



Pre-Close Period Briefing of Analysts

7th December 2000

Allied Irish Banks, p.l.c. ("AIB") will be meeting analysts ahead of its close period for the year ending 31 December 2000 and is issuing this statement in advance of these meetings.

The outlook for the years 2000 and 2001 continues to underpin our previously stated target of low double digit growth in earnings per share.

The Group continued to develop both organically and strategically in 2000. Organic growth has been particularly significant in Ireland and the United Kingdom. We also announced, on 10 October 2000, the proposed merger of Wielkopolski Bank Kredytowy ("WBK") and Bank Zachodni ("BZ"). This merger represents another significant milestone in our Polish strategy, enabling a banking franchise with national scale and significant potential in Poland.

AIB's commitment to an integrated, multi channel distribution strategy, in each of its geographic franchises, has continued to deliver clear benefits to the Group and its customers during the year. The attainment of 100,000 on-line customers in Ireland will be achieved before year-end, while developments in the USA, Poland and the United Kingdom will ensure that the Group's on-line customer base will exceed its year end 2000 target of 170,000.

The Group's businesses have continued to perform well since the announcement, on 2 August 2000, of results for the half-year ended 30 June 2000. The economies where we are geographically located, have performed to expectations. The Irish economy remains buoyant and, despite some inflationary pressures, expectations remain for a gradual slowdown to annual, real GDP growth of 5 to 7% over the medium-term.

Loan growth, at the Group level, is expected to be about 15% for the year. Growth in Ireland is expected to be close to 25% and the United Kingdom businesses are likely to deliver volume increases in the region of 15%. USA division, which encompasses Allfirst and Allied Irish America, is likely to show low single digit growth for the year. Poland is expecting mid-teen volume increases, which would be a creditable performance given high interest rates and relatively subdued activity in BZ.

Deposit growth for the year, at the Group level, is expected to be close to 10% with a significant increase expected in Ireland for the second half of the year. Loan and deposit growth rates are stated on a constant currency basis.

As indicated in August, the Group net interest margin for 2000 is likely to experience erosion of around 25 basis points over 1999, reflecting the competitive environment in our various franchises. On a positive note, product margins in the Republic of Ireland are stabilising and consequently, a lower level of domestic margin erosion is anticipated in 2001.

Growth in non-interest income remains strong with the increase, at the Group level, expected to be around 10% (on an underlying basis, excluding BZ). Particular highlights in the period have been Ark Life and foreign exchange commissions in AIB Bank, electronic banking income in Allfirst and card fees in Poland. Stockbroking and corporate banking fees in Capital Markets have shown good growth, however, treasury markets have been more volatile in the second half of the year.

Underlying growth in Group costs remain targeted at mid single digits for the year. The cost/income ratio for AIB Bank continues to improve, despite staff cost pressures in Ireland, while the ratio in Poland will be higher, reflecting the inclusion of Bank Zachodni for the full year and continuing investments in technology and network development in that division.

Asset quality has remained strong, with the Allfirst loan portfolio showing particular resilience as demonstrated by their recent 10-Q filing. This has resulted in lower bad debt provisions in all divisions in the second half, and is likely to lead to a full year charge of around 25 basis points.

An exceptional charge in the amount of €113 million, representing a full and final settlement of the Group's Deposit Interest Retention Tax ("DIRT") for the period 1986 to 1999, as announced on 3 October 2000, will be included in the year-end accounts.

Group results for the year ended 31 December 2000 will be announced on Wednesday, 21 February 2001.