



## Allfirst reports Net Income of \$172.3million for 1999

10th February 2000

Allied Irish Banks, p.l.c. (AIB) today announced that its wholly owned US subsidiary Allfirst Financial Inc. (Allfirst) has reported net income to common shareholders of \$172.3 million for the year ended December 31, 1999, compared to \$205.9 million for 1998. Net income to common shareholders for the fourth quarter of 1999 was \$49.9 million, a 57% increase over the 1998 fourth quarter results of \$31.9 million, and a 4% increase over the quarter ended September 1999 results of \$48 million. Net income to common shareholders represents net income after deducting dividends declared on preferred stock.

The year end results represent a 21% increase after adjusting for the following items:

	Year ended December 31			Quarter ended December 31		
	1998	1999		1998	1999	Change
\$million						
Net income to common shareholders	205.9	172.3	(16)%	31.9	49.9	57%
Gain on sale of credit card portfolio	(37.4)	-	-	-	-	-
Securities	(38.3)	(3.0)	-	(12.2)	-	-
Technology Integration costs	13.7	-	-	5.4	-	-
Name change costs	1.5	6.1	-	0.9	-	-
Adjusted net income to common shareholders	145.4	175.4	21%	26.0	49.9	92%

The performance in the final quarter of 1998 was adversely impacted by foreign maritime portfolio charge-offs and related collection costs. Excluding these, the adjusted net income to common shareholders for the final quarter of 1999 increased by 26%.

Allfirst experienced loan growth of 5% in core business (excluding residential mortgages and foreign loans) since December 31, 1998. The decline in residential mortgages was due to the Company's ongoing strategy to hold residential mortgage assets in the form of mortgage-backed securities rather than as loans. The decline in foreign loans was attributable to the planned reduction of the Company's foreign maritime exposure in response to challenges facing that industry.

There was very good growth during the year in electronic banking income which increased by 18%, trust and investment advisory fees increased by 15%, and deposit service charges increased by 5%. Excluding revenues from businesses sold in 1998, non interest income was up by 14% on 1998.

Non interest expenses declined 11% year on year and 19% in the fourth quarter of 1999 on 1998. This was primarily due to the realisation of the benefits of rationalisation and integration of Allfirst's businesses, including a 10% decline in staffing levels, and lower maritime collection expenses.

In July 1999, Allfirst refinanced preferred stock at a significantly lower cost; the benefit in the year ended December 1999 was \$3.4 million after tax. The new financing, classified as long term debt, is tax deductible; consequently, this cost is now incurred at the pre-tax level and reduces the pre-tax net interest margin by 3 basis points for the year. During the 1999 third quarter, Allfirst reclassified certain categories of income and expenses. All comparatives have been restated accordingly.

Credit quality improved, with nonperforming assets at \$80 million, or 0.74% of loans, real estate and other assets owned on December 31, 1999, compared to \$101 million, or 0.95% a year earlier. In the maritime portfolio, charge-offs reduced to \$0.2 million in the second half of the year. The allowance for credit losses at the year end of \$157 million represented 304% of nonperforming loans.

"We are pleased with our results for the fourth quarter and the year", said Susan C. Keating, president and chief executive officer of Allfirst. "We enjoyed double digit growth in adjusted net income, electronic banking, trust and investment fees, and an 11 per cent reduction in operating expenses that stemmed from the successful integration of our banking franchises. Looking to the future, Allfirst is well positioned to enhance revenue growth through effective customer relationship development."

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 260 bank branches and more than 550 ATMs throughout Maryland, Pennsylvania, Washington D.C., northern Virginia and Delaware. Allfirst Financial Inc.'s assets were \$17.5 billion as of December 31, 1999. Information about Allfirst Financial is available at [www.allfirst.com](http://www.allfirst.com).