



Allfirst Reports Net Income of \$184.4 million for 2000

21st February 2001

Baltimore, Md., 21 February, 2001 - Allied Irish Banks p.l.c. (AIB) today announced that its wholly owned U.S. subsidiary Allfirst Financial Inc. (Allfirst) reported net income to common shareholders of \$184.4 million for the year 2000, representing a 7% increase over the year 1999.

Allfirst benefited from strong growth of 14% in non interest income from core banking activities (excluding securities gains), most notably 16% growth in electronic banking income, 12% growth in corporate deposit fees, and 8% growth in trust and asset management fees. These income streams were driven by both the acquisition of new customers and increased penetration of the existing customer base.

Non interest expenses were well controlled, increasing 2% on a year over year basis (excluding name change costs of \$10 million in 1999). The modest expense growth was driven by an increase in advertising costs to support the company's customer acquisition and expansion strategies.

Allfirst experienced modest loan growth due to a decline in retail loans, but was buoyed by an 8% growth in commercial lending activities, primarily to middle market companies in the Mid-Atlantic region. Net interest income was adversely affected, with a 0.25% decline in the net interest margin to 3.35% in 2000, due primarily to a higher interest rate environment and increased price competition.

Deposit growth of 4% was achieved in the period, supported by 8% growth in non-interest bearing deposits. This reflected successful retail customer acquisition and commercial cash management activities and resulted in Allfirst achieving the number one market position for deposits in the Greater Baltimore region.

"We are pleased to deliver 7% growth in a very challenging economic and competitive environment" said Susan C. Keating, president and CEO of Allfirst. "Allfirst's consistent focus on deepening and broadening customer relationships is succeeding. More customers are using a wider array of both traditional and non-traditional banking products. In a rapidly changing market, influenced by technology and non-traditional alternatives, our recent announcements of an enhanced wealth management initiative and a number of strategic investments in e-commerce partnerships will serve our customers well into the future. The year 2000 was the first full year under the Allfirst brand and we are clearly establishing our identity as a dynamic regional financial services franchise."

Asset quality remains sound. Nonperforming assets at year-end 2000 were \$107.5 million (0.98% of loans, other real estate and other assets owned), a \$27 million increase over the December 31, 1999 level of \$80.5 million (0.74%). The allowance for loan and lease losses at

year-end of \$153 million represented 191% of non-performing loans and 1.40% of total loans.

Allied Irish Banks p.l.c. the parent company of Allfirst, today also announced its preliminary annual results for the year ended December 31, 2000. AIB reported profit before tax and exceptional item of EUR1,251m, representing a 10.5% increase over the corresponding period. Adjusted earnings per share was 104c, up 15% and a return on equity of 21.6% was achieved. An increase in the final dividend of 15.6% to 25.25c has been proposed. Total assets of the group increased to EUR79.7 bn, up 19% 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 575 ATMs throughout Maryland, Pennsylvania, Washington D.C., Northern Virginia and Delaware. Allfirst Financial Inc.'s assets were \$18.4 billion as of December 31, 2000. Information about Allfirst Financial is available at www.allfirst.com.

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