



## Allfirst Financial Reports First Half Net Income of \$92 Million

2nd August 2000

Allied Irish Banks, p.l.c. (AIB) today announced that its wholly owned U.S. subsidiary Allfirst Financial Inc. (Allfirst) has reported net income to common shareholders of \$92.0 million for the six months ended June 30, 2000, representing a 24% increase over net income to common shareholders of \$74.4 million for the first half of 1999. Adjusting for name change costs of \$6.1 million which were incurred in the half year ended June 30, 1999, net income to common shareholders increased by 14% over the same period last year.

This double digit earnings growth was supported by increases in fee income from all traditional core businesses and by good performance in funds managed by the investment advisory subsidiaries. Corporate deposit fees, driven primarily by the cash management businesses, grew 10%. Trust and investment advisory fees grew 10%, while the company's retail electronic banking related income grew 16% driven by growth in net new customers and increased penetration of our existing customer base. Non-interest expenses (excluding name change costs) declined by 5% over the same period last year, due to lower maritime collection costs and efficiencies achieved throughout the company.

Modest loan growth was achieved in core business (excluding residential mortgages and foreign loans) since December 31, 1999, which included an increase of 7% in the company's commercial loan portfolio and a modest decline in retail loans. Net interest income was adversely affected by a decline of 22 basis points in the net interest margin for the half year ended June 30 2000 mainly reflecting a higher interest rate environment and increased competition.

Asset quality remains sound. Nonperforming assets at June 30, 2000 were \$95.5 million, or 0.87 % of loans, other real estate and other assets owned, a \$15 million increase over the December 31, 1999 level of \$80.5 million. The allowance for credit losses of \$157 million at June 30, 2000 was unchanged from the June 30, 1999 level and represented 248% of nonperforming loans. This equates to 1.43% of actual loans at June 30, 2000, in line with current industry norms. The decrease in the provision for loan and lease losses is primarily attributable to improved performance within the foreign maritime portfolio.

“In a very challenging interest rate environment, where competition is increasing, I am delighted with our double digit growth in net income,” said Susan C. Keating, president and CEO of Allfirst. “It reflects our customers’ satisfaction with our relationship management approach to doing business. This traditional strength is now complemented by our growing reputation and success in our asset management businesses. These are all strong indicators that Allfirst is well positioned and we will build on this momentum going forward.”

Allied Irish Banks, p.l.c. (“AIB”), parent company of Allfirst Financial Inc., today also announced its interim results for the half year ended June 30, 2000. AIB reported profit before taxation of €609 million, representing a 12% increase over the corresponding period in 1999. Tangible earnings per share increased by 16% and a return on equity of 22% was achieved. An increase in the interim dividend of 14%, on the half year ended June 30, 1999, to €13.5c, has been declared. Total assets of the group increased to €75bn, up 10% from December 31, 1999.

Allfirst Financial Inc. is a regional, diversified financial services company headquartered in Baltimore, MD, offering a full range of financial services including banking, trust, investment and insurance to retail, business and commercial customers. Its banking subsidiary, Allfirst Bank, operates over 250 bank branches and more than 550 ATMs throughout Maryland, Pennsylvania, Washington D.C., northern Virginia and Delaware. Allfirst Financial Inc.’s assets were \$18 billion as of June 30, 2000. Information about Allfirst Financial is available at [www.allfirst.com](http://www.allfirst.com).