



First Maryland Bancorp Reports 11% Underlying Earnings Growth

21st October 1998

Allied Irish Banks, p.l.c. (AIB) today announced that its wholly owned US subsidiary, First Maryland Bancorp (FMB), has reported net income of \$40.1 million for the three months ended September 30, 1998, an 11% increase over the adjusted 1997 results of \$36.1 million. 1997 net income totalled \$53.5m and included a \$17.4 million after-tax gain from the sale of credit card loans.

During the third quarter First Maryland incurred technology costs of approximately \$8 million, relating to the installation of an enhanced technology platform, arising from the integration of its constituent banks and upgrades in relation to year 2000.

Highlights of the performance included a 14.5% growth in commercial lending and an 8.9% growth in retail lending since December 1997. There was strong growth in trust and advisory fees which increased by 25.6% compared to third quarter 1997. In addition operating costs reduced by 11% (15% excluding additional technology costs) following the exit from non core businesses and savings from the FMB/Dauphin integration .

Non-performing assets amounted to \$99.4 million (0.57% of total assets). Non-performing loans of \$80.5 million were covered 197% by total provisions of \$158.8 million at September 30, 1998.

Commenting on the results, Tom Mulcahy, AIB Group Chief Executive said: "The underlying 11% earnings increase in the quarter reflects good growth in the core Retail, Corporate and Trust businesses. Management remains focused on the Dauphin integration and on realising the potential of the merger.

Throughout the AIB Group asset quality remains strong and AIB has minimal exposure to troubled economies".

First Maryland Bancorp is the holding company for the First National Bank of Maryland, Dauphin Deposit Bank, and The York Bank. Headquartered in Baltimore, First Maryland operates nearly 300 branches and more than 500 ATMs from southern Pennsylvania through Maryland and the District of Columbia and into northern Virginia. At September 30, 1998 total assets amounted to \$17.3 billion.