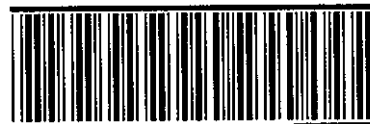


AIB FINANCE LIMITED

Financial Statements

31 December 1994

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CERTIFIED A TRUE COPY OF THE ACCOUNTS

[Handwritten Signature]
DIRECTOR / SECRETARY

AIB Finance Limited

Financial Statements

Year Ended 31 December 1994

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AIB Finance Limited

Directors and Other Information

Directors

L C Larkin (Managing)
J R Chestnutt
H M Feeley
J G Mansfield
E F McElroy
A P 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

Registered Auditors

Coopers & Lybrand
Fitzwilton House
Wilton Place
Dublin 2

AIB Finance Limited

Report of the Directors For the Year Ended 31 December 1994

The Directors submit herewith their Report and Audited Financial Statements for the year ended 31 December 1994.

Business Review

2. The company continues to perform very well in the Republic of Ireland. New business lendings in this market recorded a 103% increase on previous year with our leasing products particularly being in strong demand. In the United Kingdom, further improvement was achieved in the level of 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£24,640,000, a reduction of IR£10,385,000 on last year's reported profit. After the deduction of tax and stamp duties of IR£8,088,000, this results in a profit of IR£16,552,000 after tax. The group paid an interim dividend of IR£40,000,000 to its parent, Allied Irish Banks plc. No final dividend is proposed.

Directors

4. The directors of the company at 31 December 1994 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	
J G Mansfield	(Appointed 1 June 1994)
E F McElroy	
A P McKeon	
B V Wilson	

Mr McElroy and Mr Wilson retire by rotation, and, being eligible, offer themselves for re-election. In accordance with Article 85, Mr Mansfield retires and being eligible, offers himself 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, including share options, are set out overleaf. The shares referred to are IR£0.25p ordinary shares in Allied Irish Banks plc, the holding company.

AIB Finance Limited

Report of the Directors For the Year Ended 31 December 1994 (continued)

	31/12/94		31/12/93	
	Shares Number	Options Number	Shares Number	Options Number
Directors				
J R Chestnutt (Secretary)	3,249	-	2,705	-
H M Feeley	17,727	155,000	16,305	95,000
L C Larkin	12,921	-	10,545	-
J G Mansfield	21,757	60,000	14,456*	60,000*
E F McElroy	29,630	264,813	28,554	264,813
A P McKeon	15,900	132,939	19,383	132,939
B V Wilson	17,582	278,159	16,849	228,159

* At date of appointment

Subsidiary

6. Wholly owned:-

AIB Leasing Limited
Incorporated in:
Business:

Republic of Ireland
Leasing Company

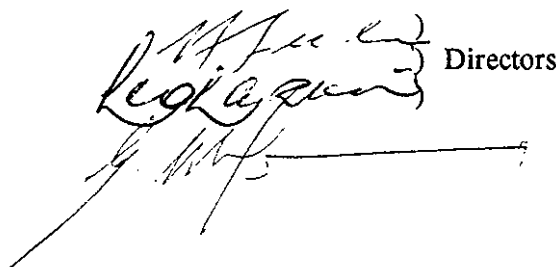
Safety, Health and Welfare at Work Act, 1989

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

 Directors

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


Directors

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.

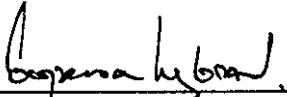
Opinion

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 1994 and of the profit, total recognised gains and cash flows of the group for the year then ended, and have been properly prepared in accordance with the Companies Acts 1963 to 1990, and European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider 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 1994 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.


**Chartered Accountants
and Registered Auditors**

7 April 1995.
Dublin

AIB Finance Limited

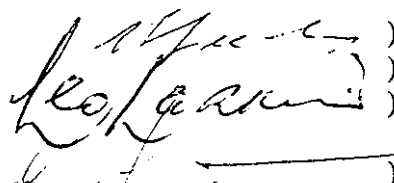
**Consolidated Profit and Loss Account
for the year ended 31 December 1994**

	Notes	Year Ended 31 Dec 1994 IR£'000	Year Ended 31 Dec 1993 IR£'000
Interest receivable:			
- interest receivable and similar income arising from debt securities and other fixed income securities		1,652	4,122
- other interest receivable and similar income	2	229,705	338,702
Less: Interest payable and similar charges	3	<u>(171,271)</u>	<u>(265,731)</u>
Net Interest Income		60,086	77,093
Fees and commissions receivable		502	465
Fees and commissions payable		(1,609)	(1,184)
Dealing losses		-	(32)
Other operating income		4,260	1,203
Operating Income		<u>63,239</u>	<u>77,545</u>
Administrative expenses	4	24,532	22,111
Depreciation	18	1,154	2,017
Provisions for bad and doubtful debts		12,913	18,392
Total Operating Expense		<u>38,599</u>	<u>42,520</u>
Group Profit on Ordinary Activities before Tax	5	24,640	35,025
Tax on group profit on ordinary activities	8	<u>(8,088)</u>	<u>(14,478)</u>
Group Profit attributable to the Shareholders of AIB Finance Limited	9	16,552	20,547
Dividends	10	<u>(40,000)</u>	<u>(25,000)</u>
Loss absorbed for the Year		<u>(23,448)</u>	<u>(4,453)</u>

Movements in profit and loss account reserves are shown in note 27.

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

On behalf of the Board



) Directors

) Secretary



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 1994

	Notes	1994 IR£'000	1993 IR£'000
Assets			
Cash and balances at central and Post Office banks		23	23
Loans and advances to banks	12	8,623	10,587
Loans and advances to customers	13	1,005,842	1,017,916
Debt securities and other fixed income securities	15	20,023	39,562
Equity shares and other variable yield securities	16	202	210
Tangible fixed assets	18	2,829	3,576
Other assets		1,275	1,071
Prepayments and accrued income		2,875	3,147
Due by parent undertaking	20	2,243,901	2,200,646
Due by fellow subsidiary undertakings		19,624	24,497
Total Assets		3,305,217	3,301,235
Liabilities			
Deposits by banks	19	52,146	49,928
Customer accounts	20	2,075,091	2,071,236
Debt securities in issue	21	42,867	38,711
Other liabilities	22	82,666	59,750
Accruals and deferred income		20,481	20,147
Provisions for liabilities and charges;			
- deferred taxation	23	(6,035)	(5,674)
- other provisions for liabilities and charges	24	606	440
Subordinated loan	25	15,000	15,000
Called up share capital	26	12,000	12,000
Revaluation reserve	27	312	333
Profit and loss account	27	74,619	98,516
Due to parent undertaking	13	933,064	934,311
Due to fellow subsidiary undertakings		2,400	6,537
Total Liabilities		3,305,217	3,301,235
Off Balance Sheet Items			
Contingent liabilities:			
- guarantees and assets pledged as collateral security	28	2,441	2,495

On Behalf of the Board

) Directors
) Secretary


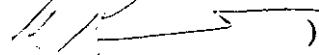
The notes on pages 12 to 31 form part of these Financial Statements.
Auditors' Report page 6.

AIB Finance Limited

Company Balance Sheet at 31 December 1994

	Notes	1994 IR£'000	1993 IR£'000
Assets			
Cash and balances at central and Post Office banks		23	23
Loans and advances to banks	12	8,623	10,587
Loans and advances to customers	13	722,397	820,417
Debt securities and other fixed income securities	15	20,023	39,562
Equity shares and other variable yield securities	16	202	210
Shares in Group undertakings	17	100	100
Tangible fixed assets	18	2,829	3,574
Other assets		444	770
Prepayments and accrued income		2,875	3,148
Due by parent undertaking	20	2,243,532	2,200,022
Due by fellow subsidiary undertakings		19,840	33,088
Total Assets		3,020,888	3,111,501
Liabilities			
Deposits by banks	19	52,146	49,928
Customer accounts	20	2,075,091	2,071,236
Other liabilities	22	9,350	16,198
Accruals and deferred income		20,033	19,805
Provisions for liabilities and charges			
- deferred taxation	23	(2,863)	(2,940)
- other provisions for liabilities and charges	24	606	440
Subordinated loan	25	15,000	15,000
Called up share capital	26	12,000	12,000
Revaluation reserve	27	312	333
Profit and loss account	27	67,554	61,632
Due to parent undertaking	13	769,258	861,332
Due to fellow subsidiary undertakings		2,401	6,537
Total Liabilities		3,020,888	3,111,501
Off Balance Sheet Items			
Contingent liabilities:			
- guarantees and assets pledged as collateral security	28	2,441	2,495

On Behalf of the Board

 Directors
 Secretary

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 1994**

	Notes	Year Ended 31 December 1994 IR£'000	Year Ended 31 December 1993 IR£'000
Net cash inflow from operating activities	29	<u>31,863</u>	<u>29,404</u>
<i>Returns on investments and servicing of finance:</i>			
- ordinary dividends paid		(40,000)	(25,000)
<hr/>			
Net cash outflows from returns on investments and servicing of finance		<u>(40,000)</u>	<u>(25,000)</u>
<i>Taxation:</i>			
- corporation tax paid		<u>(12,911)</u>	<u>(5,687)</u>
<i>Investing activities:</i>			
- purchase of investment securities		(10,501)	(9,547)
- sale of investment securities		30,000	9,500
- purchase of tangible fixed assets		(983)	(1,076)
- sale of tangible fixed assets		568	447
Net cash inflow/(outflow) from investing activities		<u>19,084</u>	<u>(676)</u>
Decrease in cash/and cash equivalents	29	<u>(1,964)</u>	<u>(1,959)</u>

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

AIB Finance Limited

Year Ended 31 December 1994

Statement of Total Recognised Gains and Losses

	1994 IR£'000	1993 IR£'000
Profit attributable to ordinary shareholders	16,552	20,547
Exchange translation adjustments	(449)	(64)
Disposal of property	(21)	(26)
Total recognised gains and losses relating to the year	<u>16,082</u>	<u>20,457</u>

Reconciliation of Movements in Shareholders' Funds

	1994 IR£'000	1993 IR£'000
Profit attributable to ordinary shareholders	16,552	20,547
Ordinary dividends	(40,000)	(25,000)
Loss absorbed for the year	(23,448)	(4,453)
Other recognised net gains and losses relating to the year	(470)	(90)
Net decrease in shareholders' funds	<u>(23,918)</u>	<u>(4,543)</u>
Shareholders' funds at 1 January 1994	110,849	115,392
Shareholders' funds at 31 December 1994	<u>86,931</u>	<u>110,849</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 1994

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.

(b) *Basis of Consolidation*

The financial statements of AIB Finance Limited and its subsidiary undertakings are made up to December 31, 1994. (See note 17).

(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 the 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 1994 (continued)

(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 1994 (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 1994 (continued)

2 Other Interest Receivable and Similar Income

	1994 IR£'000	1993 IR£'000
Interest from parent undertaking	132,729	222,180
Interest from fellow subsidiary undertakings	264	502
Other	96,712	116,020
	<u>229,705</u>	<u>338,702</u>

3 Interest Payable and Similar Charges

	1994 IR£'000	1993 IR£'000
Interest to parent undertaking	66,485	81,247
Interest to fellow subsidiary undertakings	150	107
Other	104,636	184,377
	<u>171,271</u>	<u>265,731</u>

4 Administrative Expenses

	1994 IR£'000	1993 IR£'000
Staff costs/		
- wages and salaries	9,289	9,688
- social security costs	826	928
- other pension costs (Note 7)	1,873	1,869
	<u>11,988</u>	<u>12,485</u>
Other administrative expenses	12,544	9,626
	<u>24,532</u>	<u>22,111</u>

5 Group Profit on Ordinary Activities before Tax

	1994 IR£'000	1993 IR£'000
Is stated after charging/(crediting):-		
Aggregate amounts receivable, including capital repayments under finance leases and hire purchase agreements	179,469	175,621
(Profits)/Losses on disposal of tangible fixed assets	<u>(37)</u>	<u>267</u>
Auditors' remuneration	<u>118</u>	<u>139</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

6 Emoluments of Directors

	1994 IR£'000	1993 IR£'000
Other emoluments	<u>158</u>	<u>146</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£1.873m (1993: IR£1.869m) of which IR£0.487m (1993: IR£0.554m) was attributable to the AIF 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 1994.

8 Tax on Group Profit on Ordinary Activities

	1994 IR£'000	1993 IR£'000
Irish corporation tax at 40%	4,600	19,929
Stamp duty on Section 84 Interest	291	593
Bank levy	<u>3,640</u>	<u>3,639</u>
	8,531	24,161
Deferred taxation	<u>(443)</u>	<u>(9,683)</u>
	<u>8,088</u>	<u>14,478</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

9 Group Profit dealt with in the Accounts of AIB Finance Limited

IR£46,367,367 (1993: IR£26,389,022) of the Group profit 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

	1994 Pence per share	1994 IR£'000	1993 pence per share	1993 IR£'000
Interim (paid)	<u>333.3</u>	<u>40,000</u>	<u>208.3</u>	<u>25,000</u>

11 Assets

	1994 Group IR£'000	1994 Entity IR£'000	1993 Group IR£'000	1993 Entity IR£'000
--	--------------------------	---------------------------	--------------------------	---------------------------

(i) Assets and liabilities denominated in foreign currency:

Denominated in IR£	2,360,059	2,077,233	2,241,503	2,052,426
Denominated in currencies other than IR£	945,158	943,655	1,059,732	1,059,075
Total Assets	<u>3,305,217</u>	<u>3,020,888</u>	<u>3,301,235</u>	<u>3,111,501</u>
Denominated in IR£	2,360,361	2,077,510	2,241,475	2,052,374
Denominated in currencies other than IR£	944,856	943,378	1,059,760	1,059,127
Total Liabilities	<u>3,305,217</u>	<u>3,020,888</u>	<u>3,301,235</u>	<u>3,111,501</u>

(ii) Assets Leased to Customers:

Loans and advances to customers				
- finance leases	<u>282,514</u>	<u>13</u>	<u>193,615</u>	<u>55</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

12 Loans and Advances to Banks	1994 Group IR£'000	1994 Entity IR£'000	1993 Group IR£'000	1993 Entity IR£'000
Repayable on demand	1,831	1,831	2,215	2,215
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	6,792	6,792	8,372	8,372
	<u>8,623</u>	<u>8,623</u>	<u>10,587</u>	<u>10,587</u>
13 Loans and Advances to Customers				
	1994 Group IR£'000	1994 Entity IR£'000	1993 Group IR£'000	1993 Entity IR£'000
Remaining maturity:				
- over 5 years	176,535	171,537	425,368	423,046
- 5 years or less but over 1 year	549,426	376,987	390,721	269,225
- 1 year or less but over 3 months	186,216	107,594	139,187	85,222
- 3 months or less	125,755	93,632	140,714	114,880
General and specific bad and doubtful debt provisions (note 14)	(32,090)	(27,353)	(78,074)	(71,956)
	<u>1,005,842</u>	<u>722,397</u>	<u>1,017,916</u>	<u>820,417</u>

Group loans and advances to customers include IR£282.5m (1993 IR£193.6m) net investment in finance leases and IR£72m (1993 IR£68.7m) 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.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

14 Provisions for Bad and Doubtful Debts

	1994			1993		
	Specific IR£'000	General IR£'000	Total IR£'000	Specific IR£'000	General IR£'000	Total IR£'000
(a) Group:						
At beginning of period	72,446	5,628	78,074	81,593	5,235	86,828
Exchange adjustments	(2,106)	(125)	(2,231)	7,645	393	8,038
Charge against profits	15,361	-	15,361	26,830	-	26,830
Amounts written off	(52,168)	-	(52,168)	(28,364)	-	(28,364)
Recoveries	(6,946)	-	(6,946)	(15,258)	-	(15,258)
At 31 December	<u>26,587</u>	<u>5,503</u>	<u>32,090</u>	<u>72,446</u>	<u>5,628</u>	<u>78,074</u>
Loans and advances to customers			<u>32,090</u>			<u>78,074</u>
(b) Entity:						
At beginning of period	66,328	5,628	71,956	75,631	5,235	80,866
Exchange adjustments	(2,106)	(125)	(2,231)	7,645	393	8,038
Charge against profits	14,643	-	14,643	26,581	-	26,581
Amounts written off	(50,071)	-	(50,071)	(28,269)	-	(28,269)
Recoveries	(6,944)	-	(6,944)	(15,260)	-	(15,260)
At 31 December	<u>21,850</u>	<u>5,503</u>	<u>27,353</u>	<u>66,328</u>	<u>5,628</u>	<u>71,956</u>
Loans and advances to customers			<u>27,353</u>			<u>71,956</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

15 Debt Securities and Other Fixed Income Securities

(a) Group & Entity:

	1994		1993	
	Balance Sheet IR£'000	Market Value IR£'000	Balance Sheet IR£'000	Market Value IR£'000
Issued by public bodies Investment securities - government securities	<u>20,023</u>	<u>20,006</u>	<u>39,562</u>	<u>39,557</u>
Due within one year	-	-	30,026	30,021
Due one year and over	<u>20,023</u>	<u>20,006</u>	<u>9,536</u>	<u>9,536</u>
	<u>20,023</u>	<u>20,006</u>	<u>39,562</u>	<u>39,557</u>

(b) Group & Entity:

	1994		1993	
	Balance Sheet IR£'000	Market Value IR£'000	Balance Sheet IR£'000	Market Value IR£'000
Investment securities - listed on a recognised Exchange	<u>20,023</u>	<u>20,006</u>	<u>39,562</u>	<u>39,557</u>

	Cost IR£'000	Discounts and Premiums IR£'000	Carrying Value IR£'000
At 1 January 1994	39,802	(240)	39,562
Acquisitions	10,501	(1)	10,500
Disposals	(30,255)	255	(30,000)
Amortisation of discounts and premiums	-	(40)	(40)
At 31 December 1994	<u>20,048</u>	<u>(26)</u>	<u>20,022</u>

	1994 IR£'000	1993 IR£'000
Unamortised discounts and premiums on investment securities	<u>23</u>	<u>62</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

16. Equity Shares and Other Variable Yield Securities

(a) Group & Entity:

	1994		1993	
	Balance Sheet IR£'000	Market Value IR£'000	Balance Sheet IR£'000	Market Value IR£'000
Investment securities				
- listed on a recognised exchange	<u>202</u>	<u>136</u>	<u>210</u>	<u>168</u>
			Cost IR£'000	Carrying Value IR£'000

(b) Group & Entity:

At 1 January 1994		210	210
Exchange adjustments		(8)	(8)
At 31 December 1994		<u>202</u>	<u>202</u>

17 Shares in Group Undertakings

	1994 IR£'000	1993 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 1995. Interim financial statements of AIB Leasing Limited have been prepared to 31 December 1994 for inclusion in the group's audited financial statements.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

18 Tangible Fixed Assets

	Land and Leases of freehold less than Computer and long 50 years and other leasehold unexpired equipment			Total
	IR£'000	IR£'000	IR£'000	IR£'000
(a) Group				
Cost or valuation				
At 1 January 1994	934	1,292	17,574	19,800
Exchange adjustments	(10)	(11)	(155)	(176)
Transfers	-	-	(12)	(12)
Reclassifications	-	-	-	-
Additions	-	68	915	983
Disposals	(304)	(212)	(9,354)	(9,870)
At 31 December 1994	<u>620</u>	<u>1,137</u>	<u>8,968</u>	<u>10,725</u>
Accumulated Depreciation				
At 1 January 1994	172	218	15,834	16,224
Exchange adjustments	(5)	(9)	(138)	(152)
Transfers	-	-	(3)	(3)
Reclassifications	-	-	-	-
Disposals	(8)	(212)	(9,107)	(9,327)
Charge for year	42	215	897	1,154
	<u>201</u>	<u>212</u>	<u>7,483</u>	<u>7,896</u>
Net Book Value at 31 December 1994	<u>419</u>	<u>925</u>	<u>1,485</u>	<u>2,829</u>
Net Book Value at 31 December 1993	<u>762</u>	<u>1,074</u>	<u>1,740</u>	<u>3,576</u>
(b) Entity				
Cost or valuation				
At 1 January 1994	934	1,292	17,438	19,664
Exchange Adjustments	(10)	(11)	(155)	(176)
Transfers	-	-	(12)	(12)
Reclassifications	-	-	-	-
Additions	-	68	915	983
Disposals	(304)	(212)	(9,218)	(9,734)
At 31 December 1994	<u>620</u>	<u>1,137</u>	<u>8,968</u>	<u>10,725</u>
Accumulated Depreciation				
At 1 January 1994	172	218	15,700	16,090
Exchange Adjustments	(5)	(9)	(138)	(152)
Transfers	-	-	(3)	(3)
Reclassifications	-	-	-	-
Disposals	(8)	(212)	(8,971)	(9,191)
Charge for year	42	215	895	1,152
At 31 December 1994	<u>201</u>	<u>212</u>	<u>7,483</u>	<u>7,896</u>
Net Book Value at 31 December 1994	<u>419</u>	<u>925</u>	<u>1,485</u>	<u>2,829</u>
Net Book Value at 31 December 1993	<u>762</u>	<u>1,074</u>	<u>1,738</u>	<u>3,574</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

18 Tangible Fixed Assets (continued)

	1994 Group IR£'000	1994 Entity IR£'000	1993 Group IR£'000	1993 Entity IR£'000
Cost or valuation of freehold land and buildings:				
At valuation	410	410	660	660
At cost	-	-	56	56
	<u>410</u>	<u>410</u>	<u>716</u>	<u>716</u>
On the historical cost basis, land and buildings would have been included as follows:				
Cost	1,564	1,564	1,917	1,917
Accumulated depreciation	(417)	(417)	(409)	(409)
Net book value	<u>1,147</u>	<u>1,147</u>	<u>1,508</u>	<u>1,508</u>
Land and buildings occupied for own activities:				
Net Book Value	<u>1,344</u>	<u>1,344</u>	<u>1,836</u>	<u>1,836</u>

19 Deposits by Banks

	1994 Group IR£'000	1994 Entity IR£'000	1993 Group IR£'000	1993 Entity IR£'000
With agreed maturity dates or periods of notice, by remaining maturity:				
- over 5 years	18,644	18,644	22,181	22,181
- 5 years or less but over 1 year	33,502	33,502	824	824
- 1 year or less but over 3 months	-	-	26,923	26,923
- 3 months or less but not repayable on demand	-	-	-	-
	<u>52,146</u>	<u>52,146</u>	<u>49,928</u>	<u>49,928</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

20 Customer Accounts

	1994	1993
	Group and	Group and
	Entity	Entity
	IR£'000	IR£'000
With agreed maturity dates or periods of notice, by remaining maturity:		
- over 5 years	7,303	-
- 5 years or less but over 1 year or less but over 3 months	98,646	25,355
- 3 months or less but not repayable on demand	302,399	168,957
	<u>1,594,209</u>	<u>1,801,543</u>
	2,002,557	1,995,855
Repayable on demand	72,534	75,381
	<u>2,075,091</u>	<u>2,071,236</u>

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

21 Debt Securities in Issue

	1994	1993
	Group	Group
	IR£'000	IR£'000
Other debt securities in issue, by remaining maturity:		
- 1 year or less but over 3 months	8,696	-
- 3 months or less	34,171	38,711
	<u>42,867</u>	<u>38,711</u>

22 Other Liabilities

	1994	1994	1993	1993
	Group	Entity	Group	Entity
	IR£'000	IR£'000	IR£'000	IR£'000
Taxation	21,979	3,583	26,287	10,759
Other liabilities	60,687	5,767	33,463	5,439
	<u>82,666</u>	<u>9,350</u>	<u>59,750</u>	<u>16,198</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

23 Deferred Taxation

	1994 Group IR£'000	1994 Entity IR£'000	1993 Group IR£'000	1993 Entity IR£'000
Provision for deferred taxation				
- capital allowances	(3,712)	(540)	(3,172)	(438)
- other timing differences	(2,323)	(2,323)	(2,502)	(2,502)
	<u>(6,035)</u>	<u>(2,863)</u>	<u>(5,674)</u>	<u>(2,940)</u>
At 1 January	(5,674)	(2,940)	4,256	(2,239)
Exchange adjustments	82	82	(247)	(247)
Arising during the year	(443)	(5)	(9,683)	(454)
At 31 December	<u>(6,035)</u>	<u>(2,863)</u>	<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.

24 Other Provisions for Liabilities and Charges

	Pension Obligations IR£'000
Group & Entity:	
At 1 January 1994	440
Exchange adjustments	(19)
Charge against profits	1,873
Amounts paid over to Pension Schemes	(1,688)
At 31 December 1994	<u>606</u>

25 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 1994 (continued)

26 Called Up Share Capital

	31 December 1994 IR£'000	31 December 1993 IR£'000
Group & Entity		
<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>

27 Reserves

	Group IR£'000	Entity IR£'000
Revaluation reserve		
At 1 January 1994	333	333
Disposal of Assets	(21)	(21)
At 31 December 1994	<u>312</u>	<u>312</u>
Profit and loss account		
At 1 January 1994	98,516	61,632
Retentions for the year	(23,448)	6,367
Exchange adjustments	(449)	(445)
At 31 December 1994	<u>74,619</u>	<u>67,554</u>

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

28 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.

	1994		1993	
	Contract amount IR£'000	Risk weighted amount IR£'000	Contract amount IR£'000	Risk weighted amount IR£'000
(a) Group & Entity				
CONTINGENT LIABILITIES				
Guarantees and assets pledged as collateral security:				
- guarantees and irrecoverable letters of credit	2,441	2,369	2,495	2,440
Interest rate contracts:				
- hedging	188,030	-	152,601	-
	1994 Group IR£'000	1994 Entity IR£'000	1993 Group IR£'000	1993 Entity IR£'000
Undrawn formal standby facilities, credit lines and commitments to lend:				
- less than 1 year	4,000	3,000	5,000	3,000

- (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 1994.
- (iii) The directors anticipate no loss under contingent liabilities.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

29 Consolidated Cash Flow Statement

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

	1994 IR£'000	1993 IR£'000
Group profit on ordinary activities before tax	24,640	35,025
Decrease in prepayments and accrued income	263	5,338
Increase/(Decrease) in accruals and deferred income	475	(21,852)
Provisions for bad and doubtful debts	12,913	18,392
Depreciation and amortisation	1,194	2,094
(Profit)/Loss on sale of tangible fixed assets	(37)	267
(Increase)/Decrease in other assets	(225)	4,567
Increase/(Decrease) in other liabilities	27,409	(967)
Net cash inflow from trading activities	66,632	42,864
Net increase in deposits by banks	2,404	7,142
Net increase/(decrease) in customer accounts	3,868	(179,745)
(Increase)/Decrease in loans and advances to customers	(22,378)	140,815
Net increase/(decrease) in debt securities in issue	4,156	(8,113)
Net (increase)/decrease due by parent undertaking and fellow subsidiary undertakings	(21,617)	28,356
Effect of exchange and other adjustments	(1,202)	(1,915)
Net cash inflow from operating activities	31,863	29,404

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

	1994 IR£'000	1993 IR£'000
At 1 January	10,610	12,569
Net cash outflow before adjustments for the effect of foreign exchange rate changes	(2,043)	(2,254)
Effect of foreign exchange rate changes	79	295
At 31 December	8,646	10,610

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

	1994 IR£'000	1993 IR£'000	Change in Year IR£'000
Cash and balances at Central Bank and Post Office Banks	23	23	-
Central Government Bills and other bills eligible for refinancing with a Central Bank	-	-	-
Loans and advances to banks	8,623	10,587	(1,964)
	8,646	10,610	(1,964)

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

The Group is required to maintain balances with the Central Bank of Ireland which, at 31 December 1994, amounted to IR£8,372,300 (1993 IR£10,193,100).

30 Segmental Information

	Republic of Ireland 1994 IR£'000	United Kingdom 1994 IR£'000	Group 1994 IR£'000
(a) Geographical Segments			
GROSS INCOME	<u>182,711</u>	<u>51,865</u>	<u>234,576</u>
PROFIT/(LOSS) BEFORE TAXATION	<u>25,897</u>	<u>(1,258)</u>	<u>24,639</u>
ASSETS			
Segment total assets	<u>2,773,800</u>	<u>531,417</u>	<u>3,305,217</u>
Total assets	<u>2,773,800</u>	<u>531,417</u>	<u>3,305,217</u>
Average total assets	<u>2,592,269</u>	<u>557,867</u>	<u>3,150,136</u>
Net Assets/(Liabilities)	<u>117,493</u>	<u>(30,562)</u>	<u>86,931</u>
	Republic of Ireland 1993 IR£'000	United Kingdom 1993 IR£'000	Group 1993 IR£'000
GROSS INCOME	<u>281,713</u>	<u>61,563</u>	<u>343,276</u>
PROFIT/(LOSS) BEFORE TAXATION	<u>42,273</u>	<u>(7,248)</u>	<u>35,025</u>
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>634,045</u>	<u>3,455,357</u>
Net Assets/(Liabilities)	<u>141,774</u>	<u>(30,925)</u>	<u>110,849</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 1994 (continued)

(c) **Classes of Business**

All income and assets are derived from banking activities.

31 Directors' and Officers' Loans

On 31 December 1994, 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£Nil (1993: IR£59,000 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 (1993: IR£Nil).

32 General

(i) *Operating lease commitments:*

	Land and buildings 1994 IR£'000	Land and buildings 1993 IR£'000
--	--	--

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

Group & Entity:

Expiring:		
- within one year	14	-
- between one and five years	134	81
- in five years or more	599	692
	747	773
	747	773

(ii) *Average number of employees*

	1994	1993
The average number of persons employed by the Group during the year was made up as follows:-		
	357	384
	357	384

33 Ultimate Parent Company

The company is a wholly owned subsidiary of Allied Irish Banks plc. The directors regard that company as being the ultimate parent company. The smallest and largest group into which these financial statements are consolidated is that headed by Allied Irish Banks plc which is incorporated in the Republic of Ireland. Copies of the financial statements of Allied Irish Banks plc are available from the Secretary, Allied Irish Banks plc, Bankcentre, Ballsbridge, Dublin 4.

AIB Finance Limited

Notes to the Accounts for the Year Ended 31 December 1994 (continued)

34 Reporting Currency

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

35 Approval of Financial Statements

The financial statements were approved by the board of directors on *7 April 1995*.

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