**AIB announces Allfirst's First Half 2002 Net Income**
**31st July 2002**

Allied Irish Banks p.l.c. ("AIB") [NYSE:AIB;AIBPR;FMBPR] today announced that its wholly owned U.S. subsidiary, Allfirst Financial Inc. ("Allfirst"), reported net income to common stockholders of $61.6 million for the six months ending June 30, 2002, compared to a loss of $4.3 million for the same period in 2001. The following table and subsequent commentary provide a reconciliation of the financial performance with business trends.

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| ***Six Months Ended June 30*** | | | |
|---|---|---|---|
| ***$ millions (after tax)*** | **2002** | **2001 (restated)** | **% change** |
| **Net Income (Loss) to Common Stockholders** | **61.6** | **(4.3)** | |
| Proprietary foreign exchange trading losses | 11.0 | 98.3 | |
| Fraud related charges | 8.9 | - | |
| Goodwill amortisation | - | 19.0 | |
| **Adjusted Net Income to Common Stockholders** | **81.5** | **113.0** | **-27.9%** |
| Provision for specific corporate exposure | 15.5 | - | |
| Provision for equity securities market value | 9.0 | - | |
| Reserve for residual losses on indirect auto lease portfolio | 5.6 | - | |
| **Adjusted Net Income to Common Stockholders excluding provisions and reserve** | **111.6** | **113.0** | **-1.2%** |

Separately today, Allied Irish Banks p.l.c. (AIB Group) announced its results for the half year ended 30 June 2002. Underlying operating profit at Allfirst, in AIB Group terms, increased by 5% on the corresponding period in 2001.

The results of Community Counseling Services Inc., and Ketchum Canada, Inc. are excluded from the commentary below.

Allfirst's adjusted (for FX losses and equity securities market value provision) total revenues grew by 4% in the first half of 2002 compared to 2001. Net interest income was unchanged over the same period last year with higher loan product margins offset by lower earnings from a reduced investment securities portfolio and the impact of lower interest rates on deposit margins.
Average loans for the first half of 2002 (excluding curtailed indirect retail lending / leasing and residential mortgage businesses) were up 6% from the comparable period in 2001. Loan balances at June 30, 2002, excluding these portfolios, were up by 1% when compared to year-end 2001 levels reflecting the impact of the weak economy. Average core deposits for the first six months of 2002 were up 1% on the same period in 2001.
Allfirst generated growth in adjusted (for FX losses and equity securities market value provision) non-interest income of 10% in the first half of 2002 compared to the same period in 2001. Non interest income included securities gains of $8.7 million pre tax, which were largely offset by loss of

yield on the sale of securities. Non-interest income growth in the company's core banking activities showed increases of 14% in deposit service charges and 10% in electronic banking income. Adjusted (for fraud related charges, goodwill amortisation and auto lease residual reserve) non-interest expenses increased by 7% compared to the first six months of 2001. Pension, related personnel costs and an increased depreciation charge accounted for the majority of this expense growth. Following a review of the indirect auto lease portfolio, reserves have been increased by $9 million pre-tax to prudently cover residual losses as the portfolio runs off. Minimal growth in underlying expenses for the full year is expected. A range of initiatives is currently being considered to accelerate delivery of the growth potential of the franchise. A plan is in course of development, completion of which is expected before the end of the current quarter. Details will be conveyed when the plan is completed and approved. To achieve efficiencies, a restructuring charge is likely to be incurred.

Non-performing assets at June 30, 2002 were $135.5 million (1.27% of loans, other real estate and other assets owned), a $47 million increase over the December 31, 2001 level of $88.7million (0.82% of loans, other real estate and other assets owned). A $50 million loan relating to one corporate relationship has been placed on non-accrual status at June 30, 2002. The allowance for loan and lease losses at June 30, 2002 of $181 million increased by $28.5 million over the December 31, 2001 level, reflecting a provision of $25 million pretax for the aforementioned corporate exposure and represented 143% of nonperforming loans and 1.70% of total loans. Net charge-offs as a percentage of loans and leases fell from 0.29% in the first half of 2001 to 0.24% in the first half of 2002. Allfirst's primary banking unit, Allfirst Bank, reported regulatory capital ratios at June 30, 2002 as follows: tier 1 capital ratio of 7.86%; total capital ratio of 11.44%; leverage capital ratio of 7.16%. The Allfirst Bank capital ratios compare favorably to the following regulatory "well capitalized" standards: tier 1 capital ratio of at least 6%; total capital ratio of at least 10%, and leverage capital ratio of at least 5%.

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 262 bank branches and 605 ATMs throughout Maryland, Pennsylvania, Washington D.C., Northern Virginia, and Delaware. Allfirst Financial Inc.'s assets were $17.3 billion as of June 30, 2002. Information about Allfirst Financial is available at **www.allfirst.com**.

Certain information included in this press release, other than historical information, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are identified by terminology such as "may," "will," "believe," "expect," "estimate," "anticipate," "continue," or similar terms. Actual results may differ materially from those projected in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: global, national and regional economic conditions; levels of market interest rates; credit or other risks of lending and investment activities; changes in accounting rules and policies; legal and regulatory proceedings; competitive and regulatory factors; and technological change.

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