



Allied Irish Banks, p.l.c. and M&T Bank Corporation announce strategic partnership

26th September 2002

Allfirst Financial Inc. to be merged into M&T Bank.

Buffalo, New York, Dublin, Ireland and Baltimore, Maryland (September 26, 2002) – Allied Irish Banks, p.l.c. ("AIB") [NYSE:AIB] Dublin, Ireland and M&T Bank Corporation ("M&T") [NYSE:MTB] Buffalo, NY today jointly announced that they have entered into a strategic partnership designed to create a major US regional bank in a \$3.1 billion transaction (based on 30 day rolling average share price of M&T Bank) (the "Merger").

The merger of M&T and Allfirst Financial Inc. ("Allfirst") will create a strong mid-Atlantic banking franchise with over 700 branches in six states and the District of Columbia, and a leading deposit market share in the combined area of upstate New York, central Pennsylvania and Maryland ("Enlarged M&T"). The expanded franchise will be amongst the top twenty largest US banking companies with pro-forma combined assets of approximately \$49 billion as of June 30, 2002. Allfirst's primary banking subsidiary, Allfirst Bank, will be merged into Manufacturers and Traders Trust Company (M&T Bank), M&T's principal commercial banking subsidiary. Key details of the merger are attached.

Partnership overview

Long-term strategic partnership underpinned by: strong alignment between management and shareholders; reciprocal Board representation;

AIB's involvement on key M&T Board committees; the merged entity will be managed by M&T's proven management team; key AIB executive to join M&T top management team; AIB receives 22.5% stake in the Enlarged M&T plus \$886 million in cash; It is expected that approx. \$450 million will be used to buy back AIB shares; Significant synergies are expected to be realised: cost savings of \$100 million; \$60 million expected in 2003; Merger expected to be earnings enhancing for both partners; Merger transforms both franchises' position in U.S. regional banking; Combined franchise will have a leading market share in a region which includes six states and the District of Columbia, equivalent to the 6th largest state in the country in terms of deposits and the 5th largest state in terms of population.

Well positioned for future expansion, post integration.

M&T's track record as a consistently best in class performer will be applied to developing Allfirst's strong regional franchise in growth geographies. Since 1983, M&T has achieved: a compound annual growth of 25% in cash earnings per share; a compound annual rate of return to shareholders of 24%; the highest share price appreciation of any of the top 100 U.S. banks; the sixth highest return to shareholders compared with all companies in the Fortune 500 since 1981.

M&T's board of directors received a financial fairness opinion from Lehman Brothers, Inc. and was represented by the legal firm of Arnold & Porter. AIB's board of directors received financial advice from AIB Corporate Finance and a financial fairness opinion from Merrill Lynch. AIB's board of directors was represented by the law firm of Wachtell, Lipton, Rosen and Katz.

Michael Buckley, Group Chief Executive, AIB said, "AIB's partnership with M&T is the ideal opportunity for us to reposition and strengthen our involvement in U.S regional banking. Following a comprehensive review of our strategic options, I believe that we have found in M&T a partner with whom we share a common ethos. Together we create a long term, sustainable growth proposition that is mutually beneficial and which will create compelling value for AIB shareholders".

Robert G. Wilmers, Chairman, President and CEO of M&T said, "Allfirst is the perfect partner for our growing mid-Atlantic presence. Allfirst is in growing markets, they have strong market share, and business strengths that will enhance our own operating mix. We anticipate a smooth integration of our businesses, great service for our new and old customers, while we continue to enhance value for our shareholders."

Download further information in PDF format.

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