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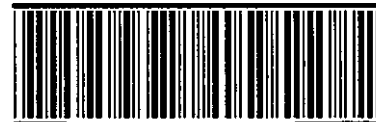
AIB FINANCE LIMITED

Financial Statements

31 December 1993

AIB 8
300496

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AIB Finance Limited

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AIB Finance Limited

Directors and Other Information

Directors

L C Larkin (Managing)
J R Chestnutt
H M Feeley
E F McElroy
A McKeon
B V Wilson

Secretary & Registered Office

J R Chestnutt
Bankcentre
Ballsbridge
Dublin 4

Bankers

Allied Irish Banks plc

Solicitors and Law Agent

Office of the Law Agent
Bankcentre
Ballsbridge
Dublin 4

Auditors

Coopers & Lybrand
Fitzwilton House
Wilton Place
Dublin 2

AIB Finance Limited

Report of the Directors

The Directors submit herewith their Report and Audited Financial Statements for the year ended 31 December 1993.

Business Review

2. The company continues to perform profitably in the Republic of Ireland with all areas performing well. In the United Kingdom, the improving economic climate contributed further to reducing non-performing loan balances with a resultant reduction in reported losses on the previous year.

Results for the Year

3. Group profit before taxation and Government stamp duty amounted to IR£35,025,000, an improvement of IR£31,744,000 on last year's reported profit. After deducting tax and stamp duties of IR£14,478,000, results in a profit of IR£20,547,000 after tax. The group paid an interim dividend of IR£25,000,000 to its parent, Allied Irish Banks plc. No final dividend is proposed.

Directors

4. The directors of the company at 31 December 1993 are set out below. Except where indicated otherwise, the directors served for the entire period.

L C Larkin (Managing)
J R Chestnutt
H M Feeley
E F McElroy
A McKeon
B V Wilson

Mr J F O'Donovan retired from the Board on 1 June 1993. Mr L C Larkin and Mr H M Feeley retire by rotation and, being eligible, offer themselves for re-election.

Interests of Directors and Officers in Shares

5. The interests of directors and officers of the company in shares of group companies are set out below. The shares referred to are IR£0.25p ordinary shares in Allied Irish Banks plc, the holding company.

Ordinary Shares of IR£0.25p each

	31/12/93 Number	31/12/92 Number
Directors		
J R Chestnutt (Secretary)	2,705	6,161
H M Feeley	16,305	5,534
L C Larkin	10,545	9,788
E F McElroy	28,554	27,729
A McKeon	19,383	23,143
B V Wilson	16,849	16,150

Subsidiary

6. Wholly owned:-

AIB Leasing Limited	
Incorporated in:	Republic of Ireland
Business:	Leasing Company

Safety, Health and Welfare at Work Act, 1989

7. Allied Irish Banks plc has prepared a safety statement which applies to all group employees including those of the company.

Auditors

8. The auditors, Coopers & Lybrand will be re-appointed in accordance with Section 160(2) of the Companies Act 1963.

ON BEHALF OF THE DIRECTORS

J. V. Wilson)
H. M. Feeley) Directors
L. C. Larkin)
E. F. McElroy)
A. McKeon)
B. V. Wilson)

Dublin

AIB Finance Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit and loss of the company and the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are responsible and prudent;
- disclose and explain any material departures from applicable accounting standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 1990. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE DIRECTORS

B. V. Wilson)
John J. Flavin) Directors
Leo L. Ryan

Dublin

**Report of the Auditors to the Members
of AIB Finance Limited**

We have audited the financial statements on pages 7 to 31.

Respective Responsibilities of Directors and Auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1993 and of its profit, total recognised gains, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 1990.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 3 to 4 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 9 are more than half the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 1993 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

Peppers & Lyburn
Chartered Accountants
and Registered Auditors

Dublin

18/2/94

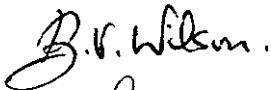


AIB Finance Limited

Consolidated Profit and Loss Account for the year ended 31 December 1993

		12 Months to 31 December 1993	11 Months to 31 December 1992
	Notes	IR£'000	IR£'000
Interest receivable:			
- interest receivable and similar income arising from debt securities and other fixed income securities		4,122	3,998
- other interest receivable and similar income	2	338,702	327,075
Less: Interest payable and similar charges	3	<u>(265,731)</u>	<u>(266,851)</u>
Net Interest Income		<u>77,093</u>	<u>64,222</u>
Fees and commissions receivable		465	494
Fees and commissions payable		(1,184)	(1,612)
Dealing losses		(32)	(545)
Other operating income		1,203	(122)
Operating Income		<u>77,545</u>	<u>62,437</u>
Administrative expenses	4	22,111	25,141
Depreciation and amortisation	19	2,017	2,065
Provisions for bad and doubtful debts		18,392	31,950
Total Operating Expense		<u>42,520</u>	<u>59,156</u>
Group Profit on Ordinary Activities before Tax	5	35,025	3,281
Tax on Group profit on ordinary activities	8	<u>(14,478)</u>	<u>(3,350)</u>
Group Profit/(Loss) attributable to the Shareholders of AIB Finance Limited	9	20,547	(69)
Dividends	10	<u>(25,000)</u>	<u>-</u>
Retained (Loss) for the Year		<u>(4,453)</u>	<u>(69)</u>

Movements in profit and loss account reserves are shown in note 28.

All of the above results are in respect of continuing operations.

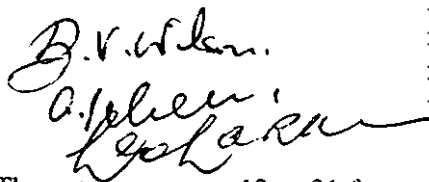
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The notes on pages 12 to 31 form part of these Financial Statements.
Auditors' Report page 6.

AIB Finance Limited

Consolidated Balance Sheet at 31 December 1993

	Notes	1993 IR£'000	1992 IR£'000
Assets			
Cash and balances at central and Post Office banks		23	54
Central Government bills and other bills eligible for refinancing with a Central bank	12	-	11
Loans and advances to banks	13	10,587	12,504
Loans and advances to customers	14	1,017,916	1,097,438
Debt securities and other fixed income securities	16	39,562	39,592
Equity shares and other variable yield securities	17	210	186
Tangible fixed assets	19	3,576	5,090
Other assets		1,071	2,169
Prepayments and accrued income		3,147	8,366
Due by parent undertaking	21	2,200,646	2,398,103
Due by fellow subsidiary undertakings		24,497	25,113
Total Assets		<u>3,301,235</u>	<u>3,588,626</u>
Liabilities			
Deposits by banks	20	49,928	41,106
Customer accounts	21	2,071,236	2,204,825
Debt securities in issue	22	38,711	46,824
Other liabilities	23	59,750	42,422
Accruals and deferred income		20,147	40,917
Provisions for liabilities and charges:			
- deferred taxation	24	(5,674)	4,256
- other provisions for liabilities and charges	25	440	1,314
Subordinated loan	26	15,000	15,000
Called up share capital	27	12,000	12,000
Revaluation reserve	28	333	359
Profit and loss account	28	98,516	103,033
Due to parent undertaking	14	934,311	1,071,466
Due to fellow subsidiary undertakings		6,537	5,104
Total Liabilities		<u>3,301,235</u>	<u>3,588,626</u>
Off Balance Sheet Items	29		
Contingent liabilities:			
- guarantees and assets pledged as collateral security		<u>2,495</u>	<u>2,569</u>



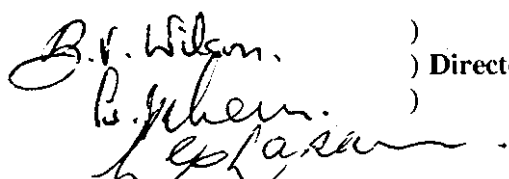
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AIB Finance Limited

Company Balance Sheet at 31 December 1993

	Notes	1993 IR£'000	1992 IR£'000
Assets			
Cash and balances at central and Post Office banks		23	54
Central Government bills and other bills eligible for refinancing with a Central Bank	12	-	11
Loans and advances to banks	13	10,587	12,504
Loans and advances to customers	14	820,417	900,500
Debt securities and other fixed income securities	16	39,562	39,592
Equity shares and other variable yield securities	17	210	186
Shares in Group undertakings	18	100	100
Tangible fixed assets	19	3,574	4,914
Other assets	20	770	1,900
Prepayments and accrued income		3,148	8,366
Due by parent undertaking	21	2,200,022	2,396,832
Due by fellow subsidiary undertakings		33,088	30,079
Total Assets		3,111,501	3,395,038
 Liabilities			
Deposits by banks	20	49,928	41,106
Customer accounts	21	2,071,236	2,204,825
Other liabilities	23	16,198	(6,928)
Accruals and deferred income		19,805	39,911
Provisions for liabilities and charges			
- deferred taxation	24	(2,940)	(2,239)
- other provisions for liabilities and charges	25	440	1,314
Subordinated loan	26	15,000	15,000
Called up share capital	27	12,000	12,000
Revaluation reserve	28	333	359
Profit and loss account	28	61,632	60,315
Due to parent undertaking	14	861,332	1,024,271
Due to fellow subsidiary undertakings		6,537	5,104
Total Liabilities		3,111,501	3,395,038
 Off Balance Sheet Items			
Contingent liabilities:	29		
- guarantees and assets pledged as collateral security		2,495	2,569


) Directors

The notes on pages 12 to 31 form part of these Financial Statements.
Auditors' Report page 6.

AIB Finance Limited

Consolidated Cash Flow Statement for the year ended 31 December 1993

		12 Months to 31 December 1993 IR£'000	11 Months to 31 December 1992 IR£'000
Net cash inflow/(outflow) from operating activities	30	29,404	(57,434)
<i>Returns on investments and servicing of finance:</i>			
- ordinary dividends paid		(25,000)	-
		<hr/>	<hr/>
Net cash outflows from returns on investments and servicing of finance		(25,000)	-
<i>Taxation</i>			
Corporation tax paid		(5,687)	(7,512)
<i>Investing activities</i>			
- purchase of investment securities		(9,547)	(186)
- sale of investment securities		9,500	-
- purchase of tangible fixed assets		(1,076)	(691)
- sale of tangible fixed assets		447	760
Net cash (outflow) from investing activities		<hr/> (676) <hr/>	<hr/> (117) <hr/>
(Decrease) in cash and cash equivalents	30	<hr/> (1,959) <hr/>	<hr/> (65,063) <hr/>

The notes on pages 12 to 31 form part of these Financial Statements.
Auditors' Report page 6.

AIB Finance Limited
Year Ended 31 December 1993

Statement of Total Recognised Gains and Losses	1993 IR£'000	1992 IR£'000
Profit/(Loss) attributable to ordinary shareholders	20,547	(69)
Exchange translation adjustments	(64)	(430)
Disposal of property	(26)	16
Total recognised gains and losses relating to the year	<u>20,457</u>	<u>(483)</u>
Reconciliation of Movements in Shareholders' Funds	1993 IR£'000	1992 IR£'000
Profit/(Loss) attributable to ordinary shareholders	20,547	(69)
Ordinary dividends	(25,000)	-
Retained (loss)	(4,453)	(69)
Other recognised net gains and losses relating to the year	(90)	(414)
Net (decrease) in shareholders' funds	<u>(4,543)</u>	<u>(483)</u>
Shareholders' funds at 1 January 1993	115,392	115,875
Shareholders' funds at 31 December 1993	<u>110,849</u>	<u>115,392</u>

Note of Historical Cost Profits and Losses

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

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993

1 Accounting Policies

(a) *Accounting Convention*

The Group accounts have been prepared under the historical cost convention modified by the inclusion of certain fixed assets and securities at valuation and in accordance with the provisions of the European Communities (Credit Institutions: Accounts) Regulations, 1992 (the regulations) relating to banking groups, applicable accounting standards and Statements of Recommended Accounting Practice. As a result of the implementation of the regulations certain assets and liabilities which were previously reported net have been grossed up. The regulations also incorporate significant amendments to the disclosure format of the profit and loss account and balance sheet. This has resulted in changes to the comparative figures.

(b) *Basis of Consolidation*

The financial statements of AIB Finance Limited and its subsidiary undertakings are made up to December 31, 1993. (See note 18).

(c) *Provisions for Bad and Doubtful Debts*

Specific provisions for bad and doubtful debts are based on a detailed assessment of individual instalment debts in arrears and by reference to information available to management in the case of debts not repayable by fixed instalments. Specific provisions have been made in respect of all identified impaired advances. General provision has been made in respect of losses which although not yet specifically identified, are known from experience to be present.

Provisions made during the year, less existing provisions no longer required and recoveries of bad debts previously written off, are charged against profits.

Loans and advances are written down to estimated realisable value when there is no realistic prospect of recovery, interest of doubtful collectability is held in suspense.

(d) *Finance Leases*

Income from leasing transactions is apportioned over the primary leasing period in proportion to the monthly balance of finance outstanding. Leases are apportioned by the investment period method after tax. Government grants in respect of these assets are credited to profit and loss account on the same basis.

(e) *Foreign Currencies*

Assets and liabilities denominated in foreign currencies are translated into Irish pounds at the exchange rates ruling at the balance sheet date.

Translation differences arising from the application of year-end rates of exchange to opening net assets of foreign branches are dealt with through profit and loss account reserves.

Other translation differences are recognised in the profit and loss account.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993

(f) Debt Securities and Equity Shares

Shares and securities intended for use on a continuing basis in the Group's activities are classified as fixed asset investment securities. Such shares and securities are stated at cost less provision for any permanent diminution in value. The cost of dated investment securities is adjusted for the amortisation of premiums or discounts on a level-yield basis over the period to maturity. The amortisation of premiums or discounts is included in interest income.

(g) Deferred Taxation

Tax deferred or accelerated by timing differences is accounted for to the extent that it is probable that a liability or asset will arise. It is calculated at rates expected to be applicable when the liabilities or assets are expected to crystallise. No account has been taken of taxation which might arise on disposal of the group's land and buildings at their revalued amounts.

(h) *Hire Purchase and Instalment Credit Agreements*

Income from hire purchase and instalment credit transactions is calculated by the sum of the digits method over the period of the agreements after allocating sums to cover the setting up costs of the transactions.

(i) *Depreciation*

Freehold and long leasehold properties are not depreciated. The directors do not consider the depreciation of freehold and long leasehold properties to be significant in view of the useful economic lives of these properties and, having regard to the high standard at which they are maintained, their residual values. The costs of adapting buildings to their use for the company have been separately identified and these are written off over their estimated useful life subject to a maximum period of 20 years.

Leasehold properties with less than 50 years unexpired are written off by equal annual instalments over the remaining terms of the leases.

Depreciation on equipment is provided on a straight line basis at rates which will write off these assets over their expected useful lives, which for furnishings are 10 years and for computers, motor vehicles and other equipment are 4 to 10 years.

(j) *Pensions*

The pension cost is assessed in accordance with the advice of qualified actuaries so as to recognise the cost of pensions on a systematic basis over employees' service lives.

(k) *Forward Foreign Exchange Contracts and Other Off-Balance-Sheet Instruments*

Off-balance-sheet instruments are valued at market prices and the resultant profits and losses are included in income, except for transactions designated as hedges which are treated in accordance with the accounting treatment of the items being hedged.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

(l) *Commissions*

Commissions paid in respect of advances made in the British Division are amortised using the sum of the digits method. All other commissions paid in respect of new business introduced are written off in the financial year in which they arise.

(m) *Operating Leases*

Rentals are charged to the profit and loss account in equal instalments over the lease term.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

2 Other Interest Receivable and Similar Income

	1993 IR£'000	1992 IR£'000
Interest from parent undertaking	222,180	184,647
Interest from fellow subsidiary undertakings	502	440
Other	116,020	141,988
	<u>338,702</u>	<u>327,075</u>

3 Interest Payable and Similar Charges

	1993 IR£'000	1992 IR£'000
Interest to parent undertaking	81,247	88,722
Interest to fellow subsidiary undertakings	107	76
Other	184,377	178,053
	<u>265,731</u>	<u>266,851</u>

4 Administrative Expenses

	1993 IR£'000	1992 IR£'000
Staff costs		
- wages and salaries	9,688	12,307
- social security costs	928	1,016
- other pension costs (Note 7)	1,869	2,120
	<u>12,485</u>	<u>15,443</u>
Other administrative expenses	9,626	9,698
	<u>22,111</u>	<u>25,141</u>

5 Group Profit on Ordinary Activities before Tax

	1993 IR£'000	1992 IR£'000
Is stated after charging/(crediting):-		
Aggregate amounts receivable, including capital repayments under - finance leases and hire purchase agreements	175,621	195,001
Losses/(Profits) on disposal of tangible fixed assets	<u>267</u>	<u>(31)</u>
Auditors' remuneration	<u>139</u>	<u>135</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

6 Emoluments of Directors

	1993 IR£'000	1992 IR£'000
Other emoluments	<u>146</u>	<u>188</u>

7 Pension Costs

The Group operates a pension scheme for its employees in the Republic of Ireland and United Kingdom. This scheme, which covers twenty percent of the Group's employees, is a defined benefit scheme and the assets are held in trust funds separate from the Group. The remaining eighty percent of employees are members of the Allied Irish Banks plc pension scheme. The total pension cost for the Group was IR£1.869m (1992 : IR£2.12m) of which IR£0.554m was attributable to the Group's scheme.

An independent actuarial valuation of the Group's scheme was carried out by Noble Lowndes IPT Actuarial Services Limited, as at 1 November 1991 using the Attained Age Method. The principal actuarial assumptions adopted were that the investment return would be 2% higher than the rate of pensionable salary increase and 4% higher than the underlying rate of inflation.

The market value of the assets at the valuation date was IR£11.7m and the actuarial value was sufficient to cover ninety one percent of the future benefits that had accrued to members after allowing for expected increases in earnings. The employers' contribution rate over the average remaining service life of the members of the scheme takes account of the current actuarial funding level. Details of the Allied Irish Banks plc pension scheme are contained in the published accounts of the bank for the period ended 31 December 1993.

8 Tax on Group Profit on Ordinary Activities

	1993 IR£'000	1992 IR£'000
Irish corporation tax at 40%	19,929	11,689
Stamp duty on Section 84 Interest	593	886
Bank levy	<u>3,639</u>	<u>3,640</u>
	24,161	16,215
Deferred taxation	<u>(9,683)</u>	<u>(12,865)</u>
	<u>14,478</u>	<u>3,350</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

9 Group Profit/(Loss) dealt with in the Accounts of AIB Finance Limited

IR£26,389,022 (1992 (IR£6,178,210)) of the Group profit/(loss) attributable to ordinary shareholders has been dealt with in the accounts of AIB Finance Limited. As permitted by Regulation 5(2) of the European Communities (Credit Institutions: Accounts) Regulations, 1992, the profit and loss account of AIB Finance Limited has not been presented separately.

10 Dividends

	1993 pence per share	1993 IR£'000	1992 Pence per share	1992 IR£'000
Interim (paid)	<u>208.3</u>	<u>25,000</u>	<u>-</u>	<u>-</u>

11 Assets

	1993 Group IR£'000	1993 Entity IR£'000	1992 Group IR£'000	1992 Entity IR£'000
--	--------------------------	---------------------------	--------------------------	---------------------------

(i) Assets and liabilities denominated in foreign currency:

Denominated in IR£	2,241,503	2,052,426	2,293,319	2,100,076
Denominated in currencies other than IR£	1,059,732	1,059,075	1,295,307	1,294,962
Total Assets	<u>3,301,235</u>	<u>3,111,501</u>	<u>3,588,626</u>	<u>3,395,038</u>
Denominated in IR£	2,241,475	2,052,374	2,293,401	2,100,115
Denominated in currencies other than IR£	1,059,760	1,059,127	1,295,225	1,294,923
Total Liabilities	<u>3,301,235</u>	<u>3,111,501</u>	<u>3,588,626</u>	<u>3,395,038</u>

(ii) Assets Leased to Customers:

Loans and advances to customers				
- finance leases	<u>193,615</u>	<u>55</u>	<u>192,775</u>	<u>186</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

12 Central Government Bills and Other Eligible Bills

Group & Entity

	1993		1992
	Balance Sheet IR£'000	Market Value IR£'000	Balance Sheet IR£'000
			Market Value IR£'000
Investment securities			
- Exchequer bills and similar securities	<u>-</u>	<u>-</u>	<u>11</u>
			<u>11</u>

13 Loans and Advances to Banks

	1993	1993	1992	1992
	Group IR£'000	Entity IR£'000	Group IR£'000	Entity IR£'000
Repayable on demand	2,215	2,215	2,311	2,311
Other loans and advances				
Remaining maturity:				
- over 5 years	-	-	-	-
- 5 years or less but over 1 year	-	-	-	-
- 1 year or less but over 3 months	-	-	-	-
- 3 months or less	8,372	8,372	10,193	10,193
	<u>10,587</u>	<u>10,587</u>	<u>12,504</u>	<u>12,504</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

14 Loans and Advances to Customers

	1993 Group IR£'000	1993 Entity IR£'000	1992 Group IR£'000	1992 Entity IR£'000
Remaining maturity:				
- over 5 years	425,368	423,046	520,175	516,669
- 5 years or less but over 1 year	390,721	269,225	392,425	273,153
- 1 year or less but over 3 months	139,187	85,222	164,282	116,264
- 3 months or less	140,714	114,880	107,384	75,280
General and specific bad and doubtful debt provisions (note 15)	(78,074)	(71,956)	(86,828)	(80,866)
	<u>1,017,916</u>	<u>820,417</u>	<u>1,097,438</u>	<u>900,500</u>

Group loans and advances to customers include IR£193.6m (1992 IR£192.8m) net investment in finance leases and IR£68.7m (1992 IR£65.5m) net investment in hire purchase contracts.

The amounts "due to parent undertaking" for both the group and the entity, have a similar maturity profile to loans and advances to customers.

15 Provisions for Bad and Doubtful Debts

	1993			1992		
	Specific IR£'000	General IR£'000	Total IR£'000	Specific IR£'000	General IR£'000	Total IR£'000
(a) Group:						
At beginning of period	81,593	5,235	86,828	92,786	5,736	98,522
Exchange adjustments	7,645	393	8,038	(12,246)	(501)	(12,747)
Charge against profits	26,830	-	26,830	41,765	-	41,765
Amounts written off	(28,364)	-	(28,364)	(20,781)	-	(20,781)
Recoveries	(15,258)	-	(15,258)	(19,931)	-	(19,931)
At 31 December	<u>72,446</u>	<u>5,628</u>	<u>78,074</u>	<u>81,593</u>	<u>5,235</u>	<u>86,828</u>
Loans and advances to customers			<u>78,074</u>			<u>86,828</u>
(b) Entity:						
At beginning of period	75,631	5,235	80,866	87,554	5,736	93,290
Exchange adjustments	7,645	393	8,038	(12,246)	(501)	(12,747)
Charge against profits	26,581	-	26,581	41,035	-	41,035
Amounts written off	(28,269)	-	(28,269)	(20,781)	-	(20,781)
Recoveries	(15,260)	-	(15,260)	(19,931)	-	(19,931)
At 31 December	<u>66,328</u>	<u>5,628</u>	<u>71,956</u>	<u>75,631</u>	<u>5,235</u>	<u>80,866</u>
Loans and advances to customers			<u>71,956</u>			<u>80,866</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

16 Debt Securities and Other Fixed Income Securities

(a) Group & Entity:

	1993		1992	
	Balance	Market	Balance	Market
	Sheet	Value	Sheet	Value
	IR£'000	IR£'000	IR£'000	IR£'000
Issued by public bodies				
Investment securities				
- government securities	39,562	39,557	39,592	39,324
	<u>39,562</u>	<u>39,557</u>	<u>39,592</u>	<u>39,324</u>
Due within one year	30,026	30,021	9,503	9,474
Due one year and over	9,536	9,536	30,089	29,850
	<u>39,562</u>	<u>39,557</u>	<u>39,592</u>	<u>39,324</u>

(b) Group & Entity:

	1993		1992	
	Balance	Market	Balance	Market
	Sheet	Value	Sheet	Value
	IR£'000	IR£'000	IR£'000	IR£'000
Investment securities				
- listed on a recognised Exchange	39,562	39,557	39,592	39,324
	<u>39,562</u>	<u>39,557</u>	<u>39,592</u>	<u>39,324</u>

	Cost IR£'000	Discounts and Premiums IR£'000	Carrying Value IR£'000				
				1993		1992	
				Balance	Market	Balance	Market
	IR£'000	Value	IR£'000	Value	IR£'000	IR£'000	
At 1 January 1993	39,757	(165)	39,592				
Acquisitions	9,547	-	9,547				
Disposals	(9,502)	2	(9,500)				
Amortisation of discounts and premiums	-	(77)	(77)				
At 31 December 1993	<u>39,802</u>	<u>(240)</u>	<u>39,562</u>				

	1993		1992	
	Balance	Market	Balance	Market
	IR£'000	Value	IR£'000	Value
Unamortised discounts and premiums on investment securities			62	92
			<u>62</u>	<u>92</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

17. Equity Shares and Other Variable Yield Securities

(a) *Group & Entity:*

	1993		1992	
	Balance Sheet IR£'000	Market Value IR£'000	Balance Sheet IR£'000	Market Value IR£'000
Investment securities				
- listed on a recognised exchange	<u>210</u>	<u>168</u>	<u>186</u>	<u>186</u>

Cost	Carrying
IR£'000	Value
IR£'000	IR£'000

(b) *Group & Entity:*

At 1 January 1993	186	186
Exchange adjustments	24	24
At 31 December 1993	<u>210</u>	<u>210</u>

18 Shares in Group Undertakings

	1993 IR£'000	1992 IR£'000
Ordinary Shares at Cost	<u>100</u>	<u>100</u>

AIB Finance Limited has a 100% interest in AIB Leasing Limited whose country of incorporation is the Republic of Ireland. For commercial reasons the financial year end of AIB Leasing Limited is 31 March 1994. Interim financial statements of AIB Leasing Limited have been prepared to 31 December 1993 for inclusion in the group's audited accounts.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

19 Tangible Fixed Assets

	Land and freehold and long leasehold IRE'000	Leases of less than 50 years unexpired IRE'000	Computer and other equipment IRE'000	Total IRE'000
(a) Group				
Cost or valuation				
At 1 January 1993	964	725	17,812	19,501
Exchange adjustments	7	33	592	632
Transfers	-	-	10	10
Reclassifications	218	-	(218)	-
Additions	-	732	340	1,072
Disposals	(255)	(198)	(962)	(1,415)
At 31 December 1993	<u>934</u>	<u>1,292</u>	<u>17,574</u>	<u>19,800</u>
Accumulated Depreciation				
At 1 January 1993	11	173	14,227	14,411
Exchange adjustments	-	13	452	465
Transfers	-	-	6	6
Reclassifications	119	-	(119)	-
Disposals	(2)	(49)	(624)	(675)
Charge for year	44	81	1,892	2,017
	<u>172</u>	<u>218</u>	<u>15,834</u>	<u>16,224</u>
Net Book Value at 31 December 1993	<u>762</u>	<u>1,074</u>	<u>1,740</u>	<u>3,576</u>
Net Book Value at 31 December 1992	<u>953</u>	<u>552</u>	<u>3,585</u>	<u>5,090</u>
(b) Entity				
Cost or valuation				
At 1 January 1993	964	528	17,675	19,167
Exchange Adjustments	7	32	593	632
Transfers	-	-	10	10
Reclassifications	218	-	(218)	-
Additions	-	732	340	1,072
Disposals	(255)	-	(962)	(1,217)
At 31 December 1993	<u>934</u>	<u>1,292</u>	<u>17,438</u>	<u>19,664</u>
Accumulated Depreciation				
At 1 January 1993	11	140	14,102	14,253
Exchange Adjustments	1	17	450	468
Transfers	-	-	6	6
Reclassifications	119	-	(119)	-
Disposals	(3)	-	(623)	(626)
Charge for year	44	61	1,884	1,989
At 31 December 1993	<u>172</u>	<u>218</u>	<u>15,700</u>	<u>16,090</u>
Net Book Value at 31 December 1993	<u>762</u>	<u>1,074</u>	<u>1,738</u>	<u>3,574</u>
Net Book Value at 31 December 1992	<u>953</u>	<u>388</u>	<u>3,573</u>	<u>4,914</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

19 Tangible Fixed Assets (continued)

	1993 Group IR£'000	1993 Entity IR£'000	1992 Group IR£'000	1992 Entity IR£'000
Cost or valuation of freehold land and buildings:				
At valuation	660	660	915	915
At cost	56	56	49	49
	<u>716</u>	<u>716</u>	<u>964</u>	<u>964</u>
On the historical cost basis, land and buildings would have been included as follows:				
Cost	1,917	1,917	2,048	1,850
Accumulated depreciation	(409)	(409)	(283)	(254)
Net book value	<u>1,508</u>	<u>1,508</u>	<u>1,765</u>	<u>1,596</u>
Land and buildings occupied for own activities:				
Net Book Value	<u>1,836</u>	<u>1,836</u>	<u>1,505</u>	<u>1,341</u>
Future capital expenditure				
- contracted but not provided in the accounts	-	-	-	-
- authorised by the directors but not contracted	-	-	600	600
	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>

20 Deposits by Banks

	1993 Group IR£'000	1993 Entity IR£'000	1992 Group IR£'000	1992 Entity IR£'000
With agreed maturity dates or periods of notice, by remaining maturity:				
- over 5 years	22,181	22,181	23,604	23,604
- 5 years or less but over 1 year	824	824	17,502	17,502
- 1 year or less but over 3 months	26,923	26,923	-	-
- 3 months or less but not repayable on demand	-	-	-	-
	<u>49,928</u>	<u>49,928</u>	<u>41,106</u>	<u>41,106</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

21 Customer Accounts

	1993 Group IR£'000	1993 Entity IR£'000	1992 Group IR£'000	1992 Entity IR£'000
With agreed maturity dates or periods of notice, by remaining maturity:				
- over 5 years	-	-	-	-
- 5 years or less but over 1 year	25,355	25,355	2,613	2,613
- 1 year or less but over 3 months	168,957	168,957	232,132	232,132
- 3 months or less but not repayable on demand	1,801,543	1,801,543	1,889,547	1,889,547
	<u>1,995,855</u>	<u>1,995,855</u>	<u>2,124,292</u>	<u>2,124,292</u>
Repayable on demand	75,381	75,381	80,533	80,533
	<u><u>2,071,236</u></u>	<u><u>2,071,236</u></u>	<u><u>2,204,825</u></u>	<u><u>2,204,825</u></u>

The amounts "due by parent undertaking", for both group and entity, have a similar maturity profile to customer accounts.

22 Debt Securities in Issue

	1993 Group IR£'000	1992 Group IR£'000
Other debt securities in issue, by remaining maturity:		
- 1 year or less but over 3 months	-	8,695
- 3 months or less	38,711	38,129
	<u>38,711</u>	<u>46,824</u>

23 Other Liabilities

	1993 Group IR£'000	1993 Entity IR£'000	1992 Group IR£'000	1992 Entity IR£'000
Taxation	26,287	10,759	9,075	(14,695)
Other liabilities	33,463	5,439	33,347	7,767
	<u>59,750</u>	<u>16,198</u>	<u>42,422</u>	<u>(6,928)</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

24 Deferred Taxation

	1993 Group IR£'000	1993 Entity IR£'000	1992 Group IR£'000	1992 Entity IR£'000
Provision for deferred taxation				
- capital allowances	(3,172)	(438)	6,617	129
- other timing differences	(2,502)	(2,502)	(2,361)	(2,368)
	<u>(5,674)</u>	<u>(2,940)</u>	<u>4,256</u>	<u>(2,239)</u>
At 1 January	4,256	(2,239)		
Exchange adjustments	(247)	(247)		
Arising during the year	(9,683)	(454)		
At 31 December	<u>(5,674)</u>	<u>(2,940)</u>		

The provision for Irish deferred taxation relating to capital allowances has been made at 40% being the rate of corporation tax at which the liability is expected to crystallise.

Provision is not made for any liability which might arise in the event of Group properties being realised at balance sheet values. Most of these properties are occupied for the purposes of the Group's trade and any gains arising on disposal are normally rolled-over.

25 Other Provisions for Liabilities and Charges

Group & Entity:	Pension Obligations IR£'000
At 1 January 1993	1,314
Exchange adjustments	159
Charge against profits	1,868
Amounts paid over to Pension Schemes	(2,901)
At 31 December 1993	<u>440</u>

26 Subordinated Loan

The subordinated loan of IR£15,000,000 received from the parent company, Allied Irish Banks plc, is repayable at the option of the company. Under the terms of the loan agreement, all claims of the lender (Allied Irish Banks plc) shall be subordinated to claims of depositors and other creditors of AIB Finance Limited.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

27 Called Up Share Capital

	31 December 1993 IR£'000	31 December 1992 IR£'000
<i>Authorised:</i>		
Ordinary Shares of IR£1 each	<u>20,000</u>	<u>20,000</u>
<i>Issued and Fully Paid:</i>		
Ordinary Shares of IR£1 each	<u>12,000</u>	<u>12,000</u>

28 Reserves

	Group IR£'000	Entity IR£'000
Revaluation reserve		
At 1 January 1993	359	359
Disposal of Assets	(26)	(26)
At 31 December 1993	<u>333</u>	<u>333</u>
Profit and loss account		
At 1 January 1993	103,033	60,315
Retentions for the year	(4,453)	1,388
Exchange adjustments	(64)	(71)
At 31 December 1993	<u>98,516</u>	<u>61,632</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

29 Memorandum Items, Foreign Exchange and Interest Rate Contracts

The tables below give, for the Group and AIB Finance Limited, the nominal principal amounts and risk weighted amounts of off-balance-sheet transactions. The nominal principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the Central Bank of Ireland's guidelines implementing the Basle agreement on capital adequacy.

	1993		1992
	Risk		Risk
	Contract	Contract	Contract
	amount	amount	amount
	IR£'000	IR£'000	IR£'000
	weighted	weighted	weighted
	amount	amount	amount
	IR£'000	IR£'000	IR£'000
(a) Group & Entity			
CONTINGENT LIABILITIES			
Guarantees and assets pledged as collateral security:			
- guarantees and irrecoverable letters of credit	<u>2,495</u>	<u>2,440</u>	<u>2,569</u>
			<u>2,497</u>
Interest rate contracts:			
- hedging	<u>152,601</u>	<u>-</u>	<u>117,996</u>
			<u>-</u>
	1993	1993	1992
	Group	Entity	Group
	IR£'000	IR£'000	IR£'000
			1992
			Entity
			IR£'000
Undrawn formal standby facilities, credit lines and commitments to lend:			
- less than 1 year	<u>5,000</u>	<u>3,000</u>	<u>10,000</u>
			<u>8,000</u>

- (i) There exists a contingent liability to repay in whole or in part the grants received on finance leases to customers if certain events set out in the agreements occur.
- (ii) The company has guaranteed all the liabilities of its subsidiary company, AIB Leasing Limited. This guarantee was in place throughout the financial period ended 31 December 1993.
- (iii) The directors anticipate no loss under contingent liabilities.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

30 Consolidated Cash Flow Statement

(i) *Reconciliation of Group profit on ordinary activities before tax to net cash inflow/(outflow) from operating activities*

	1993 IR£'000	1992 IR£'000
Group profit on ordinary activities before tax	35,025	3,281
Decrease/(Increase) in prepayments and accrued income	5,338	(3,814)
(Decrease)/Increase in accruals and deferred income	(21,852)	8,027
Provisions for bad and doubtful debts	18,392	31,950
Depreciation and amortisation	2,094	2,123
Loss/(Profit) on sale of tangible fixed assets	267	(31)
Decrease/(Increase) in other assets	4,567	(196)
(Decrease)/Increase in other liabilities	(967)	1,887
Net cash inflow from trading activities	42,864	43,227
Net increase in deposits by banks	7,142	85
Net (decrease)/increase in customer accounts	(179,745)	539,602
Decrease in loans and advances to customers	140,815	159,989
Net (decrease) in debt securities in issue	(8,113)	(20,105)
Net decrease/(increase) due by parent undertaking and fellow subsidiary undertakings	28,356	(784,193)
Effect of exchange and other adjustments	(1,915)	3,961
Net cash inflow/(outflow) from operating activities	29,404	(57,434)

(ii) *Analysis of changes in cash and cash equivalents during the year*

	1993 IR£'000	1992 IR£'000
At 1 January	12,569	77,632
Net cash (outflow) before adjustments for the effect of foreign exchange rate changes	(2,254)	(64,622)
Effect of foreign exchange rate changes	295	(441)
At 31 December	10,610	12,569

(iii) *Analysis of the balances of cash and cash equivalents as shown in the balance sheet*

	1993 IR£'000	1992 IR£'000	Change in Year IR£'000
Cash and balances at Central Bank and Post Office			
Banks	23	54	(31)
Central Government Bills and other bills eligible for refinancing with a Central Bank	-	11	(11)
Loans and advances to banks	10,587	12,504	(1,917)
	10,610	12,569	(1,959)

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

The Group is required to maintain balances with the Central Bank of Ireland which, at 31 December 1993, amounted to IR£8,372,300 (1992 IR£10,193,100).

31 Segmental Information

	Republic of Ireland 1993 IR£'000	United Kingdom 1993 IR£'000	Group 1993 IR£'000
(a) Geographical Segments			
GROSS INCOME	281,713	61,563	343,276
PROFIT/(LOSS) BEFORE TAXATION	42,273	(7,248)	35,025
ASSETS			
Segment total assets	<u>2,671,423</u>	<u>629,812</u>	<u>3,301,235</u>
Total assets	<u>2,671,423</u>	<u>629,812</u>	<u>3,301,235</u>
Average total assets	<u>2,821,312</u>	<u>645,045</u>	<u>3,455,505</u>
Net Assets/(Liabilities)	<u>141,774</u>	<u>(30,925)</u>	<u>110,849</u>
	Republic of Ireland 1992 IR£'000	United Kingdom 1992 IR£'000	Group 1992 IR£'000
GROSS INCOME	<u>243,449</u>	<u>85,839</u>	<u>329,288</u>
PROFIT/(LOSS) BEFORE TAXATION	<u>33,455</u>	<u>(30,174)</u>	<u>3,281</u>
ASSETS			
Segment total assets	<u>2,750,751</u>	<u>837,875</u>	<u>3,588,626</u>
Total assets	<u>2,750,751</u>	<u>837,875</u>	<u>3,588,626</u>
Average total assets	<u>2,385,612</u>	<u>831,615</u>	<u>3,189,268</u>
Net Assets/(Liabilities)	<u>138,733</u>	<u>(23,431)</u>	<u>115,302</u>

(b) No separate breakdown has been given of gross income as this mainly comprises interest receivable and no further breakdown is deemed necessary.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

(c) **Classes of Business**

All income and assets are derived from banking activities.

32 Directors' and Officers' Loans

On 31 December 1993, the aggregate amounts outstanding for persons who, at any time during the financial year ending on that date, were Directors under transactions, arrangements and agreements within paragraph 43(1)(a) of the Companies Act, 1990 was IR£59,000 (1992: IR£60,000) in respect of one person. On the same date, the aggregate amounts outstanding for persons who at any time during the financial year ending on that date were connected with Directors under transactions, arrangements and agreements within paragraph 43(1)(a) of the said Act, but subject to paragraph 43(6)(b) of the Act, was IR£Nil (1992: IR£Nil).

33 General

(i) *Operating lease commitments:*

	Land and buildings 1993 IR£'000	Land and buildings 1992 IR£'000
--	--	--

At the year-end, annual commitments under non-cancellable operating leases were:

Group & Entity:

Expiring:

- within one year	-	76
- between one and five years	81	33
- in five years or more	692	511
	773	620

(ii) *Average number of employees*

	1993	1992
The average number of persons employed by the Group during the year was made up as follows:-	384	503
	384	503

34 Parent Undertaking

The company is a wholly owned subsidiary of Allied Irish Banks plc, incorporated in the Republic of Ireland.

35 Reporting Currency

The reporting currency used in these financial statements is the Irish pound, which is denoted by the symbol "IR£".

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1993 (continued)

36 Approval of Financial Statements

The financial statements were approved by the board of directors on 18/2/94.

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