ALLIED IRISH BANKS PLC
Form 6-K
February 22, 2006

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, 2006

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) Part 1

Highlights - AIB Group Annual Results 2005

Basic earnings per share	Eur 151.0c
Less profit on new Bankcentre development	Eur (4.4c)
Less hedge volatility (1) under IFRS	Eur (0.7c)
Adjusted basic earnings per share (2)	Eur 145.9c up 15% (3)
(lower than expected taxation charge (4) + Eur 3c)	

Divisional pre-tax profit performance (5)
- AIB Bank ROI up 24%
or 15% excluding the EUR 50m investigation related charges incurred in 2004
- AIB Bank GB & NI up 18%
- Capital Markets up 27%
- Poland up 13%
Income / cost gap +5%

Cost income ratio down 2.5% to 55.2%
Return on equity 20.6%
Tier 1 capital ratio 7.2%
Total dividend of EUR 65.3c, up 10%
16% US$ earnings growth from M&T

AIB Group Chief Executive Eugene Sheehy said:

'Our 2005 performance reflects quality growth in all our main franchises. Strong customer demand continues to drive momentum and underpins our confidence in the outlook for 2006 and beyond.'

(1) The impact of hedge volatility (combines the impact of economic and accounting hedges) under IFRS was an increase of EUR 6 million to profit before taxation for the year.

(2) Excludes profit on new Bankcentre development(EUR 45 million) and the impact of hedge volatility. This is the relevant number for comparison to the earnings per share guidance in the trading update of 6 December 2005.

(3) A 15% increase compared with the year to December 2004 pro-forma earnings per share of EUR 127.1c. The year to December 2004 statutory basic earnings per share was EUR 132.0c. A reconciliation of the pro-forma and statutory earnings per share for 2004 is shown on page 21 of this release.

(4) Lower than expected when communicating the trading update on 6 December 2005.

(5) Excluding the impact of exchange rate movements on the translation of foreign locations' profit. The percentage increase reflects the growth compared with the IFRS pro-forma accounts for 2004.

The results for the year ended 31 December 2004 have been restated to represent the results of Ark Life as a discontinued operation to reflect the disposal (note 3) and the application of International Financial Reporting Standards, with the exception of IAS 32,IAS 39 and IFRS 4 which apply with effect from 1 January 2005. See Basis of preparation on page 23.

Allied Irish Banks, p.l.c.

Dividend

The Board is recommending a final dividend of EUR 42.3c per share payable on 27 April 2006 to shareholders on the Company's register of members at the close of business on 3 March 2006. The final dividend, together with the interim dividend of EUR 23.0c per share, amounts to a total dividend of EUR 65.3c per share, an increase of 10% on 2004.

For further information please contact:

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This results announcement and a detailed informative 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 and 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 2005

	31 December 2005 EUR m	1 Jan E
Results		
Total operating income	3,647	
Operating profit	1,493	
Profit before taxation - continuing operations	1,706	
Profit attributable to equity holders of the parent	1,343	
Per EUR 0.32 ordinary share		
Earnings - basic	151.0c	
Earnings - diluted	149.8c	
Dividend	65.3c	
Dividend payout	44%	
Net assets	773c	
Performance measures		
Return on average total assets	1.20%	
Return on average ordinary shareholders' equity	20.6%	
Balance sheet		
Total assets	133,214	102
Ordinary shareholders' equity	6,672	5
Loans etc	92,361	68
Deposits etc	109,520	82
Capital ratios		
Tier 1 capital	7.2%	

Total capital	10.7%	1

The results for the year ended 31 December 2004 have been restated to represent the results of Ark Life as a discontinued operation to reflect the disposal (note 3) and the application of International Financial Reporting Standards, with the exception of IAS 32, IAS 39 and IFRS 4 which apply with effect from 1 January 2005. See Basis of preparation on page 23.

Consolidated income statement
for the year ended 31 December 2005

	Notes	E
Interest and similar income	5	5
Interest expense and similar charges	6	2
Net interest income		2
Dividend income		
Fee and commission income		1
Fee and commission expense		(
Trading income	7	
Other operating income	8	
Other income		1
Total operating income		3
Administrative expenses	9	1
Depreciation of property, plant and equipment		
Amortisation/impairment of intangible assets and goodwill		
Total operating expenses		2
Operating profit before provisions		1
Provisions for impairment of loans and receivables	17	
Provisions for liabilities and commitments		
Amounts written off/(written back) financial investments		
Operating profit		1
Share of results of associated undertakings		
Profit on disposal of property		
Construction contract income	10	
Profit on disposal of businesses	11	
Profit before taxation - continuing operations		1
Taxation on ordinary activities	12	
Profit after taxation - continuing operations		1
Discontinued operation, net of taxation	3	
Profit for the period		1
Attributable to:		
Equity holders of the parent		1
Minority interests in subsidiaries		
		1
Basic earnings per share - continuing operations		14

Basic earnings per share - discontinued operations		
Total	13	15
Diluted earnings per share - continuing operations		14
Diluted earnings per share - discontinued operations		
Total	13	14

The results for the year ended 31 December 2004 have been restated to represent the results of Ark Life as a discontinued operation to reflect the disposal (note 3) and the application of International Financial Reporting Standards, with the exception of IAS 32, IAS 39 and IFRS 4 which apply with effect from 1 January 2005. See Basis of preparation on page 23.

Consolidated balance sheet
31 December 2005

	Notes	31 December 2005 EUR m	1 Ja
Assets			
Cash and balances at central banks		742	
Treasury bills and other eligible bills		201	
Items in course of collection		402	
Trading portfolio financial assets	15	10,113	
Financial assets designated at fair value through profit or loss		-	
Derivative financial instruments		2,439	
Loans and receivables to banks		7,129	
Loans and receivables to customers	16	85,232	6
Financial investments available for sale	18	16,864	1
Debt securities and equity shares		-	
Interests in associated undertakings		1,656	
Intangible assets and goodwill		517	
Property, plant and equipment		706	
Other assets		778	
Current taxation		18	
Deferred taxation		253	
Prepayments and accrued income		801	
Disposal group and assets classified as held for sale	3 & 19	5,363	
Total assets		133,214	10
Liabilities			
Deposits by banks		29,329	2
Customer accounts	20	62,580	5
Trading portfolio financial liabilities		240	
Derivative financial instruments		1,967	
Investment and insurance contract liabilities		-	
Debt securities in issue		17,611	1
Current taxation		133	
Other liabilities		1,599	
Accruals and deferred income		1,092	
Retirement benefit liabilities		1,227	
Provisions for liabilities and commitments		140	

Deferred taxation		32	
Subordinated liabilities and other capital instruments		3,756	
Disposal group classified as held for sale	3 & 19	5,091	
Total liabilities		124,797	9
Shareholders' equity			
Share capital		294	
Share premium account		1,693	
Other equity interests		497	
Reserves		1,152	
Profit and loss account		3,533	
Shareholders' equity		7,169	
Minority interests		1,248	
Total shareholders' equity including minority interests		8,417	
Total liabilities, shareholders' equity and minority interests		133,214	10

The financial position as at 31 December 2004 has been restated to represent the results of Ark Life as a discontinued operation to reflect the disposal (note 3) and the application of International Financial Reporting Standards, with the exception of IAS 32, IAS 39 and IFRS 4 which apply with effect from 1 January 2005. See Basis of preparation on page 23.

Condensed statement of cash flows
for the year ended 31 December 2005

	31 Dec
Consolidated statement of cash flows	
Net cash flows from operating activities	
Investing activities	
Net increase in financial investments	
Additions to tangible fixed assets	
Disposal of tangible fixed assets	
Additions to intangible fixed assets	
Disposal of intangible assets	
Investment in associated undertaking	
Disposal of associated undertakings	
Disposal of investment in subsidiary	
Dividends received from associated undertakings	
Cash flows from investing activities	
Financing activities	
Issue of ordinary share capital	
Redemption of subordinated liabilities	
Issue of new subordinated liabilities	
Issue of preferred securities	
Interest paid on subordinated liabilities	
Equity dividends paid	

Dividends on other equity interests
Dividends paid to minority interests

Cash flows from financing activities

Net increase in cash and cash equivalents

Analysis of changes in cash
At 1 January
Net cash inflow before the effect of exchange translation adjustments
Effect of exchange translation adjustments

At 31 December

The financial position as at 31 December 2004 has been restated to represent the results of Ark Life as a discontinued operation to reflect the disposal (note 3) and the application of International Financial Reporting Standards, with the exception of IAS 32, IAS 39 and IFRS 4 which apply with effect from 1 January 2005. See Basis of preparation on page 23.

Consolidated statement of recognised income and expense

Foreign exchange translation differences
Net change in cash flow hedges, net of tax
Net change in fair value of available for sale securities, net of tax
Net actuarial gains and losses in retirement benefit schemes, net of tax

Income and expense recognised directly in equity
Profit for the period

Total recognised income and expense for the period
Transition adjustment at 1 January 2005 arising from IAS32, IAS 39 and IFRS 4 (note 2)

Total recognised income and expense for the period including transition adjustment

Attributable to:
Equity holders of the parent
Minority interests in subsidiaries

Total recognised income and expense for the period including transition adjustment

Condensed consolidated reconciliation of movements in shareholders' equity

Profit attributable to equity holders of the parent
Transition adjustment at 1 January 2005 arising from IAS32, IAS 39 and IFRS 4 (note 2)
Dividends on ordinary shares
Dividends on other equity interests
Share based payments
Actuarial loss recognised in retirement benefit schemes
Other recognised gains/(losses) relating to the period
Other recognised (losses)/gains in associated undertaking
Ordinary shares issued in lieu of cash dividend
Other ordinary shares issued
Net movement in own shares

Net additions to shareholders' equity
Opening shareholders' equity

Closing shareholders' equity

Shareholders' equity:
Ordinary shareholders' equity
Other equity interests

The results for the year ended 31 December 2004 have been restated to represent the results of Ark Life as a discontinued operation to reflect the disposal (note 3) and the application of International Financial Reporting Standards, with the exception of IAS 32, IAS 39 and IFRS 4 which apply with effect from 1 January 2005. See Basis of preparation on page 23.

Commentary on results

Earnings per share

The table below shows the basic earnings per share and continuing earnings per share excluding the profit on the new Bankcentre development (construction contract income) and the impact of hedge volatility (combines the impact of economic and accounting hedges) under IFRS.

Earnings per share	IFRS Year 2005	IFRS Year 2004	Pro-for
Basic - continuing operations(2)	145.7c	125.8c	1
Basic - discontinued operations	5.3c	6.2c	
Basic - total	151.0c	132.0c	1
less profit on new Bankcentre development	(4.4c)	-	
less hedge volatility under IFRS	(0.7c)	-	

Adjusted basic earnings per share	145.9c	132.0c	1
Basic continuing operations(2)	145.7c	125.8c	1
less profit on new Bankcentre development	(4.4c)	-	
less hedge volatility under IFRS	(0.7c)	-	
Adjusted basic earnings per share - continuing operations	140.6c	125.8c	1

Rates of exchange

The following table shows the average accounting rates for 2004 and 2005.

	Ave accoun r
US dollar	
Sterling	
Polish zloty	

The movement in exchange rates including currency hedging activities was not material from an earnings per share perspective.

(1) A reconciliation of the pro-forma and statutory earnings per share for 2004 is shown on page 21 of this release.

(2) Continuing operations exclude Ark life which is reported as a discontinued operation following its disposal in 2005.

Commentary on results

Basis of presentation

The results for 2004 have been restated to take account of International Financial Reporting Standards ('IFRS') as adopted by the European Union and implemented with effect from 1 January 2004. This restatement of results for 2004 excludes adjustments for standards implemented with effect from 1 January 2005. IAS 32, IAS 39 and IFRS 4 have been implemented from 1 January 2005. Had these standards been implemented from 1 January 2004, it would have impacted the accounting for derivatives, loan impairment, income recognition on loans (Effective Interest Rate 'EIR'), insurance accounting and classification of financial instruments. In addition to the IFRS restated accounts, the following commentary shows the IFRS pro-forma accounts for 2004. The pro-forma accounts for 2004 reflect the impacts of EIR, insurance accounting and classification of non-derivative financial instruments in order to establish a 2004 pro-forma IFRS restatement but do not reflect the impact of accounting for derivatives and loan impairment. A reconciliation of the statutory IFRS accounts for 2004 to the IFRS pro-forma accounts is shown on page 21 of this release. In order to show comparable trends, the growth percentages in the following commentary reflect the IFRS year to December 2005 compared with the IFRS pro-forma year to December 2004. The growth percentages are also shown on an underlying basis adjusted for the impact of exchange rate movements on the translation of foreign locations' profit and excluding hedge volatility under IFRS.

Investigation related charges referred to in the following commentary were incurred in 2004 and 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 in the year to December 2004 with EUR 12 million charged to net interest income, EUR 24 million charged to other income and EUR 14 million of costs included in operating expenses.

"Double-digit income growth"

"Very strong loan and deposit volume growth"

Total income

Total income increased by 12% to EUR 3,647 million.

	IFRS Year 2005	IFRS Year 2004	IF Pro-for 20
Total operating income	EUR m	EUR m	EU
Net interest income	2,530	2,072	2,1
Other income	1,117	1,144	1,0
Total operating income	3,647	3,216	3,2

Commentary on results

Net interest income

Net interest income increased by 15% to EUR 2,530 million in the year to December 2005. The key drivers of the increase were strong loan and deposit growth in Republic of Ireland and GB & NI, strong loan growth in Corporate Banking and very good growth in loan arrangement fees. Loans to customers increased by 27% and customer accounts increased by 16% on a constant currency basis since 1 January 2005 (details of loan and deposit growth by division are contained on page 14 of this release). Net interest income also benefited from income earned on the EUR 1 billion of perpetual preferred securities issued in December 2004.

Average interest earning assets	IFRS Year 2005 EUR m	IF Ye 20 EUR
Average interest earning assets	106,380	84,5

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

Net interest margin	IFRS Year 2005 %	IF Pro-for 20
Group net interest margin	2.38	2.

The domestic and foreign margins for 2005 are reported on page 37 of this release.

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 2.38% in 2005, a decrease of 20 basis points compared with 2004 on a pro-forma IFRS basis. The margin reduction was due to a combination of the following factors:

(a) loans increasing at a faster rate than deposits.

(b) a changing mix of products where stronger volume growth has been achieved in lower margin products; corporate loans, home loans and prime advances on the lending side and term deposits and other lower margin products on the deposit side. There was higher growth in mid-market loans in the Republic of Ireland and the United Kingdom and growth in our international corporate operations.

(c) competitive pressures on loan and deposit pricing.

(d) lower yields on the re-investment of deposit and current account funds as they mature, due to the flattening of the yield curve.

The largest factor in the margin reduction was average loans increasing at a greater rate than average deposits compared with 2004. 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 interest earning assets.

The impact of low yields on the investment of deposit funds particularly affected AIB Bank Republic of Ireland and GB&NI divisions.

While it is difficult to disaggregate trends in product margins between mix and competitive factors, competitive pricing behaviour did impact loan and deposit margins. The Group's new business lending continued to meet targeted return on capital hurdles. The factors affecting the net interest margin trend are expected to be continuing features.

Commentary on results

"Investment banking and asset management fees up 23%"

Other income

Other income was up 6% to EUR 1,117 million since the year to December 2004.

Other income	IFRS Year 2005 EUR m	IFRS Year 2004 EUR m	Pro-f E
Dividend income	17	27	
Banking fees and commissions	863	888	
Investment banking and asset management fees	198	155	
Fee and commission income	1,061	1,043	
Less: fee and commission expense	(145)	(131)	(
Trading income	119	95	
Currency hedging (losses)/profits	(13)	1	
Hedging volatility (IAS 39)(1)	6	-	
Trading income	112	96	
Profit on termination of off-balance sheet instruments	-	36	
Other	72	73	
Other operating income	72	109	
Total other income	1,117	1,144	1

Banking fees and commissions increased by 8%, or 5% excluding the EUR 24 million of investigation related charges incurred in 2004. The growth reflects increased business and transaction volumes in AIB Bank Republic of Ireland, GB & NI and Corporate Banking and there was good growth in credit card revenue in Ireland and e-business business and payment fees in Poland.

Investment banking and asset management fees increased by 23% driven by particularly strong performances in Goodbody stockbrokers, AIB Corporate Finance, Asset Management in Poland and BZWBK's brokerage operation. Total fee and commission income was up 11% or 8% excluding the investigation related charges in 2004.

Trading income increased, with strong growth in bond management activities.

Trading income excludes interest payable and receivable arising from these activities, which is included in net interest income.

Included in other income in 2004 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.

Loan arrangement fees for the year were strong and are reported in the net interest income line under IFRS. The growth in other income no longer benefits from the growth in arrangement fees associated with strong lending growth.

Other income as a percentage of total income reduced to 31% from 32% in 2004 (33% excluding the investigation related charges incurred).

(1) Combines the impact of economic and accounting hedges, (IAS 39)

Commentary on results

"Cost income ratio down 2.5% to 55.2%"

"Continued investment to meet customer demand and ensure compliance with new regulatory requirements"

"Lower depreciation charge"

Total operating expenses

Operating expenses increased by 7% compared with 2004.

Operating expenses	IFRS Year 2005 EUR m	IFRS Year 2004 EUR m	Pro-f E
Personnel expenses	1,298	1,136	1
General and administrative expenses	583	579	
Depreciation(1)/amortisation(2)	130	145	
Total operating expenses before restructuring costs	2,011	1,860	1
Restructuring costs	-	9	
Total operating expenses	2,011	1,869	1

Operating expenses increased by 7%. The cost base in the comparative year to December 2004 included EUR 14 million of investigation related costs. Under IFRS, operating expenses include other finance income relating to the return on pension fund assets and the cost of pension fund liabilities and this income reduced in 2005, increasing the growth in personnel expenses. Excluding the above two offsetting items, the growth in operating expenses remained at 7%.

The 7% increase reflects the very strong business volume and strong revenue growth in 2005. In the period there were costs to ensure compliance with a range of regulatory initiatives such as Sarbanes Oxley and Basel II and there was higher performance related remuneration resulting from strong revenue growth. Excluding these items the increase was 5%. The resourcing and restructuring of our single enterprise agenda is in implementation and we expect this to increase business capability, improve efficiency and further enable compliance.

Personnel expenses were up 13%, or 12% excluding the above mentioned decline in other finance income. The increase reflected a higher level of variable costs arising from performance related remuneration resulting from strong revenue growth, the cost of additional resources to respond to business growth demands and ensure compliance with a range of regulatory initiatives such as Sarbanes Oxley and Basel II and higher pension costs. General and administrative expenses were down 1%,or up 2% excluding investigation related costs in 2004. The 2% increase includes the effects of inflation and consultancy and systems costs relating to the aforementioned strengthening of internal structures to ensure compliance with new regulatory initiatives. Depreciation/amortisation decreased by 13% reflecting the benefit of some business rationalisations.

Productivity improved with the cost income ratio reducing to 55.2% from 57.7% in 2004.

(1) Depreciation of property, plant and equipment.

(2) Amortisation / impairment of intangible assets and impairment of goodwill.

Commentary on results

"Provision charge lower at 15 basis points"

"Impaired loans as a percentage of loans decreases to 1.0%"

Provisions

Total provisions were EUR 143 million, up from EUR 133 million in 2004.

Provisions	IFRS Year 2005 EUR m
Provisions for impairment of loans and receivables(1)	115
Provisions for liabilities and commitments	20
Amounts written off/(written back) financial investments	8
Total provisions	143

The provision for impairment of loans and receivables was EUR 115 million compared with EUR 114 million in 2004, representing a charge of 0.15% of average loans compared with 0.20% in 2004. The lower charge reflects strong asset quality, good recoveries and a particularly benign economic environment. Impaired loans as a percentage of total loans decreased from 1.3% at 31 December 2004 to 1.0% at 31 December 2005 with the total provision cover for impaired loans increasing to 78%.

Strong asset quality in AIB Bank Republic of Ireland was reflected in a reduction in impaired loans as a percentage of total loans to 0.7% at 31 December 2005 from 0.8% in 2004. The provision charge reduced to 0.11% of average loans compared with 0.14% in 2004. The quality across all sectors of the retail and commercial portfolios remains very good.

In AIB Bank GB & NI, the provision charge was 0.13% of average loans, increasing marginally from 0.11% in 2004 but continuing to reflect very strong provision recoveries in both periods. Impaired loans at 0.9% of total loans were down from 1.1% at 31 December 2004.

Asset quality in Capital Markets remained strong. The provision charge was 0.22% compared with 0.27% in 2004 and impaired loans reduced to 0.7% from 0.8% of total loans at 31 December 2004.

The provision charge in Poland decreased to 0.40% of loans from 0.91% in 2004. Asset quality continued to improve with the ratio of impaired loans as a percentage of loans declining to 6.8% from 8.4% at 31 December 2004.

The provision for liabilities and commitments was EUR 20 million in 2005,the same level as 2004 while provisions for amounts written off financial investments were EUR 8 million compared with a net credit of EUR 1 million in 2004.

Share of results of associated undertakings

The profit in 2005 was EUR 149 million compared to EUR 132 million in 2004 and mainly reflects AIB's 23.5% average share of the income after taxes of M&T Bank Corporation on an IFRS basis for the year to December 2005.

(1) As noted on page 9, the pro-forma accounts for the year to December 2004 do not reflect the impact of loan impairment under IFRS. The provision for impairment of loans and receivables in 2005 reflects the change in the financial reporting requirements from FRS 12 to IAS 39.

Commentary on results

The following commentary is in respect of the total Group.

"Loans up 27%; deposits up 16%"

"Effective tax rate at 18.7%"

Balance sheet

Total assets amounted to EUR 133 billion at 31 December 2005 compared to EUR 103 billion at 1 January 2005. Adjusting for the impact of currency, total assets were up 26% and loans to customers were up 27% since 1 January 2005 while customer accounts increased by 16%. Risk weighted assets excluding currency factors increased by 24% to EUR 102 billion.

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

% change 31 December 2005 v 1 January 2005	Risk weighted assets % change	Loans to customers % change
AIB Bank Republic of Ireland	25	28
AIB Bank GB & NI	32	29
Capital Markets	23	29
Poland	4	4
AIB Group	24	27

(1) Excludes money market funds.

Assets under management/administration and custody

Assets under management in the Group amounted to EUR 16 billion at 31 December 2005 compared with EUR 13 billion in 2004. Assets under administration and custody increased to EUR 220 billion at 31 December 2005 from EUR 183 billion in 2004.

Taxation

The taxation charge was EUR 319 million compared with EUR 267 million in the year to December 2004 (EUR 260 million on a pro-forma basis for the year to December 2004). The effective tax rate was 18.7% compared with 19.5% in the year to December 2004 (or 18.9% on a pro-forma basis). The taxation charge excludes taxation on share of results of associated undertakings. Share of results of associated undertakings is reported net of taxation in the Group profit before taxation. The effective tax rate is influenced by the geographic mix of profits, which are taxed at the rates applicable in the jurisdictions where we operate.

Commentary on results

"Return on equity 20.6%"

"Business expected to continue to perform strongly"

"Outlook - low double-digit EPS growth expected in 2006"

Return on equity and return on assets

The return on equity was 20.6%, compared to 20.7% in 2004. The return on assets was 1.20%, down from 1.22% in 2004.

Capital ratios

A strong capital position was reflected in a Tier 1 ratio at 7.2% and a total capital ratio of 10.7%.

Outlook

The business is expected to continue to perform strongly in 2006 in line with our strong positions in the high growth markets where we operate. Very good loan and deposit growth and strong asset quality is expected again this year. The resourcing and restructuring of our enterprise wide approach to operations is in implementation and we expect this to further bolster our business capability. Based on these factors our guidance is for low double-digit earnings per share growth in 2006 compared with the adjusted basic earnings per share of EUR 145.9c in 2005 (as outlined on page 8 of this release). This guidance excludes the one-time gain to be recognised from the Ark Life joint venture with Hibernian Life & Pensions and income from the development of the Bankcentre complex.

Divisional commentary

On a divisional basis, profit is measured in euro and consequently includes the impact of currency movements. The underlying percentage change is reported in the divisional income statements adjusting for the impact of exchange rate movements on the translation of foreign locations' profit. The AIB Bank Republic of Ireland income statement for 2004 and 2005 has been restated to reflect Ark Life as a discontinued operation, which is now reported below profit after taxation at Group level, arising from its disposal in 2005. The profit on disposal will be accounted for in 2006.

AIB Bank Republic of Ireland profit of EUR 779 million was up 24% or 15% excluding the EUR 50 million of investigation related charges incurred in 2004

"Loans up 28%;deposits up 20%"

"Income/cost gap at +3%"

"Customer relationship management is key performance driver"

"Strong asset quality"

AIB Bank Republic of Ireland Retail and commercial banking operations in Republic of Ireland, Channel Islands and Isle of Man; AIB Finance and Leasing and Card Services.

AIB Bank Republic of Ireland income statement	IFRS Year 2005 EUR m	IFRS Year 2004 EUR m	I Pro-fo 2 EU
Net interest income	1,314	1,144	1,

Other income	376	340	
Total operating income	1,690	1,484	1,
Total operating expenses	867	813	
Operating profit before provisions	823	671	
Provisions	55	44	
Operating profit	768	627	
Share of results of associated undertakings	(1)	(1)	
Profit on disposal of property	12	7	
Profit before taxation	779	633	

Pre-tax profit increased by 24% or 15% excluding the EUR 50 million of investigation related charges incurred in the year to December 2004.Operating income was up 14% and operating expenses were up 7%. Excluding the investigation related charges these growth rates were 11% and 8% respectively, with the operating income/cost gap at +3%.

The strong profit growth was generated through higher business volumes and the focus on customer relationship management. Loans and deposits increased by 28% and 20% respectively since 31 December 2004. Operating expenses were up 7% (or 8% excluding investigation related costs in 2004). Increased business activity, annual salary inflation, performance costs related to strong revenue growth and costs associated with a number of mandatory and regulatory driven projects were the key drivers of the 7% increase. A decrease in other finance income (income associated with the pension fund now included in operating expenses under IFRS), which fell from EUR 20 million to EUR 13 million, accounted for 1% of the operating expenses growth. The cost income ratio was 51.3% compared with 54.9% in 2004 (52.7% excluding the EUR 50 million of investigation related charges incurred in 2004). Asset quality remained very good with the provision charge as a percentage of average loans reducing to 0.11% from 0.14% in 2004.

Retail banking reported another very strong year reflecting good growth in income on the back of a significant increase in business volumes on both sides of the balance sheet. Business lending, home mortgages, personal lending and private banking activities all experienced excellent growth, with strong growth in customer deposits also reflecting buoyant customer demand. Profit growth in AIB Card Services was also notable, resulting from strong revenue due to higher consumer spending, a strong increase in merchant turnover, lower costs and a lower bad debt charge. In AIB Finance and Leasing there was good profit growth due to a 14% increase in loan volumes since December 2004 and tight cost management. New business was particularly strong in the motor, plant and equipment sectors.

Divisional commentary

AIB Bank GB & NI profit was up 18%

"Strong profit growth"

"Loans up 29%;deposits up 17%"

"Cost income ratio now at 48.7%"

"Robust asset quality"

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

AIB Bank GB & NI income statement	IFRS Year 2005 EUR m	IFRS Year 2004 EUR m	I Pro-fo 2 EU
Net interest income	516	416	
Other income	148	189	
Total operating income	664	605	
Total operating expenses	323	305	
Operating profit before provisions	341	300	
Provisions	21	13	
Operating profit	320	287	
Profit on disposal of property	2	1	
Profit before taxation	322	288	

AIB Bank GB&NI reported a strong performance in the year to 31 December 2005, with profit before taxation increasing by 18%. Loan and deposit balances increased by 29% and 17% respectively in 2005 with volume growth reflecting buoyant business momentum. Lending margins were well managed in a very competitive environment. Operating expenses were up 7% mainly due to staff cost increases relating to ongoing investment in the business. The cost income ratio improved to 48.7% from 51.5% last year. The bad debt charge represented 0.13% of average loans, compared with 0.11% of average loans in 2004. Credit quality remains robust in a relatively benign economic climate.

Allied Irish Bank (GB), with its primary focus on chosen business sectors, achieved a profit increase of 25% to EUR 169 million, a very strong performance, with growth in balances of 31% in loans and 21% in deposits. The bank continues to grow its business customer base as a key provider of banking to mid-corporate businesses through its relationship-banking model and continued expansion. In 2005, the opening of a corporate office in the regenerated Birmingham city centre demonstrated the increasing profile of Allied Irish Bank (GB).

First Trust Bank, a retail bank in Northern Ireland, also reported double-digit growth, with an 11% increase in profit before taxation to EUR 153 million, compared with 2004. Loan balances showed strong growth of 25% and solid deposit growth of 12% was achieved. First Trust continues to develop both its business and personal customer bases.

Divisional commentary

Capital Markets profit of EUR 403 million, up 27%

"Another exceptionally strong Corporate Banking performance"

"Good Treasury performance with strong customer business and low risk utilisation"

"Profit substantially higher in Investment Banking"

Capital Markets Corporate Banking, Global Treasury and Investment Banking.

Capital Markets income statement	IFRS Year 2005 EUR m	IFRS Year 2004 EUR m	Pro-f E
Net interest income	435	360	
Other income	407	390	
Total operating income	842	750	
Total operating expenses	400	403	
Operating profit before provisions	442	347	
Provisions	46	29	
Operating profit	396	318	
Share of results of associated undertakings	2	4	
Profit on disposal of business	5	4	
Profit before taxation	403	326	

Profit before taxation increased by 27% to EUR 403 million, reflecting a very strong performance across each business area.

The performance in Corporate Banking was particularly strong with pre-tax profit up 33% on the comparative out-turn for 2004. We experienced significant loan growth in both the domestic and international businesses with loans increasing by 29% since December 2004. We continue to invest heavily in expanding our international and specialised loan businesses which are experiencing very strong growth. We retain a rigorous and conservative approach to credit risk management and continually seek to optimise value in a quality loan portfolio.

Global Treasury performed strongly in 2005 following the outstanding performance in its markets business in 2004. Despite difficult interest rate and foreign exchange markets experienced in 2005, Global Treasury closed the year with profit marginally ahead (up 2%) of 2004. Our customer business performed robustly, showing strong growth over the comparative period and underpinning our leading position in the Republic of Ireland. We also experienced strong growth in our investment books and bond activities with our short term trading activities performing behind the very strong prior year.

Investment Banking profit was up 22%, substantially ahead of 2004. The strong profit growth and activity experienced in stockbroking services, equity trading, corporate advisory and structured investments were once again underpinned by the market share positions held by each of these businesses.

The approximate profit split by business unit in 2005 was Corporate Banking 55%, Global Treasury 29% with Investment Banking and Allied Irish America comprising the remainder.

The divisional cost income ratio decreased to 47.5% from 54.4% in 2004. Strong cost management control coupled with selective business rationalisation enabled the division to retain costs at the 2004 levels.

The bad debt provision charge decreased to 0.22% of average loans from 0.27% in 2004. Total provisions increased due to a higher nominal bad debt charge, higher investment provisions and some onerous lease charges on premises.

Divisional commentary

Poland profit was EUR 132 million, up 13%

"Strong profit growth momentum"

"Very strong growth in mutual funds"

"Provision charge continues to reduce"

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.

Poland income statement	IFRS Year 2005 EUR m	IFRS Year 2004 EUR m	I Pro-fo 2 EU
Net interest income	205	174	
Other income	222	188	
Total operating income	427	362	
Total operating expenses	280	245	
Operating profit before provisions	147	117	
Provisions	15	29	
Operating profit	132	88	
Share of results of associated undertakings	-	1	
Profit on disposal of property	-	1	
Profit on disposal of business(1)	-	13	
Profit before taxation	132	103	

Profit before taxation was EUR 132 million in 2005 compared with EUR 101 million in 2004. On a local currency basis pre-tax profit increased by 13% and adjusting for the disposal of a business in 2004 the increase was 29%.

Total operating income increased by 6% with net interest income increasing by 1% and other income increasing by 10%. Average interest rates were lower in 2005 following a 2.00% reduction in the reference rate during the year to 4.50% at 31 December 2005. Performing loans to customers increased by 5% since December 2004 with total loans to customers up 4%. Overall the business lending market in Poland was subdued with higher liquidity levels and increased competition resulting in stagnant business lending year on year. Personal lending grew strongly where cash loans in particular were in demand by our customers. Lending margins increased as a result of improved mix in the portfolio. Customer deposits increased by 8% with margins decreasing as a result of lower interest rates, changing mix and increased competition.

Other income grew by 10%. The main area of growth was asset management fees with mutual funds income increasing by 115% and a continued favourable mix in funds managed with market share increasing from 7.5% to 12.6%. The brokerage business enjoyed an excellent year with substantial increases in turnover, buoyed by the performance of the Warsaw Stock Exchange in 2005.

E-business and payment fees and foreign exchange income contributed to a strong growth level.

Operating expenses were up 3% reflecting higher staff costs due to increased performance related pay, while savings were realised in operating expenses.

Provisioning has reduced further compared with 2004. The charge as a percentage of average loans declined from 0.91% to 0.40% in 2005. The downward trend in impaired loans as a percentage of total loans continued from 8.4% at 31 December 2004 to 6.8% at the end of December 2005.

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

Divisional commentary

Group

Group includes interest income earned on capital not allocated to divisions, the funding cost of certain acquisitions, economic hedging of the translation of foreign locations' profit, unallocated costs of enterprise technology and central services and the contribution from AIB's share of approximately 23.5% in M&T Bank Corporation ('M&T').

Group income statement	IFRS Year 2005 EUR m
Net interest income	60
Other income	(36)
Total operating income	24
Total operating expenses	141
Operating loss before provisions	(117)
Provisions	6
Operating loss	(123)
Share of results of associated undertaking - M&T	148
Construction contract income	45
Profit before taxation	70

Group reported profit before taxation of EUR 70 million for the year to December 2005 compared with a profit of EUR 55 million in 2004.

Net interest income was up due to higher capital income resulting from increased capital balances (strong retained earnings) and the income generated from investment of the funds raised on a EUR 1 billion perpetual preferred securities issue in December 2004. Other income was lower due to gains of EUR 36 million in relation to closing out capital invested positions in 2004. Other income in 2005 includes economic hedging losses in relation to foreign currency translation exposure and capital management, and hedge volatility under IFRS.

Significant additional investment in resources to facilitate AIB's preparation for Basel II and Sarbanes Oxley were the main drivers of higher operating expenses. In addition, there was investment to further strengthen compliance and internal audit structures with performance related costs higher in line with strong revenue and profit growth.

AIB's share of M&T after-tax profit in 2005 amounted to EUR 148 million. On a local currency basis M&T's contribution of US$ 185 million increased by 16% relative to the year to December 2004 of US$ 159 million. AIB benefited from a 23.5% share of profit compared to a 22.7% share in the year to December 2004. M&T reported its annual results on 11 January 2006, showing net income up 8% to US$ 782 million. US GAAP-basis diluted earnings per share was up 12% to US$ 6.73 from US$ 6.00 in the year to December 2004. Diluted net operating earnings per share, which excludes the amortisation of core deposit and other intangibles, was US$ 7.03, up 10% from US$ 6.38.

Pro-forma IFRS information

Reconciliation of statutory IFRS accounts to pro-forma IFRS accounts for 2004

	IFRS Year 2004 EUR m	EIR(1) EUR m	Insurance(2) EUR m	Financi instru
Net interest income	2,072	73	-	
Other income	1,144	(102)	-	
Total operating income	3,216	(29)	-	
Total operating expenses	1,869	(1)	-	
Provisions	133	-	-	
Operating profit	1,214	(28)	-	
Share of results of associated undertaking	132	-	-	
Profit on disposal of property	9	-	-	
Profit on disposal of business	17	-	-	
Profit before taxation	1,372	(28)	-	
Earnings per share - continuing operations	125.8c	(2.5c)	-	

Earnings per share - discontinued operations	6.2c	-	(2.4c)
Basic earnings per share	132.0c	(2.5c)	(2.4c)

(1) (EIR) Effective interest rate (IAS 39). On transition, certain fees receivable and fees and commissions payable that had previously been taken to the profit and loss account were treated as deferred income and deferred costs and shown within loans and receivables. These deferred fees and costs are amortised on an effective interest basis to the profit and loss account over the expected residual lives of the financial instruments. The change in policy gives rise to a reclassification from fee income / fee expense and administrative expenses to interest income with an impact on the net interest margin. On a pro-forma basis the effective interest rate adjustment reduced profit before taxation by EUR 28 million in 2004.

(2) Insurance business (IFRS 4 / IAS 39). Accounting for contracts meeting the IFRS definition of insurance business is not impacted by IFRS 4. Accounting for investment products under IAS 39 serves to delay the recognition of income for a number of reasons. There is a narrower definition of costs that can be deferred on the sale of investment products. Initial charges on sale of investment products are deferred and accrued over the expected life of the product. There is no opportunity to account for the future surpluses on an embedded value basis. As a consequence, there was a reduction in equity on transition as the valuation of the discounted future earnings expected to emerge from the business currently in force in the balance sheet will decrease. Income will be recognised on these contracts in later periods due to the change in the valuation basis. On a pro-forma basis the insurance business adjustment reduced earnings per share by 2.4c in 2004.

(3) Financial instruments (IAS 32 / IAS 39). Under IAS 32 and IAS 39,all debt securities are classified and disclosed within one of the following four categories: held-to-maturity; available-for-sale; trading; or designated as fair value through the profit and loss account. Some of AIB's financial instruments, which were previously held as financial fixed assets, are classified as available-for-sale on transition to IFRS. On a pro-forma basis, classification of financial instruments increased profit before taxation by EUR 33 million in 2004.

Pro-forma IFRS information
IFRS segmental pro-forma information (continuing operations)

	AIB Bank ROI EUR m	AIB Bank GB&NI EUR m	Capital Markets EUR m	Poland EUR m
Operations by business segments				
Net interest income	1,145	447	396	180
Other income	337	142	345	180
Total operating income	1,482	589	741	360
Total operating expenses	814	303	403	245
Provisions	44	13	29	29

Operating profit/(loss)	624	273	309	86
Share of results of associated undertakings	(1)	-	4	1
Profit on disposal of property	7	1	-	1
Profit on disposal of businesses	-	-	4	13
Group profit before taxation	630	274	317	101

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

AIB Group Annual Results 2005 Part 2

Basis of preparation

First time adoption of International Financial Reporting Standards ('IFRS')

Up to and including the year ended 31 December 2004, AIB's primary financial statements were prepared in accordance with Irish Generally Accepted Accounting Principles ('IR GAAP'). On 1 January 2005, AIB Group implemented the requirements of International Financial Reporting Standards and International Accounting Standards and other interpretations as adopted by the European Union ('EU') (collectively, 'IFRS') for the first time and these are used for the purpose of preparing the financial statements for the year ended 31 December 2005. These financial statements have been prepared based on the requirements of IFRS issued by the International Accounting Standards Board ('IASB') as adopted by the EU.

In accordance with IFRS 1 'First-time Adoption of International Financial Reporting Standards' ('IFRS 1'), there have been no adjustments to the estimates made at the time of the approval of the IR GAAP financial statements for the year ended 31 December 2004. IFRS 1 provides first time adopters of IFRS with certain exemptions. IFRS 1 also allows or requires a number of other exceptions to its general principle that the standards in force at the reporting date should be applied retrospectively. AIB has availed of certain exemptions as set out below:-

First time application relating to financial instruments and insurance contracts

AIB has availed of transitional provisions for IAS 32 'Financial Instruments: Disclosure and Presentation' ('IAS 32'), IAS 39 'Financial Instruments: Recognition and Measurement' ('IAS 39') and IFRS 4 'Insurance Contracts' ('IFRS 4') and has not presented comparative information in accordance with these standards in its 2005 financial statements. Accordingly, comparative information for 2004 in respect of financial instruments and insurance contracts has been prepared on the basis of the Group's accounting policies under IR GAAP.

Share based payments

AIB has implemented the requirements of IFRS 2 'Share Based Payment' ('IFRS 2') to all equity settled share based payments granted after 7 November 2002 that had not vested by 1 January 2005.

Property, plant & equipment

AIB has retained its existing carrying value of occupied properties, plant and equipment at 1 January 2004 as deemed cost, rather than either reverting to historical cost or carrying out a valuation at the date of transition as permitted by IFRS 1.

Cumulative exchange differences

AIB has elected to deem cumulative exchange differences on the net investments in foreign branches and subsidiaries to be zero at 1 January 2004, as permitted by IFRS 1.

Employee benefits

AlB has recognised the cumulative actuarial gains and losses of defined benefit pension schemes and other post retirement benefits upon transition at 1 January 2004.

Business combinations

AIB has elected not to apply IFRS 3 'Business Combinations' to business combinations that arose prior to 1 January 2004.

Derecognition of financial instruments

Financial instruments derecognised prior to 1 January 2004 have not been subsequently recognised by the Group under IFRS.

Effects of the transition to IFRS

A summary reconciliation from previously reported Irish GAAP information to IFRS for profit before taxation and shareholders' equity for December 2004 and the reconciliation to shareholders' equity at 1 January 2005 after the application of IAS 32, IAS 39 and IFRS 4 is presented in Note 2 'Transition to IFRS'.

Notes

1 Accounting policies and presentation of financial information

The accounting policies that the Group applied in the preparation of the financial statements for the year ended 31 December 2005 are set out in the June 2005 Interim Report on pages 22 to 33. There has been no amendments to these provisional IFRS accounting policies with the following exceptions:

(a) Construction contracts

Revenue from construction contracts is recognised when it is probable that the economic benefits of the transaction will flow to the Group and when the revenue, the costs, (both incurred and in the future), the outcome of the contract and its stage of completion can all be measured reliably. Once the above criteria are met, both contract revenue and contract costs are recognised by reference to the stage of completion of the contract.

When the outcome of a construction contract cannot be estimated reliably, no profit is recognised, but revenue is recognised to the extent of costs incurred that are probable of recovery. Costs are recognised as an expense in the income statement in the accounting period in which the work is performed.

(b) Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement. No reclassifications are made in respect of prior periods.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented on the income statement (including comparatives) as a separate amount, comprising the total of the post tax profit or loss of the discontinued operations for the period together with any post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on disposal of the assets/disposal groups constituting discontinued operations.

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

Notes

2 Transition to IFRS

As set out in the basis of preparation, the financial statements have been prepared based on the requirements of IFRS as adopted by the European Union. AIB has availed of transitional provisions for IAS 32 'Financial Instruments: Disclosure and Presentation' ('IAS 32'), IAS 39 'Financial Instruments: Recognition and Measurement' ('IAS 39') and IFRS 4 'Insurance Contracts' ('IFRS 4') and has not presented comparative information in accordance with these standards. Accordingly, comparative information for 2004 in respect of financial instruments and insurance contracts is prepared on the basis of the Group's accounting policies under IR GAAP.

The following table sets out the reconciliation from previously reported Irish GAAP information for profit after taxation and shareholders' equity for December 2004, and the reconciliation to shareholders' equity at 1 January 2005 after the application of IAS 32, IAS 39 and IFRS 4.

	Profit after taxation 31 December 2004 EUR m	Shareholders' equity 31 December 2004 EUR m
As reported under Irish GAAP	1,082	5,581
Reconciliation adjustments to IFRS excluding IAS 32, IAS 39 and IFRS 4:		
Associated undertakings	1	12
Finance leases	2	1
Software	6	20
Taxation	(4)	(47)
Intangible assets & goodwill	79	79
Dividends	-	336
Share based payments	(9)	10
Employee benefits & other	1	(65)
IFRS excluding IAS 32, IAS 39 and IFRS	1,158	5,927

4	
Reconciliation adjustments to IAS 32,IAS 39 and IFRS 4:	
Loans origination	(65)
Loan impairment	139
Financial instruments	273
Derivatives	38
Long-term assurance business	(185)
Financial liabilities	345
Shareholders' equity under IFRS including IAS 32, IAS 39 and IFRS 4	6,472

3 Disposal of Ark Life Assurance Company Limited ('Ark Life'). Acquisition of an interest of 24.99% in Hibernian Life Holdings Limited.

On 22 November 2005, AIB announced that it had agreed the terms of a joint venture with Aviva Group p.l.c for the manufacture and distribution of life and pensions products in the Republic of Ireland. The joint venture brings together Hibernian Life & Pensions Limited and Ark Life. Under the terms of the agreement, AIB will own an interest of 24.99% in the joint venture company Hibernian Life Holdings Limited and will enter into an exclusive agreement to distribute the life and pensions products of the joint venture. As part of the transaction, AIB will receive a cash payment of up to EUR 205.4m. The transaction was completed on 30 January 2006.

Notes

3 Disposal of Ark Life Assurance Company Limited ('Ark Life'). Acquisition of an interest of 24.99% in Hibernian Life Holdings Limited (continued)

Under IFRS 5, 'Non-current assets held for sale and discontinued operations', the income and expenses of Ark Life for December 2005 and December 2004 of the operations deemed to be disposed of have been reported net of taxation as a discontinued operation below profit after taxation. The impact of the December 2004 restatement on the previously reported figures is outlined below on the Income Statement captions impacted. The assets and liabilities of Ark Life (note 19) as at 31 December 2005 have been classified as held for sale and are separate from other assets and liabilities on the balance sheet. There has been no restatement of prior year balance sheet figures as the assets and liabilities were not held for sale at that date.

	31 December 2004		
	As previously reported	Discontinued operations	Continuing operations
	EUR m	EUR m	EUR m
Net interest income	2,134	62	2,072
Other income	1,474	330	1,144
Total operating income	3,608	392	3,216
Insurance and investment contract liabilities and claims	309	309	-
Total operating expenses	1,894	25	1,869
Provisions	133	-	133

Operating profit	1,272	58	1,214
Share of results of associated undertakings	132	-	132
Profit on disposal of property and businesses	26	-	26
Profit before taxation	1,430	58	1,372
Taxation	272	5	267
Profit after taxation	1,158	53	1,105

					Year 31 December 2005	
	AIB Bank ROI	AIB Bank GB&NI	Capital Markets	Poland	Group	Total
4 Segmental information	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Operations by business segments(1)						
Net interest income	1,314	516	435	205	60	2,530
Other income	376	148	407	222	(36)	1,117
Total operating income	1,690	664	842	427	24	3,647
Total operating expenses	867	323	400	280	141	2,011
Provisions	55	21	46	15	6	143
Operating profit/(loss)	768	320	396	132	(123)	1,493
Share of results of associated undertakings (1)		-	2	-	148	149
Profit on disposal of property	12	2	-	-	-	14
Construction contract income	-	-	-	-	45	45
Profit on disposal of businesses	-	-	5	-	-	5
Profit before taxation - continuing operations	779	322	403	132	70	1,706
Balance sheet						
Total loans	45,523	18,346	23,794	4,487	211	92,361
Total deposits	34,172	10,958	58,038	6,229	123	109,520
Total assets	55,224	20,031	44,371	7,813	5,775	133,214
Total risk weighted assets	39,073	18,335	38,974	4,640	634	101,656
Net assets(2)	2,564	1,203	2,558	305	42	6,672
Capital expenditure	71	16	13	19	17	136

Notes

					Year 31 December 2004	
	AIB Bank ROI	AIB Bank GB & NI	Capital Markets	Poland	Group	Total

4 Segmental information (continued)	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Operations by business segments(1)						
Net interest income	1,144	416	360	174	(22)	2,072
Other income	340	189	390	188	37	1,144
Total operating income	1,484	605	750	362	15	3,216
Total operating expenses	813	305	403	245	103	1,869
Provisions	44	13	29	29	18	133
Operating profit/(loss)	627	287	318	88	(106)	1,214
Share of results of associated undertakings	(1)	-	4	1	128	132
Profit on disposal of property	7	1	-	1	-	9
Profit on disposal of businesses	-	-	4	13	-	17
Profit before taxation - continuing operations	633	288	326	103	22	1,372
Balance sheet (at 1 January 2005)						
Total loans	35,794	13,740	14,668	3,748	280	68,230
Total deposits	27,178	9,084	40,537	5,452	133	82,384
Total assets	42,137	15,175	33,550	6,703	5,254	102,819
Total risk weighted assets	31,183	13,510	30,098	4,232	568	79,591
Net assets(2)	2,341	1,014	2,259	318	43	5,975
Capital expenditure	82	12	16	24	-	134

					Year 31 December 2005	
	Republic of Ireland	United States of America	United Kingdom	Poland	Rest of the world	Total
	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Operations by geographical segments(3)						
Net interest income	1,564	45	689	225	7	2,530
Other income	537	68	252	251	9	1,117
Total operating income	2,101	113	941	476	16	3,647
Total operating expenses	1,239	62	413	290	7	2,011
Provisions	70	1	54	15	3	143
Operating profit	792	50	474	171	6	1,493
Share of results of associated undertakings	1	148	-	-	-	149

Profit on disposal of property	12	-	2	-	-	14
Construction contract income	45	-	-	-	-	45
Profit on disposal of businesses	-	4	1	-	-	5
Profit before taxation - continuing operations	850	202	477	171	6	1,706
Balance sheet						
Total loans	58,831	3,863	24,888	4,487	292	92,361
Total deposits	77,971	4,021	21,291	6,229	8	109,520
Total assets	91,622	5,071	28,411	7,815	295	133,214
Net assets(2)	4,039	477	1,810	320	26	6,672
Capital expenditure	100	1	16	19	-	136

Notes

					Year 31 December 2004	
	Republic of Ireland	United States of America	United Kingdom	Poland	Rest of the world	Total
4 Segmental information (continued)	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Operations by geographical segments(3)						
Net interest income	1,314	23	543	190	2	2,072
Other income	572	102	259	205	6	1,144
Total operating income	1,886	125	802	395	8	3,216
Total operating expenses	1,126	81	392	266	4	1,869
Provisions	70	(4)	38	29	-	133
Operating profit	690	48	372	100	4	1,214
Share of results of associated undertakings	5	126	-	1	-	132
Profit on disposal of property	7	-	1	1	-	9
Profit on disposal of businesses	-	-	4	13	-	17
Profit before taxation - continuing operations	702	174	377	115	4	1,372
Balance sheet (at 1 January 2005)						
Total loans	43,854	1,464	19,044	3,748	120	68,230
Total deposits	55,289	2,691	18,952	5,452	-	82,384
Total assets	70,484	2,568	22,885	6,761	121	102,819

Net assets(2)	2,342	942	2,299	322	70	5,975
Capital expenditure	97	1	12	24	-	134

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

Notes

5 Interest and similar income	2005 EUR m	2004 EUR m
Interest on loans and receivables to banks	167	98
Interest on loans and receivables to customers	4,032	3,044
Interest on trading portfolio financial assets	305	232
Interest on financial investments available for sale	647	644
	5,151	4,018

6 Interest expense and similar charges	2005 EUR m	2004 EUR m
Interest on amounts due to banks and customers	1,944	1,582
Interest on debt securities in issue	545	255
Interest on subordinated liabilities and other capital instruments	132	109
	2,621	1,946

7 Trading income	2005 EUR m	2004 EUR m
Foreign exchange contracts	59	66
Profits less losses from trading portfolio assets	84	55
Interest rate contracts	(32)	(30)
Equity index contracts	1	5
	112	96

8 Other operating income	2005 EUR m	2004 EUR m
Profit on disposal of available for sale debt securities	17	15
Profit on disposal of available for sale equity shares	2	2
Profit on disposal of off-balance sheet instruments	-	36
Profit on disposal of investments in associated undertakings	-	1
Miscellaneous operating income	53	55

	72	109

9 Administrative expenses	2005 EUR m	2004 EUR m
Personnel expenses	1,298	1,136
General and administrative expenses	583	579
Restructuring costs	-	9
	1,881	1,724

10 Construction contract income

In 2004, Blogram Limited a property development company and subsidiary of Allied Irish Banks p.l.c., contracted with the Serpentine Consortium to construct on a fixed price contract basis, a new development at Bankcentre, Ballsbridge, Dublin on their behalf. At 31 December 2005, contract revenue of EUR 81m less contract expenses of EUR 36m have been reported as construction contract income. At 31 December 2005, EUR 26m was due from the consortium in respect of construction contracts in progress.

Notes

11 Profit on disposal of businesses

2005

The profit on disposal of businesses in 2005 of EUR 5m relates to the sale of Community Counselling Services of EUR 4m (tax charge EUR 1m), and the accrual of EUR 1m (tax charge EUR 0.3m), arising from the sale of the Govett business in 2003.

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.

12 Taxation	2005 EUR m	2004 EUR m
Allied Irish Banks, p.l.c. and subsidiaries		
Corporation tax in Republic of Ireland		
Current tax on income for the period(1)	160	133
Adjustments in respect of prior periods	1	(5)
	161	128
Double taxation relief	(10)	(13)
	151	115
Foreign tax		
Current tax on income for the period	163	181
Adjustments in respect of prior periods	(11)	(11)
	152	170
Deferred taxation	303	285
Origination and reversal of timing differences	16	(10)

Other	-	(8)
	16	(18)
Total income tax expense - continuing operations	319	267
Effective income tax rate - continuing operations	18.7%	19.5%

(1)The December 2005 figure includes a charge of EUR 29.5m (2004: EUR 29.5m) in relation to the Irish Government bank levy.

13 Earnings per share	2005 EUR m	2004 EUR m
(a) Basic		
Profit attributable to equity holders of the parent	1,343	1,129
Distributions to other equity holders	(38)	(4)
Profit attributable to the ordinary shareholders	1,305	1,125
Weighted average number of shares in issue during the period	864.5m	852.0m
Earnings per share	EUR 151.0c	EUR 132.0c

Notes

13 Earnings per share (continued)	2005 EUR m	2004 EUR m
(b) Diluted		
Profit attributable to ordinary shareholders	1,305	1,125
Dilutive impact of potential ordinary shares in associated company	(1)	-
Adjusted profit attributable	1,304	1,125
	Number of shares (millions)	
Weighted average number of shares in issue during the period	864.5	852.0
Dilutive effect of options outstanding	5.7	3.1
Potential weighted average number of shares	870.2	855.1
Earnings per share - diluted	EUR 149.8c	EUR 131.5c

		Basic		Diluted
14 Adjusted earnings per share	2005 cent	2004 cent	2005 cent	2004 cent
(a) Earnings per share				
As reported	151.0	132.0	149.8	131.5
Adjustments:				
Construction contract income	(4.4)	-	(4.4)	-
Hedge volatility	(0.7)	-	(0.7)	-

Effective interest rate	-	(2.5)	-	(2.5)
Insurance business	-	(2.4)	-	(2.4)
	145.9	127.1	144.7	126.6

	Basic		Diluted	
	2005	2004	2005	2004
	cent	cent	cent	cent
(b) Earnings per share - continuing operations				
As reported	145.7	125.8	144.6	125.3
Adjustments:				
Construction contract income	(4.4)	-	(4.4)	-
Hedge volatility	(0.7)	-	(0.7)	-
Effective interest rate	-	(2.5)	-	(2.5)
	140.6	123.3	139.5	122.8

Adjusted earnings per share is presented to help understand the underlying performance of the Group. The adjustments in 2005 are items that do not reflect the underlying business performance. As IAS 39 and IFRS 4 have been implemented with effect from 1 January 2005, the adjustments in 2004 reflect the impact that these standards would have had on the effective interest rate and insurance business had they been applied from 1 January 2004.

15 Trading portfolio financial assets	31 December 2005 EUR m	1 January 2005 EUR m
Loans and receivables to banks	3	2
Loans and receivables to customers	72	45
Debt securities:		
Governments securities	922	1,048
Other public sector securities	19	73
Other debt securities	9,008	6,705
	9,949	7,826
Equity shares	89	84
	10,113	7,957

Notes

16 Loans and receivables to customers	2005 EUR m	2004 EUR m
Loans and receivables to customers	81,171	62,243
Amounts receivable under finance leases	1,620	1,527
Amounts receivable under hire purchase contracts	1,154	968
Unquoted securities	1,287	-
	85,232	64,738

	2005	2004
	EUR m	EUR m
Impaired loans by division		
AIB Bank ROI	308	295
AIB Bank GB & NI	166	154
Capital Markets	132	100
Poland	262	297
	868	846

	2005	2004
17 Provisions for impairment of loans and receivables	EUR m	EUR m
At beginning of period	760	766
IFRS transition adjustment	(146)	-
Exchange translation adjustments	16	25
Transfer to provisions for liabilities and commitments	-	(15)
Charge against income statement	115	114
Amounts written off	(72)	(151)
Recoveries of amounts written off in previous years	3	21
At end of period	676	760
At end of period:		
Specific	514	478
IBNR/General	162	282
	676	760
Amounts include:		
Loans and receivables to banks	2	2
Loans and receivables to customers	674	758
	676	760

	31 December 2005	1 January 2005
18 Financial investments available for sale	EUR m	EUR m
Debt securities:		
Government securities	8,522	7,227
Other public sector securities	507	854
Bank and building society certificates of deposit	643	585
Other debt securities	7,021	6,880
	16,693	15,546
Equity shares	171	174
	16,864	15,720

Notes

19 Long-term assurance business

On 22 November 2005, AIB announced that it had agreed the terms of a joint venture with Aviva Group p.l.c for the manufacture and distribution of life and pensions products in the Republic of Ireland. The joint venture brings together Hibernian Life & Pensions Limited and Ark Life Assurance Company Limited ('Ark Life').

As set out in note 3, the income from Ark Life that is determined to relate to discontinued operations is shown, on an after tax basis, as a one line item on the face of the income statement. Prior year numbers have been restated.

Ark Life assets and liabilities have been included in the balance sheet at 31 December 2005 as a disposal group classified as held for sale. Comparatives have not been restated.

Income and expense from long-term assurance business included in the income statement is set out below:

Income and expense from Ark Life's long-term assurance business	2005 EUR m	2004 EUR m
Net interest income	113	62
Other income	740	342
Total operating income	853	404
Increase in insurance and investment contract liabilities, and claims	762	309
Total operating expenses	27	26
Income before taxation	64	69
Taxation	4	6
Income after taxation	60	63
Analysed as to:		
Continuing operations	14	10
Discontinued operations	46	53

Some elements of the Ark Life business are being retained within the Group and this gives rise to the difference between the amounts recognised above and those disclosed as discontinued activities.

The assets and liabilities of Ark Life included in the consolidated balance sheet of the Group are as follows:

	31 December 2005 EUR m	1 January 2005 EUR m	31 December 2004 EUR m
Assets			
Loans and receivables to banks	191	220	220
Financial assets held at fair value through profit or loss	2,638	1,871	-
Debt securities	-	-	425
Equity shares	-	-	1,446
Property, plant and equipment	52	51	51
Reinsurance assets	748	601	-
Placings with group companies	1,428	1,246	1,246
Other assets	371	255	440
Total assets	5,428	4,244	3,828
Liabilities			
Investment contract liabilities	2,953	2,422	2,422
Insurance contract liabilities	1,923	1,465	864
Other liabilities	215	75	75
Total liabilities	5,091	3,962	3,361
Shareholders' equity	337	282	467
Total liabilities and shareholders' equity	5,428	4,244	3,828

Notes

19 Long-term assurance business (continued)

Presentation in the Group balance sheet

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' equity. At 31 December 2005, shares in AIB with a value of EUR 77m (2004: EUR 74m) 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.

20 Customer accounts	2005 EUR m	2004 EUR m
Current accounts	20,909	17,099
Demand deposits	8,013	7,321
Time deposits	28,118	22,736
	57,040	47,156
Securities sold under agreements to repurchase	6	77
Other short-term borrowings	5,534	2,918
	5,540	2,995
	62,580	50,151

21 Memorandum items: contingent liabilities and commitments	Contract amount 2005 EUR m	Contract amount 2004 EUR m
Contingent liabilities:		
Endorsements(1)	-	2
Guarantees and assets pledged as collateral security	7,157	5,394
Other contingent liabilities	1,396	830
	8,553	6,226
Commitments:		
Other commitments	19,558	16,127
	28,111	22,353

(1) On transition to IFRS, at 1 January 2005, IAS 39 requires the recognition of a liability for acceptances from the date of acceptance. A corresponding asset due from the originator is also recognised. Under Irish GAAP, acceptances were accounted for on a net basis and shown as a contingent liability.

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.

The following table presents the notional principal amount and gross replacement cost of interest rate, exchange rate and equity contracts for 2005 and 2004.

2005	2004

	Notional principal amount EUR m	Gross replacement cost EUR m	Notional principal amount EUR m	Gross replacement cost EUR m
Interest rate contracts(1)	178,326	1,146	141,067	1,059
Exchange rate contracts(1)	19,799	238	15,870	599
Equity contracts(1)	4,386	253	3,575	112

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

Notes

21 Memorandum items: contingent liabilities and commitments (continued)

The Group uses the same credit control and risk management policies in undertaking all off-balance sheet commitments as it does for on balance sheet lending including counterparty credit approval, limit setting and monitoring procedures. In addition, in relation to derivative instruments, the Group's exposure to market risk is controlled within the risk limits in the Group's Interest Rate Risk and Foreign Exchange Risk Policies and is further constrained by the risk parameters incorporated in the Group's Derivatives Policy as approved by the Board.

22 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 2005 and 2004.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 2005			Year ended 31 December 2004		
Assets	Average balance EUR m	Interest EUR m	Average rate %	Average balance EUR m	Interest EUR m	Average rate %
Loans and receivables to banks						
Domestic offices	4,596	117	2.5	2,857	70	2.4
Foreign offices	1,131	50	4.4	824	28	3.4
Loans and receivables to customers						
Domestic offices	47,806	2,084	4.4	38,540	1,625	4.2
Foreign offices	27,664	1,768	6.4	21,397	1,260	5.9
Trading portfolio financial assets						
Domestic offices	7,786	257	3.3	5,890	193	3.3
Foreign offices	1,308	48	3.7	1,139	39	3.4
Financial investments						
Domestic offices	12,869	470	3.7	11,011	431	3.9
Foreign offices	3,220	177	5.5	2,883	213	7.4

Total interest earning assets						
Domestic offices	73,057	2,928	4.0	58,298	2,319	4.0
Foreign offices	33,323	2,043	6.1	26,243	1,540	5.9
Net interest on swaps		125			48	
Total average interest earning assets	106,380	5,096	4.8	84,541	3,907	4.6
Non-interest earning assets	13,209			10,421		
Total average assets	119,589	5,096	4.3	94,962	3,907	4.1
Percentage of assets applicable to foreign activities			31.1			31.3

Notes

22 Average balance sheets and interest rates (continued)

	Year ended 31 December 2005			Year ended 31 December 2004		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Liabilities and shareholders' equity	EUR m	EUR m	%	EUR m	EUR m	%
Due to banks						
Domestic offices	25,288	693	2.7	20,288	555	2.7
Foreign offices	1,963	81	4.1	2,732	91	3.3
Due to customers						
Domestic offices	27,820	473	1.7	23,795	363	1.5
Foreign offices	18,545	642	3.5	14,780	462	3.1
Other debt issued						
Domestic offices	7,001	171	2.4	3,395	77	2.3
Foreign offices	8,486	374	4.4	3,942	178	4.5
Subordinated liabilities						
Domestic offices	2,925	132	4.5	2,513	109	4.3
Total interest earning liabilities						
Domestic offices	63,034	1,469	2.3	49,991	1,104	2.2
Foreign offices	28,994	1,097	3.8	21,454	731	3.4
Total average interest earning liabilities	92,028	2,566	2.8	71,445	1,835	2.6
Non interest earning liabilities	21,237			18,070		

Total average liabilities	113,265	2,566	2.3	89,515	1,835	2.0
Shareholders' equity	6,324			5,447		
Total average liabilities and shareholders' equity	119,589	2,566	2.2	94,962	1,835	1.9
Percentage of liabilities applicable to foreign activities			30.7			29.1

23 Post-balance sheet events

(a) Financial Statements

There have been no material post-balance sheet events which would require disclosure or adjustment to the 31 December 2005 Financial Statements.

(b) Dividends

Final dividends are not accounted for until they have been approved at the Annual General Meeting of Shareholders to be held on 26 April 2006. It is recommended that a final dividend of Eur 42.30c per ordinary share, amounting to a total of EUR 368m,be paid on 27 April 2006. The Financial Statements for the year ended 31 December 2005 do not reflect this resolution, which will be accounted for in shareholder's equity as an appropriation of retained profits in the year ending 31 December 2006.

24 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 published on the Company's website and will be available to shareholders on application to the Company Secretary.

25 Approval of accounts

The accounts were approved by the Board of Directors on 21 February 2006.

Financial and other information

	2005	2004
Operating ratios		
Operating expenses (1) /operating income	55.2%	57.8%
Other income/operating income	30.6%	35.6%
Net interest margin:		
Group	2.38%	2.45%
Domestic	2.17%	2.17%
Foreign	2.83%	3.08%
Rates of exchange		
EUR /US $		

Closing	1.1797	1.3621
Average	1.2484	1.2474
EUR /Stg GBP		
Closing	0.6853	0.7051
Average	0.6851	0.6813
EUR /PLN		
Closing	3.8600	4.0845
Average	4.0276	4.5314

(1) Excludes restructuring costs of EUR8.7m in 2004.

Capital adequacy information	31 December 2005 EUR m	1 January 2005 EUR m
Risk weighted assets		
Banking book:		
On balance sheet	79,520	62,770
Off-balance sheet	14,682	10,960
	94,202	73,730
Trading book:		
Market risks	6,891	5,149
Counterparty and settlement risks	563	712
	7,454	5,861
Total risk weighted assets	101,656	79,591
Capital		
Tier 1	7,275	6,510
Tier 2	4,089	2,312
	11,364	8,822
Supervisory deductions	487	302
Total	10,877	8,520

Five year financial summary

					Year ended 31 December	
2005 US $m	Summary of consolidated statement of income(1)	2005 IFRS EUR m	2004 IFRS EUR m	2003 IR GAAP EUR m	2002 IR GAAP EUR m	2001 IR GAAP EUR m
2,985	Net interest income	2,530	2,072	1,934	2,351	2,258
-	Other finance income	-	-	12	62	67
1,318	Other income before exceptional item	1,117	1,144	1,230	1,514	1,426
-	Exceptional foreign exchange dealing losses	-	-	-	-	(789)
4,303	Total operating income after exceptional item	3,647	3,216	3,176	3,927	2,962
2,373	Total operating expenses	2,011	1,869	1,960	2,318	2,284
1,930	Operating profit before	1,636	1,347	1,216	1,609	678

	provisions					
168	Provisions	143	133	177	251	204
1,762	Operating profit	1,493	1,214	1,039	1,358	474
176	Share of results of associated undertakings	149	132	143	9	4
-	Share of restructuring & integration costs in associated undertaking	-	-	(20)	-	-
-	Amortisation of goodwill on acquisition of associated undertaking	-	-	(42)	-	-
16	Profit on disposal of property	14	9	32	5	6
53	Construction contract income	45	-	-	-	-
5	Profit/(loss) on disposal of businesses	5	17	(141)	-	93
2,012	Profit before taxation - continuing operations	1,706	1,372	1,011	1,372	577
376	Taxation on ordinary activities	319	267	318	306	55
1,636	Profit after taxation - continuing operations	1,387	1,105	693	1,066	522
54	Discontinued operation, net of taxation	46	53	-	-	-
1,690	Profit for the period	1,433	1,158	693	1,066	522
178.1c	Basic earnings per share	151.0c	132.0c	78.8c	119.1c	56.2c
176.8c	Diluted earnings per share	149.8c	131.5c	78.4c	117.9c	55.9c

					As at 31 December	
		2005	2004	2003	2002	2001
2005		IFRS	IFRS	IR GAAP	IR GAAP	IR GAAP
US $m	Summary of consolidated balance sheet(1)	EUR m	EUR m	EUR m	EUR m	EUR m
157,152	Total assets	133,214	101,109	80,960	85,821	89,061
108,959	Total loans	92,361	67,278	53,326	58,483	57,445
129,201	Total deposits	109,520	82,384	66,195	72,190	72,813
3,159	Dated capital notes	2,678	1,923	1,276	1,287	1,594
1,023	Undated capital notes	868	346	357	389	426
248	Other loan capital	210	497	497	496	496
1,473	Minority interests in subsidiaries	1,248	1,211	158	274	312
586	Shareholders' equity: non-equity interests	497	182	196	235	279
7,871	Shareholders' equity: equity interests	6,672	5,745	4,942	4,180	4,554
14,360	Total capital resources	12,173	9,904	7,426	6,861	7,661

Five year financial summary (continued)

				Year ended 31 December	
	2005	2004	2003	2002	2001
	IFRS	IFRS	IR GAAP	IR GAAP	IR GAAP
Other financial data(1)	%	%	%	%	%
Return on average total assets	1.2	1.22	0.90	1.24	0.62(2)
Return on average ordinary shareholders' equity	20.6	20.7	14.5	23.7	10.4(3)
Dividend payout ratio	43.5	45.5	66.8	41.5	78.5
Average ordinary shareholders' equity as a percentage of average total assets	5.3	5.7	6.0	5.1	5.8
Allowance for loan losses as a percentage of total loans to customers at year end	0.8	1.2	1.3	1.6	1.9
Net interest margin	2.38	2.45	2.72	3.00	2.99
Tier 1 capital ratio	7.2	8.2	7.1	6.9	6.5
Total capital ratio	10.7	10.9	10.4	10.1	10.1

(1) The results and financial position for the year ended 31 December 2004 have been restated to represent the results of Ark Life as a discontinued operation to reflect the disposal (note 3) and the application of International Financial Reporting Standards ('IFRS'), with the exception of IAS 32, IAS 39 and IFRS 4 which apply with effect from 1 January 2005 (see Basis of preparation on page 23). The historical information has not been restated for IFRS and is therefore presented as previously reported under Irish GAAP. Thus the five year trends will not be entirely comparable.

(2) 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%.

(3) 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 statement of income for the year ended 31 December 2005	EUR m	STG GBPm STG GBP0.6853 =EUR 1	US $m US $1.1797 =EUR 1	PLN m PLN 3.8600 =EUR 1
Operating profit before provisions	1,636	1,121	1,930	6,314
Provisions	143	98	168	549
Operating profit	1,493	1,023	1,762	5,765
Share of results of associated undertakings	149	102	176	577
Profit on disposal of property	14	10	16	52
Construction contract income	45	31	53	172

Profit on disposal of businesses	5	3	5	18
Profit before taxation - continuing operations	1,706	1,169	2,012	6,584
Taxation	319	219	376	1,231
Profit after taxation - continuing operations	1,387	950	1,636	5,353
Discontinued operation, net of taxation	46	32	54	176
Profit for the period	1,433	982	1,690	5,529
Minority interests in subsidiaries	90	62	106	346
Profit attributable to equity holders of the parent	1,343	920	1,584	5,183
Basic earnings per share	151.0c	103.5p	178.1c	582.9 PLN
Diluted earnings per share	149.8c	102.7p	176.8c	578.2 PLN

Summary of consolidated balance sheet

31 December 2005	EUR m	Stg GBPm	US $m	PLN m
Assets				
Trading portfolio financial assets	10,113	6,931	11,931	39,037
Derivative financial instruments	2,439	1,671	2,877	9,415
Loans and receivables to banks	7,129	4,886	8,411	27,519
Loans and receivables to customers	85,232	58,409	100,548	328,996
Financial investments available for sale	16,864	11,557	19,894	65,095
Intangible assets and goodwill	517	354	609	1,994
Property, plant and equipment	706	484	833	2,724
Disposal group and assets classified as held for sale	5,363	3,675	6,326	20,700
Other assets	4,851	3,324	5,723	18,725
	133,214	91,291	157,152	514,205
Liabilities				
Deposits by banks	29,329	20,099	34,600	113,211
Customer accounts	62,580	42,886	73,825	241,558
Derivative financial instruments	1,967	1,348	2,320	7,591
Debt securities in issue	17,611	12,069	20,776	67,979
Other liabilities	4,463	3,058	5,265	17,227
Subordinated liabilities and other capital instruments	3,756	2,573	4,430	14,495
Disposal group classified as held for sale	5,091	3,489	6,006	19,652
Minority interests in subsidiaries	1,248	856	1,473	4,819
Shareholders' equity	7,169	4,913	8,457	27,673
	133,214	91,291	157,152	514,205

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, 2006

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