



AIB announces Allfirst's First Quarter 2002 Net Income **15th May 2002**

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 stockholders of \$37.8 million for the quarter ending March 31, 2002. Adding back foreign exchange fraud losses, fraud related charges and goodwill amortisation, adjusted net income to common stockholders was \$55.4 million for the first quarter of 2002, compared to \$53.2 million adjusted net income to common stockholders for the first quarter of 2001. We believe that this pro forma information provides the reader of the financial statements with a clearer picture of Allfirst's performance trends from its primary business activities. Excluding the results of Community Counselling Services Inc., Allfirst's adjusted total revenues grew by 8% in the first quarter of 2002 compared to 2001. Net interest income showed a 6% improvement over the same quarter last year bolstered by higher loan product margins and the favorable impact of the lower interest rate environment. The net interest margin increased to 3.60%, up 10 basis points from the first quarter of 2001.

The company curtailed its exposure to indirect retail lending / leasing and residential mortgages in late 2000. Average loans for the first quarter of 2002 (excluding curtailed businesses) were up 6% from the comparable quarter in 2001. Loan balances at March 31, 2002 excluding these portfolios were up less than 1% when compared to year-end 2001 levels reflecting the impact of the weak economy.

Average core deposits for the first quarter of 2002 were up 3% from the first quarter of 2001. Core deposits, as of December 31, 2001, benefited significantly from the fact that commercial demand deposits tend to peak at the year end date.

Allfirst generated strong growth in adjusted noninterest income showing an 11% increase in the first quarter of 2002 compared to the comparable period in 2001. Noninterest income growth was driven by the company's core banking activities, with increases of 18% in deposit service charges and 11% in electronic banking income. A relatively high level of refinancing by our commercial customers due to the favorable interest rate environment also led to a 24% increase in mortgage banking income.

Under Irish generally accepted accounting principles, adjusted noninterest expenses increased by 7% in the first quarter of 2002 compared to 2001. We expect minimal growth in expenses for the full year.

Asset quality remains sound. Nonperforming assets at March 31, 2002 were \$92.7 million (0.87% of loans, other real estate and other assets owned), a \$4.0 million increase over the December 31, 2001 level of \$88.7 million (0.82% of loans, other real estate and other assets owned). The allowance for loan and lease losses at March 31, 2002 of \$156.0 million increased by \$3.5 million over the December 31, 2001 level and represented 192% of nonperforming loans and 1.46% of total loans. Net chargeoffs as a percentage of loans and leases dropped from 0.29% in the first quarter of 2001 to 0.22% in the first quarter of 2002.

Allfirst's primary banking unit, Allfirst Bank, reported regulatory capital ratios at March 31, 2002 as follows: tier 1 capital ratio of 7.5%; total capital ratio of 10.9%; leverage capital ratio of 6.6%. 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%.

Later today, Allfirst will file on Form 10-Q with the U.S. Securities and Exchange Commission, its quarterly report for the period ended March 31, 2002.

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 260 bank branches and 597 ATMs throughout Maryland, Pennsylvania, Washington D.C., Northern Virginia, and Delaware. Allfirst Financial Inc.'s assets were \$17.9 billion as of March 31, 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.

For more information please contact:

Catherine Burke
Head of Corporate Relations
AIB Group
Bankcentre
Ballsbridge
Dublin 4
Tel: 00 353 1 641 3894

Alan Kelly
Head of Investor Relations
AIB Group
Bankcentre
Ballsbridge
Dublin 4
Tel: 00 353 1 641 2162