio.

Global Treasury profit was 20% ahead of the comparative period. Our wholesale business performed very strongly, despite having exceptionally low trading risk limits at work during the year. We were well positioned to take advantage of movements in interest rates and credit spreads and generated substantial value from our trading activities. Our customer business continued to perform very well.

Investment Banking profit was substantially ahead of 2003. Strong profit growth experienced in stockbroking services, equity trading, and corporate advisory work was underpinned by substantial market share gains across each of these businesses.

The tangible cost income ratio reduced substantially from 57% in 2003 to 52% in 2004. Operating expenses were 5% higher than 2003 reflecting a substantial investment in the growth of our business internationally and a higher level of variable costs.

Total provisions declined due to a lower credit related charge, reflecting the strong quality of our credit portfolio together with a significantly reduced level of equity investment write-downs compared to 2003.

Divisional commentary

Poland profit was EUR 80 million, up 135%

"Substantial increase in Poland division profit"

"Good growth recorded in other income"

"Benefits of restructuring programme being realised"

Poland Bank Zachodni WBK ('BZWBK'), in which AIB has a 70.5% shareholding, together with its subsidiaries and associates. BZWBK Wholesale Treasury and share of Investment Banking subsidiaries results are reported in Capital Markets division.

	Year 2004	Year 2003 before restructuring costs	Restructuring costs	as rep
Poland profit and loss account	EUR m	EUR m	EUR m	
Net interest income	174	175	-	
Other income	188	170	-	
Total operating income	362	345	-	
Operating expenses	268	298	-	
Restructuring costs	-	-	10	
Total operating expenses	268	298	10	
Operating profit before provisions	94	47	(10)	
Provisions	29	31	-	
Operating profit	65	16	(10)	
Share of operating profit of associated undertakings	1	-	-	
Profit on disposal of property	1	-	-	
Profit on disposal of businesses	13	4	-	
Profit on ordinary activities before taxation	80	20	(10)	

The profit before taxation was EUR 80 million in 2004 compared with EUR 10 million in 2003. Excluding restructuring costs of EUR 10 million in 2003, the profit on a local currency basis increased by 135%.

Net interest income increased by 2% with increased volumes in both loans and deposits offset by lower deposit margins. Demand for lending products improved with performing loans up 10% since 31 December 2003. Growth was recorded in key strategic products, namely mortgages, commercial leasing and credit cards.

Business loans performed well in a difficult environment when overall demand for credit in the market declined in the period. Customer deposits performed strongly, particularly in the second half year benefiting from higher interest rates and better economic climate and were up 10% on 31 December 2003.

Other income growth of 13% was driven by exceptional dividend income, strong growth in international payment fees, asset management and distribution fees and brokerage revenues.

Operating expenses were lower by 9%. This reflects the ongoing focus on strong cost management together with the realisation of benefits of previous restructuring. Staff numbers have decreased by over 3,500 since the merger of WBK and Bank Zachodni in 2001 and now stand at approximately 7,500 in December 2004 (7,800 in December 2003). Staff costs reduced by 5%, operating costs by 8% and depreciation by 19%.

The provision experience across the portfolio improved considerably in the year, with the exception of provisions raised on a very small number of corporate cases. The charge as a percentage of average loans declined from 1.0% in 2003 to 0.9% in 2004 including a EUR 4 million general provision release. The downward trend in non-performing loans continued with non-performing loans as a percentage of total loans declining from 10.9% to 8.4%.

The profit on disposal of business relates to the sale in April 2004 of CardPoint S.A., a merchant acquiring business responsible for card payment processing.

(1) Percentage growth excludes restructuring costs and currency movements. As goodwill is a EUR denominated asset, goodwill amortisation is excluded when calculating trends on a constant currency basis.

Divisional commentary

Group

Group includes interest income earned on capital not allocated to divisions, the funding cost of certain acquisitions, hedging in relation to the translation of foreign locations' profit, unallocated costs of enterprise technology and central services, and the contribution from AIB's share of approximately 22.5% in M&T Bank Corporation ('M&T').

	Year 2004	Year 2003 before early retirement costs	retir
Group profit and loss account	EUR m	EUR m	
Net interest income	(34)	(20)	
Other finance income	1	-	
Other income	43	38	
Total operating income	10	18	
Operating expenses	99	66	
Restructuring and early retirement costs	9	-	
Total operating expenses	108	66	
Operating loss before provisions	(98)	(48)	
Provisions	20	8	
Operating loss	(118)	(56)	
Share of operating profits of associated undertaking - M&T	195	136	
Share of restructuring and integration costs in associated	-	(20)	

undertaking - M&T		
Amortisation of goodwill on acquisition of associated undertaking - M&T	(52)	(42)
Profit on disposal of property	-	17
Profit on disposal of business	-	1
Profit on ordinary activities before taxation	25	36

Group reported profit of EUR 25 million for 2004 compared with a profit of EUR 32 million in 2003 (EUR 36 million excluding early retirement costs).

Net interest income decreased due to lower capital income as a result of lower investment yields. Other income included gains of euro36 million (EUR 23 million net of loss of yield) made in relation to closing out capital invested positions. Other income in 2003 included euro28 million hedging profits in relation to foreign currency translation exposure compared to a profit of EUR 1 million in 2004.

Operating expenses were higher facilitating AIB's preparation for Basel II and Sarbanes Oxley. During 2004 there were costs relating to preparation for IFRS, strengthening of compliance and internal audit structures and higher pension service costs and corporate donations.

Restructuring costs were EUR 9 million in 2004 relating to a write-down of property values at Group level. There were early retirement costs of EUR 4 million in 2003.

Provisions increased from EUR 8 million in 2003 to EUR 20 million in 2004.

AIB's share of M&T profit in 2004 amounted to EUR 195 million, before goodwill amortisation. On a local currency basis M&T's contribution to AIB of US$ 243 million increased by 15% relative to the Allfirst quarter March 2003 combined with M&T nine months to December 2003 contribution of US$ 212 million excluding restructuring costs. M&T reported its full year results on 11 January 2005, showing strong earnings growth with US GAAP-basis diluted earnings per share up 21% to US$ 6.00 from US$ 4.95 in 2003. Diluted net operating earnings per share, which excludes the amortisation of core deposit and other intangibles and merger related expenses, was US$ 6.38, up 12% from US$ 5.70.

In 2003 there was a profit of EUR 17 million from the sale of AIB's IFSC property.

Notes

1 Accounting policies and presentation of financial information

The currency used in these accounts is the EUR which is denoted by 'EUR' or the symbol EUR.

Change in accounting policy and divisional restatements

(a) Derivatives

The Group has amended its policy in respect of the accounting for termination of derivative transactions held to hedge the impact of fluctuations in interest rates on the income stream on the Group's capital fund. Previously it was Group policy that, on early termination of all non-trading derivative transactions, any realised gain or loss was deferred and amortised to net interest income over the life of the original hedge, as long as the designated assets or liabilities remained. This policy has not been amended in respect of hedging positions generated from the Group's retail businesses and treasury operations. Non-trading derivatives held for hedging purposes are accounted for on an accruals basis. Upon early termination of derivative transactions, classified as hedges of the income stream on Group capital, any realised gain or loss is taken to profit and loss account as it arises. The change in accounting policy follows a revision in the Bank's policy with respect to the investment of its capital funds. The directors believe that the new accounting policy is more appropriate than the previous accounting policy in dealing with the financial impact of this revision because of the manner in which the Group's capital funds are now managed.

The change in accounting policy had a positive impact of EUR 23m in the year ended 31 December 2004.The change in accounting policy has no impact on the reported numbers for prior years.

(b) Divisional restatements

The profit segments by division have been restated to reflect a change in the allocation of pension costs across business segments. Previously business segments accounted for the normalised pension contribution rate appropriate to individual pension schemes. The full impact of FRS 17 (retirement benefits) is now charged to each operating division. Each division now accounts for the full service cost, the expected return on pension scheme assets and the interest on pension scheme liabilities.

2 Acquisition of a strategic stake in M&T Bank Corporation. Disposal of Allfirst Financial Inc.

AIB's US subsidiary, Allfirst, was acquired by M&T on 1 April 2003. AIB received 26.7 million M&T shares, representing a stake of approximately 22.5% in the enlarged M&T, together with US$ 886.1m in cash. The agreement allowed for the cash consideration to be reduced by the amount of a pre-close dividend from Allfirst to AIB and prior to closing a dividend of US$ 865.0m was declared and paid by Allfirst Financial Inc. Consequently, the cash consideration payable by M&T reduced to US$ 21.1m.

The transaction is accounted for in accordance with the Urgent Issue Task Force Abstract No.31 'Exchanges of businesses or other non-monetary assets for an interest in a subsidiary, joint venture or an associate' ('UITF31'). Under UITF 31, the transaction is accounted for as an exchange of 77.5% of Allfirst for 22.5% of M&T pre-merger. Under this approach, the 22.5% of Allfirst that is owned by AIB, both directly before the transaction and indirectly thereafter, is treated as being owned throughout the transaction. The total recognised gains arising from the transaction amounted to EUR 449m (after tax) and was reflected in the accounts for the year ended 31 December 2003 as follows:-

Gain recognised on the disposal of Allfirst	EUR m
Recognised in the profit and loss account	(40)
Recognised in the statement of total recognised gains and losses	489
	449

The transaction gave rise to a profit before tax of EUR 1m (loss of EUR 40m after tax). In accordance with the requirements of UITF 31, the unrealised element of the gain, of EUR 489m,has been recognised in the statement of total recognised gains and losses.

The consolidated profit and loss account for the year ended 31 December 2002 reflects the consolidation of Allfirst for a full year, while the profit and loss account for the year ended 31 December 2003 reflects the consolidation of

Allfirst for the period to 31 March 2003.

To facilitate comparisons to the year ended 31 December 2004 financial statements presented in this Media Release, the consolidated profit and loss accounts for the years ended 31 December 2003 and 31 December 2002,split between continuing and discontinued activities (arising from the disposal of Allfirst Financial Inc. on 1 April 2003), have been presented in the Additional Financial Information section on page 40 of this Media Release.

Notes

	AIB Bank ROI	AIB Bank GB&NI	Capital Markets	Y Poland
3 Segmental information	EUR m	EUR m	EUR m	EUR m
Operations by business segments(1)				
Net interest income	1,126	411	359	174
Other finance income	20	(6)	3	-
Other income	399	191	389	188
Total operating income	1,545	596	751	362
Total operating expenses	812	295	403	268
Provisions	44	13	29	29
Group operating profit/(loss)	689	288	319	65
Share of operating (loss)/profit of associated undertakings	(1)	-	6	1
Amortisation of goodwill on acquisition of associated undertaking	-	-	-	-
Profit on disposal of property	7	1	-	1
Profit on disposal of businesses	-	-	4	13
Group profit on ordinary activities before taxation	695	289	329	80
Balance sheet				
Total loans	35,671	13,755	13,798	3,765
Total deposits	28,424	9,084	40,537	5,452
Total assets	43,065	15,082	32,398	6,666
Total risk weighted assets	31,194	12,531	29,650	4,238
Net assets (2)	2,145	861	2,038	291

Notes

	AIB Bank ROI	AIB Bank GB&NI	Capital Markets	Poland	Group	Year
3 Segmental information (continued)	EUR m	EUR m	EUR m	EUR m	EUR m	
Operations by business segments (1)						
Net interest income	1,016	364	312	175	(20)	
Other finance income	17	(5)	2	-	-	
Other income	389	165	365	170	38	
Total operating income	1,422	524	679	345	18	

Total operating expenses	787	276	394	308	70
Provisions	62	19	46	31	8
Group operating profit/(loss)	573	229	239	6	(60)
Share of operating profits of associated undertakings	-	-	7	-	136
Share of restructuring and integration costs in associated undertaking	-	-	-	-	(20)
Amortisation of goodwill on acquisition of associated undertaking	-	-	-	-	(42)
Profit on disposal of property	13	2	-	-	17
(Loss)/profit on disposal of businesses	-	-	(146)	4	1
Group profit on ordinary activities before taxation	586	231	100	10	32
Balance sheet					
Total loans	27,428	10,353	12,404	2,939	202
Total deposits	24,572	7,881	29,318	4,222	202
Total assets	34,101	11,643	28,365	5,301	1,550
Total risk weighted assets	24,119	10,055	24,506	3,259	676
Net assets (2)	1,904	794	1,934	257	53

					Year
	AIB Bank	AIB Bank	Capital	Poland	Group
	ROI	GB & NI	Markets		
	EUR m	EUR m	EUR m	EUR m	EUR m
Operations by business segments (1)					
Net interest income	921	363	313	263	(25)
Other finance income	40	(1)	7	-	18
Other income	353	166	382	165	-
Total operating income	1,314	528	702	428	(7)
Total operating expenses	681	266	405	341	54
Provisions	55	22	63	46	(30)
Group operating profit/(loss)	578	240	234	41	(31)
Share of operating profits of associated undertakings	-	-	9	-	-
Profit/(loss) on disposal of property	8	-	-	(2)	-
Group profit/(loss) on ordinary activities before taxation	586	240	243	39	(31)
Balance sheet					
Total loans	21,367	8,967	13,371	3,473	143
Total deposits	22,522	7,449	24,482	5,014	132
Total assets	27,186	10,158	26,618	6,261	126
Total risk weighted assets	18,821	8,666	22,833	3,549	257
Net assets (2)	1,136	523	1,378	215	16

Notes

Y

3 Segmental information (continued)	Republic of Ireland EUR m	United States of America EUR m	United Kingdom EUR m	Poland EUR m
Operations by geographical segments (4)				
Net interest income	1,283	23	538	190
Other finance income	25	(1)	(6)	-
Other income	636	102	261	205
Total operating income	1,944	124	793	395
Total operating expenses	1,130	81	383	288
Provisions	72	(4)	38	29
Group operating profit	742	47	372	78
Share of operating profits of associated undertakings	5	195	-	1
Amortisation of goodwill on acquisition of associated undertaking	-	(52)	-	-
Profit on disposal of property	7	-	1	1
Profit on disposal of business	-	-	4	13
Group profit on ordinary activities before taxation	754	190	377	93
Balance sheet				
Total loans	42,744	1,467	19,060	3,765
Total deposits	56,535	2,691	18,952	5,452
Total assets	70,458	2,449	22,546	6,666
Net assets(2)	3,460	260	1,370	298

Y

	Republic of Ireland EUR m	United States of America EUR m	United Kingdom EUR m	Poland EUR m
Operations by geographical segments (4)				
Net interest income	1,155	121	465	193
Other finance income	20	(2)	(6)	-
Other income	562	217	261	188
Total operating income	1,737	336	720	381
Total operating expenses	1,056	210	369	322
Provisions	68	20	58	31
Group operating profit/(loss)	613	106	293	28
Share of operating profits of associated undertakings	7	136	-	-

Share of restructuring and integration costs of associated undertakings	-	(20)	-	-
Amortisation of goodwill on acquisition of associated undertaking	-	(42)	-	-
Profit on disposal of property	30	-	2	-
Profit/(loss) on disposal of businesses	1	7	(153)	4
Group profit/(loss) on ordinary activities before taxation	651	187	142	32
Balance sheet				
Total loans	34,944	1,095	14,336	2,935
Total deposits	46,876	1,083	14,014	4,222
Total assets	54,667	2,101	18,880	5,295
Net assets (2)	2,979	369	1,316	278

Notes

Y

	Republic of Ireland	United States of America	United Kingdom	Poland
Segmental information (continued)	EUR m	EUR m	EUR m	EUR m
Operations by geographical segments (4)				
Net interest income	1,050	563	455	283
Other finance income	62	(2)	2	-
Other income	538	555	234	184
Total operating income	1,650	1,116	691	467
Total operating expenses	924	676	363	351
Provisions	71	109	25	47
Group operating profit	655	331	303	69
Share of operating profits of associated undertakings 9		-	-	-
Profit/(loss) on disposal of property	8	(1)	-	(2)
Group profit on ordinary activities before taxation	672	330	303	67
Balance sheet				
Total loans	29,899	12,594	12,516	3,473
Total deposits	37,944	14,453	14,779	5,014
Total assets	45,151	17,629	16,769	6,271
Net assets (2)	1,873	1,179	895	233

(1)The business segment information is based on management accounts information. Income on capital is allocated to the divisions on the basis of the capital required to support the level of risk weighted assets. Interest income earned on capital not allocated to divisions is reported in Group.

(2)The fungible nature of liabilities within the banking industry inevitably leads to allocations of liabilities to segments, some of which are necessarily subjective. Accordingly, the directors believe that the analysis of total assets is more meaningful than the analysis of net assets.

(3) The December 2003 and 2002 amounts have been restated to reflect the divisional restatements as discussed in Note 1 on page 21 of this Release.

(4)The geographical distribution of profit before taxation is based primarily on the location of the office recording the transaction.

Notes

4 Other interest receivable and similar income	2004 EUR m	2003 EUR m	2002 EUR m
Interest on loans and advances to banks	94	113	196
Interest on loans and advances to customers	2,866	2,622	3,423
Income from leasing and hire purchase contracts	158	163	188
	3,118	2,898	3,807

5 Interest payable	2004 EUR m	2003 EUR m	2002 EUR m
Interest on deposits by banks and customer accounts	1,608	1,490	2,178
Interest on debt securities in issue	256	101	103
Interest on subordinated liabilities	68	47	83
Interest on reserve capital instruments	38	38	38
	1,970	1,676	2,402

6 Dealing profits	2004 EUR m	2003 EUR m	2002 EUR m
Foreign exchange contracts	67	92	78
Profits less losses from securities held for trading purposes	54	23	7
Interest rate contracts	(30)	16	(11)
Equity index contracts	5	4	-
	96	135	74

Dealing profits is a term prescribed by the European Communities (Credit Institutions: Accounts) Regulations, 1992. Dealing profits reflects trading income and excludes interest payable and receivable arising from these activities. Staff and other administrative expenses arising from trading activities are not included here but are included under the appropriate heading within administrative expenses

(note 8).

7 Other operating income	2004 EUR m	2003 EUR m	2002 EUR m
Profit on disposal of debt securities held for investment purposes	15	37	106
Profit on termination of off-balance sheet instruments	36	-	-
Profit on disposal of investments in associated undertakings	1	-	1
Profit on disposal of equity shares	2	3	11

Contribution of life assurance company (note 16)	72	60	57
Contribution from securitised assets	3	1	4
Mortgage origination and servicing income	-	2	7
Miscellaneous operating income	58	63	77
	187	166	263

8 Administrative expenses

	2004	2003	2002
(a) Staff and other administrative expenses	EUR m	EUR m	EUR m
Staff costs	1,132	1,157	1,391
Other administrative expenses	581	552	707
	1,713	1,709	2,098

Notes

8 Administrative expenses (continued)

(b) Restructuring costs in continuing businesses

During 2003, BZWBK commenced a branch network restructuring process resulting in the closure of approximately 40 branches across Poland. A provision of EUR 10m was recorded in 2003 in respect of this process with a further charge of EUR 9m in 2004.

AIB Group introduced an Early Retirement Package in 2003 for certain staff over the age of 50 working in Ireland and

Northern Ireland with staff located in the UK who have repatriation rights to Ireland also included. A provision of EUR 62m was made in the 2003 accounts of which EUR 41m forms part of the retirement benefit past service cost. Approximately 250 people left the organisation during 2004 under the package.

The charge of EUR 13m in 2002 relates to the cost of an Allfirst Early Retirement Program. This also forms part of the retirement benefit past service cost.

	2004	2003	2002
9 Amounts (written back)/written off fixed asset investments	EUR m	EUR m	EUR m
Debt securities	(4)	13	19
Equity shares	3	3	36
	(1)	16	55

10 Profit/(loss) on disposal of businesses

2004

The profit on disposal of businesses in 2004 of EUR 17m relates to the sale of BZWBK's subsidiary, CardPoint S.A. of EUR 13m (tax charge EUR 2m), and the accrual of EUR 4m (tax charge EUR 1m),arising from the sale of the Govett business in 2003.

2003

The loss on disposal of businesses of EUR 141m relates to the loss on disposal of Govett of EUR 153m (loss of EUR 152m after tax), offset by the realised gain on disposal of Allfirst of EUR 1m (loss of EUR 40m after tax), the profit on disposal of the AIB New York retail branch of EUR 7m (tax charge EUR 3m) and the profit on disposal of Polsoft of EUR 4m (tax charge EUR 1m).

In 2003, AIB sold the majority of the Govett business its UK based asset management business to Gartmore. Certain management contracts were excluded from the sale and were managed by AIB's Irish based asset management company, AIB Investment Managers (AIB IM).The operations of AIB IM were otherwise unaffected by this transaction.

Total consideration for the business was estimated as EUR 17m and is payable in cash. The consideration is made up of an initial payment of EUR 6m plus a series of payments based on the level of fees earned by Gartmore on the Govett management contracts over the following three years. The initial payment of EUR 6m is reflected in the financial statements for the year ended 31 December 2003.

The transaction gave rise to a loss on disposal of EUR 153m in profit and loss account in the financial statements for the year ended 31 December 2003.The loss on disposal was made up of the EUR 6m consideration less goodwill previously written off of EUR 139m and one off closure costs of EUR 20m.The goodwill of EUR 139m was previously written off to reserves on the purchase of Govett, in 1995. The after tax loss is EUR 152m.The financial statements for the year ended 31 December 2003 also reflect the income and expenses for Govett for the period as part of continuing activities, which amounted to a loss before tax of EUR 12m.

Notes

	2004	2003	2002
11 Taxation	EUR m	EUR m	EUR m
Allied Irish Banks, p.l.c. and subsidiaries			
Corporation tax in Republic of Ireland			
Current tax on income for the period(1)	138	173	81
Adjustments in respect of prior periods	(5)	4	(7)
	133	177	74
Double taxation relief	(13)	(49)	(4)
	120	128	70
Foreign tax			
Current tax on income for the period	181	210	212
Adjustments in respect of prior periods	(11)	-	(4)
	170	210	208
Total current tax	290	338	278
Deferred tax			
Origination and reversal of timing differences	(7)	(54)	21
Other	(8)	(5)	6
Total deferred tax	(15)	(59)	27
Associated undertakings	61	39	1
Taxation on ordinary activities	336	318	306
Effective tax rate	23.7%	31.4%	22.3%
Effective tax rate - adjusted	23.7%(2)	24.0%(2)	22.3%

(1) The December 2004 figure includes a charge of EUR 29.5m (2003: euro29.5m; 2002: nil) in relation to the Irish Government bank levy.

(2) The adjusted effective tax rate has been presented to eliminate the disposal of Govett in 2004 and 2003 and the withholding tax on the Allfirst dividend in 2003.

Notes

12 Earnings per EUR0.32 ordinary share

	2004	2003	
(a) Basic			
Group profit attributable to the ordinary shareholders(1)	EUR 1,047m	EUR 677m	EUR
Weighted average number of shares in issue during the year(1)	852.0m	859.6m	
Earnings per share	EUR 122.9c	EUR 78.8c	EU

(1)In accordance with FRS 14 - 'Earnings per share', dividends arising on the shares held by the employee share trusts are excluded in arriving at profit before taxation and deducted from the aggregate of dividends paid and proposed. The shares held by the trusts are excluded from the calculation of weighted average number of shares in issue.

	Earnings per EUR 0.32 o		
	2004	2003	
(b) Adjusted			cent per E
As reported	122.9	78.8	
Adjustments			
Goodwill amortisation and impairment	10.6	8.4	
Impact of Govett disposal on profit and loss account	(0.4)	17.6	
Impact of Allfirst disposal on profit and loss account	-	4.7	
	133.1	109.5	

The adjusted earnings per share figure has been presented to eliminate the effect of the goodwill amortisation in all years, goodwill impairment loss in 2004,the impact of the Govett disposal in 2004 and 2003 and the Allfirst disposal in 2003.

(c) Diluted	2004	2003	
			Number of
Weighted average number of shares in issue during the period	852.0	859.6	
Dilutive effect of options outstanding	3.1	4.7	
Diluted	855.1	864.3	

The weighted average number of ordinary shares reflects the dilutive effect of options outstanding under the employee share trusts, the Share option scheme and the Allied Irish Bank stock option plan.

Notes

	2004	2003
13 Loans and advances to customers	EUR m	EUR m

Loans and advances to customers	62,219	47,828
Amounts receivable under finance leases	1,625	1,636
Amounts receivable under hire purchase contracts	968	873
Money market funds	24	153
	64,836	50,490

	2004	2003
	EUR m	EUR m
Loans accounted for on a non-accrual basis (including loans where interest is accrued but provisions have been made against it)		
AIB Bank ROI division	221	209
AIB Bank GB & NI division	139	84
Capital Markets division	100	82
Poland division	299	332
	759	707

	2004	2003
14 Provisions for bad and doubtful debts	EUR m	EUR m
At 1 January	664	862
Exchange translation adjustments	25	(51)
Disposal of subsidiary undertaking	-	(135)
Transfer to contingent liabilities and commitments	(15)	-
Charge against profit and loss account	116	152
Amounts written off	(151)	(182)
Recoveries of amounts written off in previous years	21	18
At 31 December	660	664
At 31 December		
Specific	383	348
General	277	316
	660	664
Amounts include:		
Loans and advances to banks	2	2
Loans and advances to customers	658	662
	660	664

Notes

		2004		2003
	Book amount	Market value	Book amount	Market value
15 Debt securities	EUR m	EUR m	EUR m	EUR m
Held as financial fixed assets				
Issued by public bodies:				
Government securities	7,101	7,227	5,237	5,346
Other public sector securities	854	867	562	569
Issued by other issuers:				
Bank and building society certificates of deposit	585	585	589	588
Other debt securities	7,710	7,823	6,057	6,122
	16,250	16,502	12,445	12,625
Held for trading purposes				
Issued by public bodies:				
Government securities	1,048		630	
Other public sector securities	73		85	
Issued by other issuers:				
Bank and building society certificates of deposit	-		-	
Other debt securities	6,705		4,967	

	7,826	5,682
	24,076	18,127

16 Long-term assurance business

Income from long-term assurance business included in the profit and loss account can be divided into those items comprising operating profit of the business and other items as set out below.

Income from Ark Life's long-term assurance business is set out below:	2004 EUR m	2003 EUR m
New business contribution	39	39
Contribution from existing business		
- expected return	27	24
- experience variances	(2)	(1)
Investment returns	4	4
Distribution costs	(13)	(15)
Operating profit	55	51
Other items:		
Change in value of future unit linked fees	-	3
Changes in economic assumptions	12	-
Changes in operating assumptions	4	-
Exceptional items	1	6
Income from long-term assurance business before tax	72	60
Attributable tax	9	8
Income from long-term assurance business after tax	63	52

Notes

16 Long-term assurance business (continued)

The assets and liabilities of Ark Life representing the value of the assurance business together with the policyholders' funds are:

	2004 EUR m	2003 EUR m
Investments:		
Cash and short-term placings with banks	1,466	1,546
Debt securities	425	239
Equity shares	1,521	1,179
Property	51	45
	3,463	3,009
Embedded value adjustment	198	167
Other assets - net	126	98
	3,787	3,274
Long-term assurance liabilities to policyholders	(3,320)	(2,869)
Long-term assurance business attributable to shareholders	467	405
Represented by:		
Shares at cost	19	19
Reserves	435	376
Profit and loss account	13	10

	467	405

Presentation in the Group balance sheet

Under UITF 37, holdings of shares in Allied Irish Banks, p.l.c., (by the parent or subsidiary companies),for any reason, are deducted in arriving at shareholders' funds. At 31 December 2004, shares in AIB with a value of EUR 74m (2003: EUR 59m) were held within the long-term business funds to meet the liabilities to policyholders.

Long-term assurance assets attributable to policyholders are presented in the Group balance sheet net of the carrying value of the shares in AIB held within the fund. Group shareholders' funds have been reduced by a similar amount.

	2004	2003
17 Customer accounts	EUR m	EUR m
Current accounts	17,099	14,657
Demand deposits	7,321	6,788
Time deposits	22,676	19,539
	47,096	40,984
Securities sold under agreements to repurchase	77	-
Other short-term borrowings	4,224	3,628
	4,301	3,628
	51,397	44,612

Notes

18 Supplementary Group financial information for US reporting purposes

For convenience purposes this note contains translations of certain EUR amounts into US dollars at the rate of EUR 1.00 to US$ 1.3621, the year end translation rate used in the preparation of the Group's financial statements. These translations should not be construed as representations that the EUR amounts actually represent such US dollar amounts or could be converted into US dollars at the rate indicated.

	2004	2004	2003	2002
	US $	EUR	EUR	EUR
Per American Depositary Share ('ADS')				
Net income for US reporting purposes	3.35	2.46	1.58	2.34
Dividend(1)	1.63	1.20	1.05	0.98
Net assets for US reporting purposes	17.26	12.67	11.50	9.62
Amounts in accordance with US GAAP				
Net income	1,573m	1,155m	1,523m	926m
Net income attributable to ordinary stockholders	1,563m	1,148m	1,518m	918m
Net income per ADS	3.67	2.69	3.53	2.11
Net assets per ADS	21.74	15.96	13.90	13.61

(1) The actual dividend payable to US stockholders will depend on the EUR/US $ exchange rate prevailing.

Summary of consolidated balance sheet	2004 US $ m	2004 EUR m	2003 EUR m	2002 EUR m
Amounts in accordance with IR GAAP				
Total assets	139,261	102,240	80,960	85,821
Ordinary stockholders' equity	7,354	5,399	4,942	4,180
Total loans	91,473	67,156	53,326	58,483
Total deposits	113,913	83,630	66,195	72,190
Amounts in accordance with USGAAP				
Total assets	136,555	100,253	79,565	86,432
Ordinary stockholders' equity	9,258	6,797	5,972	5,911

Under US reporting requirements, the filing of AIB's 2001 financial statements by way of Annual Report on Form 20-F constituted a reissue of the financial statements for prior years. The US Securities and Exchange Commission requires all material errors in respect of prior years to be accounted for and reported as prior year adjustments, in the years in which they occurred. Accordingly, in AIB's Annual Report on Form 20-F for December 2001,the Fraud Losses were charged in the years in which they occurred and this approach has been reflected in the financial information provided in this note.

Alternative presentation of consolidated statements of income

As outlined above, under US reporting requirements the losses arising from the fraud would be reflected in the Group figures in the years in which the losses arose. The following alternative presentation of consolidated statements of income reflects this approach for the year ended 31 December 2002.

	2002 EUR m
Consolidated net income as in the consolidated statements of income	1,034
Adjustments:	
Exceptional foreign exchange dealing losses	(18)
Administration expenses	(10)
Applicable taxes	10
Consolidated net income under alternative presentation	1,016

Alternative presentation of consolidated balance sheet

Reflecting the losses in the period in which they arose had no impact on consolidated ordinary stockholders' equity, consolidated total assets and consolidated total liabilities for the year ended 31 December 2002.

Notes

18 Supplementary Group financial information for US reporting purposes (continued)

Reconciliation of alternative presentation to US GAAP

The Group financial statements conform with accounting principles generally accepted in Ireland. The following tables provide the significant adjustments to the consolidated net income (Group profit attributable to the stockholders of

AIB) and consolidated ordinary stockholders' equity, which would be required if accounting principles generally accepted in the United States (US GAAP) had been applied instead of those generally accepted in Ireland (IR GAAP).

Consolidated net income	2004	Ye 2 (millions excep
Net income (Group profit attributable to the stockholders of AIB) as in the consolidated profit and loss account under alternative presentation (page 33)	EUR 1,047	EUR
Adjustments in respect of:		
Depreciation of freehold and long leasehold property	2	
Long-term assurance policies	(58)	(
Goodwill	26	
Premium on core deposit intangibles	-	
Retirement benefits	(29)	
Dividends on non-equity shares	7	
Securities held for hedging purposes	5	
Internal use computer software	2	
Derivatives FAS 133 adjustment	113	
Gain recognised on the disposal of businesses	-	
Share of income of associated undertakings	39	
Deferred tax effect of the above adjustments	1	(
Net income in accordance with US GAAP	EUR 1,155	EUR 1,
Net income applicable to ordinary stockholders of AIB in accordance with US GAAP EUR	1,148	EUR 1,
Equivalent to	US$ 1,563	
Income per American Depositary Share (ADS*) in accordance with US GAAP EUR	2.69	EUR 3
Equivalent to	US$ 3.67	
Year end exchange rate EUR/US $	1.3621	

* An American Depositary Share represents two ordinary shares of EUR0.32 each.

Comprehensive income	2004	Ye 2 (millio
Net income in accordance with USGAAP	EUR 1,155	EUR 1,
Net movement in unrealised holding gains on investment securities arising during the period	68	
Exchange translation adjustments	(88)	(

Comprehensive income	EUR 1,135	EUR

Notes

18 Supplementary Group financial information for US reporting purposes (continued)

Consolidated ordinary stockholders' equity	2004	2003
		(millions excep
Ordinary stockholders' equity as in the consolidated balance sheet under alternative presentation (page 33)	EUR 5,399	EUR 4,942
Revaluation of property	(165)	(168)
Depreciation of freehold and long leasehold property	(27)	(27)
Goodwill	275	223
Core deposit intangibles	-	-
Dividends payable on ordinary shares	333	296
Dividends on non-equity shares	3	1
Long-term assurance policies	(334)	(276)
Unrealized gains not yet recognised on:		
Available-for-sale debt securities	252	180
Available-for-sale equity securities	20	14
Securities held for hedging purposes	2	(3)
Derivatives FAS 133 adjustment	46	(16)
Retirement benefits	1,087	899
Internal use computer software	19	18
Other recognised gains in associated undertaking	4	2
Share of income of associated undertaking	64	33
Deferred tax effect of the above adjustments	(181)	(146)
Ordinary stockholders' equity in accordance with US GAAP	EUR 6,797	EUR 5,972
Equivalent to	US$ 9,258	
Ordinary stockholders' equity per ADS in accordance with USGAAP	EUR 15.96	EUR 13.90
Equivalent to	US$ 21.74	
Ordinary stockholders' equity per ADS in accordance with IR GAAP	EUR 12.67	EUR 11.50
Equivalent to	US$ 17.26	

Notes

19 Average balance sheets and interest rates

The following tables show the average balances and interest rates of interest earning assets and interest bearing liabilities for the years ended 31 December 2004 and 2003.The calculation of average balances include daily and monthly averages for reporting units. The average balances used are considered to be representative of the operations of the Group.

	Year ended 31 December 2004			Year en
	Average balance	Interest	Average rate	Average balance
Assets	EUR m	EUR m	%	EUR m

Placings with banks				
Domestic offices	2,859	66	2.3	3,138
Foreign offices	824	28	3.4	770
Loans to customers (1)				
Domestic offices	35,328	1,592	4.5	28,361
Foreign offices	20,681	1,185	5.7	18,642
Placings with banks and loans to customers (1)				
Domestic offices	38,187	1,658	4.3	31,499
Foreign offices	21,505	1,213	5.6	19,412
Funds sold				
Domestic offices	-	-	-	-
Foreign offices	-	-	-	288
Debt securities and government bills				
Domestic offices	17,270	636	3.7	11,278
Foreign offices	4,736	252	5.3	6,006
Installment credit and finance lease receivables				
Domestic offices	1,874	104	5.5	1,902
Foreign offices	716	54	7.5	826
Total interest earning assets				
Domestic offices	57,331	2,398	4.2	44,679
Foreign offices	26,957	1,519	5.6	26,532
	84,288	3,917	4.6	71,211
Allowance for loan losses	(671)			(741)
Non-interest earning assets	9,028			6,766
Total assets	92,645	3,917	4.2	77,236
Percentage of assets applicable to foreign activities			32.3	

(1) Loans to customers include money market funds. Non-accrual loans and loans classified as problem loans are also included within this caption.

Notes

19 Average balance sheets and interest rates (continued)

		Year ended 31 December 2004		Year en
	Average balance	Interest	Average rate	Average balance
Liabilities and stockholders' equity	EUR m	EUR m	%	EUR m
Interest bearing deposits and other short-term borrowings				
Domestic offices	49,209	1,037	2.1	36,836
Foreign offices	22,021	738	3.3	21,230
Funds purchased				
Domestic offices	-	-	-	-
Foreign offices	-	-	-	264
Subordinated liabilities				

Domestic offices	2,273	106	4.7	1,682
Foreign offices	-	-	-	132
Total interest bearing liabilities				
Domestic offices	51,482	1,143	2.2	38,518
Foreign offices	22,021	738	3.3	21,626
	73,503	1,881	2.6	60,144
Interest-free liabilities				
Current accounts	7,706			7,798
Other liabilities	5,880			4,219
Minority equity and non-equity interests	188			191
Preference share capital	197			215
Ordinary stockholders' equity	5,171			4,669
Total liabilities and stockholders' equity	92,645	1,881	2.0	77,236
Percentage of liabilities applicable to				
foreign activities			30.6	

	Contract amount 2004	2003
20 Memorandum items: contingent liabilities and commitments	EUR m	EUR m
Contingent liabilities:		
Acceptances and endorsements	14	12
Guarantees and assets pledged as collateral security	5,394	4,157
Other contingent liabilities	830	722
	6,238	4,891
Commitments	16,127	13,932
	22,365	18,823

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

Notes

20 Memorandum items: contingent liabilities and commitments (continued)

The following table presents the notional principal amount and gross replacement cost of interest rate, exchange rate and equity contracts.

	31 December 2004 Notional principal amount EUR m	Gross replacement cost EUR m	31 December 20 Notional principal amount EUR m	Gro replaceme co EU
Interest rate contracts (1)	141,067	1,059	99,781	1,03
Exchange rate contracts (1)	15,870	599	15,565	50

Equity contracts (1)	3,575	112	2,445	7

(1) Interest rate, exchange rate and equity contracts have been entered into for both hedging and trading purposes.

In respect of interest rate and exchange rate contracts, notional principal amounts are used to express the volume of these transactions. However, the amounts subject to risk are much lower in accordance with the terms of the contracts. Credit risk arises when market movements are such that the deal has positive value to the Group so that a cost would be incurred if the contract had to be replaced in the event of counterparty default. The sum of these positive values is known as gross replacement cost and does not reflect the netting of offsetting positions.

21 Form 20-F

An annual report on Form 20-F will be filed with the Securities and Exchange Commission, Washington D.C. and, when filed, will be available to shareholders on application to the Company Secretary.

22 Approval of accounts

The accounts were approved by the board of directors on 21 February 2005.

Financial and other information

Financial and other information	2004	2003
Operating ratios		
Operating expenses (1)/operating income	57.5%	59.4%
Tangible operating expenses (2)/operating income	56.3%	58.5%
Other income (3)/operating income	37.6%	39.1%
Net interest margin:		
Group	2.42%	2.72%
Domestic	2.19%	2.54%
Foreign	2.90%	3.00%
Rates of exchange		
EUR /US $		
Closing	1.3621	1.2630
Average	1.2474	1.1346
EUR /Stg GBP		
Closing	0.7051	0.7048
Average	0.6813	0.6901
EUR /PLN		
Closing	4.0845	4.7019
Average	4.5314	4.4157

(1) Excludes restructuring costs of EUR 8.7m in 2004 (2003: EUR 72.4m).

(2) Excludes amortisation and impairment of goodwill of EUR 38.8m (2003: EUR 30.8m) and restructuring costs of EUR 8.7m in 2004 (2003: EUR 72.4m).

(3) Other income includes other finance income.

Capital adequacy information	2004 EUR m	2003 EUR m
Risk weighted assets		
Banking book:		
On balance sheet	61,718	48,831
Off-balance sheet	10,960	8,602
	72,678	57,433
Trading book:		
Market risks	5,149	4,566
Counterparty and settlement risks	712	616
	5,861	5,182
Total risk weighted assets	78,539	62,615
Capital		
Tier 1	6,220	4,451
Tier 2	2,659	2,439
	8,879	6,890
Supervisory deductions	469	389
Total	8,410	6,501

Additional financial information

The following consolidated profit and loss accounts for the years ended 31 December 2003 and 2002 have been presented to facilitate comparisons to the financial statements presented in this report.

	Year ended 31 December 2003			Year en
	Continuing activities EUR m	Discontinued activities EUR m	Total EUR m	Continuing activities EUR m
Interest receivable:				
Interest receivable and similar income arising from debt securities and other fixed income securities	700	12	712	783
Other interest receivable and similar income	2,773	125	2,898	3,164
Less: interest payable	(1,633)	(43)	(1,676)	(2,117)
Net interest income	1,840	94	1,934	1,830
Other finance income	14	(2)	12	63
Other income	1,124	106	1,230	1,055
Total operating income	2,978	198	3,176	2,948
Total operating expenses	1,839	121	1,960	1,747
Group operating profit before provisions	1,139	77	1,216	1,201
Provisions for bad and doubtful debts	142	10	152	110
Provisions for contingent liabilities and commitments	9	-	9	2
Amounts written off fixed asset investments	16	-	16	43
Group operating profit	972	67	1,039	1,046

Dis a

Share of operating profits of associated undertakings	143	-	143	9
Share of restructuring and integration costs in associated undertaking	(20)	-	(20)	-
Amortisation of goodwill in acquisition of associated undertaking	(42)	-	(42)	-
Profit/(loss) on disposal of property	32	-	32	6
(Loss)/profit on disposal of business	(142)	1	(141)	-
Group profit on ordinary activities before taxation	943	68	1,011	1,061
Taxation on ordinary activities	299	19	318	232
Group profit on ordinary activities after taxation	644	49	693	829
Equity and non-equity minority interests in subsidiaries	10	1	11	20
Dividends on non-equity shares	5	-	5	8
	15	1	16	28
Group profit attributable to the ordinary shareholders of Allied Irish Banks, p.l.c.	629	48	677	801
Dividends on equity shares			452	
Transfer to reserves			51	
			503	
Profit retained			174	

Five year financial summary

Ye

2004 US $m	Summary of consolidated profit and loss account	2004 EUR m	2003 EUR m	2002 EUR m
2,773	Net interest income before exceptional items	2,036	1,934	2,351
-	Deposit interest retention tax	-	-	-
2,773	Net interest income after exceptional items	2,036	1,934	2,351
25	Other finance income	18	12	62
1,648	Other income before exceptional item	1,210	1,230	1,514
-	Exceptional foreign exchange dealing losses	-	-	-
4,446	Total operating income after	3,264	3,176	3,927

	exceptional items			
2,569	Total operating expenses	1,886	1,960	2,318
1,877	Group operating profit before provisions	1,378	1,216	1,609
184	Provisions	135	177	251
1,693	Group operating profit	1,243	1,039	1,358
274	Share of operating profits of associated undertakings	201	143	9
	Share of restructuring & integration costs in			
-	associated undertaking	-	(20)	-
	Amortisation of goodwill on acquisition of			
(71)	associated undertaking	(52)	(42)	-
12	Profit on disposal of property	9	32	5
23	Profit/(loss) on disposal of businesses	17	(141)	-
1,931	Group profit before taxation	1,418	1,011	1,372
458	Taxation on ordinary activities	336	318	306
41	Equity and non-equity minority interests	30	11	24
7	Dividends on non-equity shares	5	5	8
	Group profit attributable to the ordinary			
1,425	shareholders of Allied Irish Banks, p.l.c.	1,047	677	1,034
696	Dividends on equity shares	511	452	429
2.0	Dividend cover - times	2.0	1.5	2.4
167.4c	Earnings per EUR 0.32 share - basic	122.9c	78.8c	119.1c
181.3c	Earnings per EUR 0.32 share - adjusted	133.1c	109.5c	122.7c
166.7c	Earnings per EUR 0.32 share - diluted	122.4c	78.4c	117.9c

Ye

2004 US $m	Summary of consolidated balance sheet	2004 EUR m	2003 EUR m	2002 EUR m
139,261	Total assets	102,240	80,960	85,821
91,473	Total loans	67,156	53,326	58,483
113,913	Total deposits	83,630	66,195	72,190
2,619	Dated capital notes	1,923	1,276	1,287
470	Undated capital notes	345	357	389
677	Reserve capital instruments	497	497	496
	Equity and non-equity minority			
1,651	interests in subsidiaries	1,212	158	274
248	Shareholders' funds: non-equity interests	182	196	235
7,354	Shareholders' funds: equity interests	5,399	4,942	4,180
13,019	Total capital resources	9,558	7,426	6,861

Five year financial summary (continued)

Year

	2004	2003	2002	
Other financial data	%	%	%	
Return on average total assets	1.17	0.90	1.24	0
Return on average ordinary shareholders' equity	20.2	14.5	23.7	1
Dividend payout ratio	48.8	66.8	41.5	
Average ordinary shareholders' equity as a percentage of average total assets	5.6	6.0	5.1	

Allowance for loan losses as a percentage of total loans to customers at year end	1.0	1.3	1.6
Net interest margin	2.42	2.72	3.00
Tier 1 capital ratio	7.9	7.1	6.9
Total capital ratio	10.7	10.4	10.1

(1) Excluding the impact of the exceptional foreign exchange dealing losses, the return on average total assets was 1.23% and the return on average ordinary shareholders' equity was 20.4%.

(2) Excluding the impact of the deposit interest retention tax settlement, the return on average total assets was 1.26% and the return on average ordinary shareholders' equity was 19.5%.

Accounts in sterling, US dollars and Polish zloty

Summary of consolidated profit and loss account for the year ended 31 December 2004	EUR m	STG GBPm STG GBP 0.7051 = EUR 1	US US $ 1.36 = EUR
Group operating profit before provisions	1,378	972	1,8
Provisions	135	95	1
Group operating profit	1,243	877	1,6
Income from associated undertakings	149	105	2
Profit on disposal of property	9	6	
Profit on disposal of businesses	17	12	
Group profit on ordinary activities before taxation	1,418	1,000	1,9
Taxation	336	237	4
Group profit on ordinary activities after taxation	1,082	763	1,4
Group profit attributable to the ordinary shareholders of Allied Irish Banks, p.l.c.	1,047	738	1,4
Dividends on equity shares	511	360	6
Earnings per EUR 0.32 share - basic	122.9c	86.7p	167
Earnings per EUR 0.32 share - adjusted	133.1c	93.9p	181
Earnings per EUR 0.32 share - diluted	122.4c	86.3p	166

Summary of consolidated balance sheet 31 December 2004	EUR m	Stg GBPm	US
Assets			
Loans and advances to banks	2,320	1,636	3,1
Loans and advances to customers	64,836	45,713	88,3
Debt securities and equity shares	24,271	17,112	33,0
Intangible fixed assets	380	268	5
Tangible fixed assets	785	553	1,0
Other assets	6,402	4,514	8,7
Long-term assurance assets attributable to policyholders	3,246	2,288	4,4
	102,240	72,084	139,2
Liabilities			
Deposits by banks	20,428	14,403	27,8
Customer accounts	51,397	36,237	70,0
Debt securities in issue	11,805	8,323	16,0
Other liabilities	5,732	4,041	7,8
Subordinated liabilities	2,765	1,949	3,7
Equity and non-equity minority interests in subsidiaries	1,212	855	1,6
Shareholders' funds	5,581	3,935	7,6
Long-term assurance liabilities to policyholders	3,320	2,341	4,5

102,240	72,084	139,2

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

ALLIED IRISH BANKS, p.l.c.
(Registrant)

Date 22 February, 2005

By: ____________________
Gary Kennedy
Group Director, Finance,
Risk and Enterprise
Technology
Allied Irish Banks, p.l.c.