

For Immediate Release

July 31, 2002

AIB announces Allfirst's First Half 2002 Net Income

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.

<i>\$ millions (after tax)</i>	<i>Six Months Ended June 30</i>		
	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%.

-ENDS-

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.

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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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ALLFIRST FINANCIAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Six Months Ended	
	June 30,	
	2001	
	<u>2002</u>	<u>As Restated</u>
	(in thousands)	
Interest Income		
Interest and fees on loans and leases.....	\$300,739	\$395,973
Interest and dividends on investment securities:		
Taxable interest.....	75,750	110,303
Tax-exempt interest.....	18,181	18,850
Dividends.....	7,142	7,220
Interest on loans held for sale.....	1,680	1,416
Other interest income.....	<u>6,591</u>	<u>771</u>
Total interest and dividend income.....	<u>410,083</u>	<u>534,533</u>
Interest Expense		
Interest on deposits.....	103,287	192,025
Interest on Federal funds purchased and other short-term borrowings.....	17,011	46,332
Interest on long-term debt.....	<u>26,542</u>	<u>32,246</u>
Total interest expense.....	<u>146,840</u>	<u>270,603</u>
Net Interest Income (FTE)	263,243	263,930
Provision for loan and lease losses.....	<u>41,170</u>	<u>15,509</u>
Net Interest Income After Provision for Loan and Lease Losses (FTE)	<u>222,073</u>	<u>248,421</u>
Noninterest Income		
Service charges on deposit accounts.....	61,247	53,800
Trust and investment advisory fees.....	43,120	43,241
Electronic banking income.....	17,265	15,683
Mortgage banking income.....	11,142	10,726
FX Losses.....	(16,988)	(151,275)
Trading income – other.....	3,396	6,203
Consulting income.....	25,345	4,958
Other income.....	46,490	43,688
Securities gains (losses), net.....	<u>(5,060)</u>	<u>421</u>
Total noninterest income.....	<u>185,957</u>	<u>27,445</u>
Noninterest Expense		
Salaries and other personnel costs.....	177,820	155,808
Equipment costs.....	26,385	23,042
Occupancy costs.....	19,715	18,471
Postage and communications.....	10,004	9,558
Advertising and public relations.....	9,152	7,087
Fraud related charges.....	13,714	-
Other operating expenses.....	56,767	42,320
Intangible assets amortization expense.....	<u>3,304</u>	<u>23,178</u>
Total noninterest expenses.....	<u>316,861</u>	<u>279,464</u>
Income (Loss) Before Income Taxes (FTE)	91,169	(3,598)
Income tax expense.....	<u>29,355</u>	<u>541</u>
Net Income (loss)	61,814	(4,139)
Dividends on preferred stock.....	<u>203</u>	<u>203</u>
Net Income (loss) to Common Shareholders	<u>\$ 61,611</u>	<u>\$ (4,342)</u>

ALLFIRST FINANCIAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited)

June 30, December 31,
2002 2001
(in thousands)

Assets

Cash and due from banks.....	\$ 808,195	\$ 1,286,131
Interest bearing deposits in other banks.....	4,641	4,869
Trading account securities.....	3,724	41,676
Federal funds sold and securities purchased under resale agreements.....	736,805	922,675
Investment securities available for sale.....	3,406,233	4,101,133
Loans held for sale.....	80,089	38,186
Loans, net of unearned income of \$164,724 and \$185,601, respectively:		
Commercial.....	4,000,286	3,930,556
Commercial real estate.....	2,421,695	2,395,841
Residential mortgage.....	413,921	472,082
Direct retail.....	2,503,070	2,420,376
Commercial leases receivable.....	658,190	679,554
Indirect retail loans and leases receivable.....	473,507	654,359
Foreign.....	<u>195,553</u>	<u>201,103</u>
Total loans, net of unearned income.....	10,666,222	10,753,871
Allowance for loan and lease losses.....	<u>(181,039)</u>	<u>(152,539)</u>
Loans, net.....	<u>10,485,183</u>	<u>10,601,332</u>
Premises and equipment.....	245,799	244,607
Due from customers on acceptances.....	3,359	3,274
Intangible assets.....	18,013	21,046
Goodwill.....	772,541	770,092
Other assets.....	<u>746,337</u>	<u>782,910</u>
Total assets.....	<u>\$17,310,919</u>	<u>\$18,817,931</u>

Liabilities and Stockholders' Equity

Domestic deposits:		
Noninterest bearing deposits.....	\$3,118,504	\$ 3,848,733
Interest bearing deposits (excluding large denomination time deposits).....	<u>6,889,947</u>	<u>6,993,744</u>
Total core deposits.....	10,008,451	10,842,477
Large denomination time deposits.....	1,493,324	1,922,324
Interest bearing deposits in foreign banking office.....	<u>95,763</u>	<u>305,490</u>
Total deposits.....	11,597,538	13,070,291
Federal funds purchased and securities sold under repurchase agreements.....	1,205,925	1,126,302
Other borrowed funds, short-term.....	922,606	566,904
Bank acceptances outstanding.....	3,359	3,274
Other liabilities.....	621,043	1,376,571
Long-term debt.....	<u>1,209,270</u>	<u>1,010,116</u>
Total liabilities.....	<u>15,559,741</u>	<u>17,153,458</u>
Redeemable preferred stock.....	9,000	8,858
Minority interest.....	108	113
Common stockholders' equity.....	<u>1,742,070</u>	<u>1,655,502</u>
Total liabilities, redeemable preferred stock, minority interest and stockholders' equity.....	<u>\$17,310,919</u>	<u>\$18,817,931</u>

Allfirst Financial Inc.

Summary Balance Sheet (Average balances, in millions)	For the periods ended	
	June 30, <u>2002</u>	December 31, <u>2001</u>
Investment securities	\$ 3,660	\$ 4,233
Loans and leases, net of unearned income	10,649	10,646
Loans and leases, net (ex. curtailed businesses) (1)	9,646	9,236
Earning assets	15,121	15,027
Intangible assets, including goodwill	790	792
Total assets	17,509	17,539
Core deposits	9,787	9,768
Total deposits	11,978	11,917
Shareholders' equity	1,714	1,737
Common shareholders' equity	1,714	1,737

Balance Sheet Highlights (in millions)

Investment securities	\$ 3,406	\$ 4,101
Loans and leases, net of unearned income	10,666	10,754
Loans and leases, net of unearned income (ex. curtailed businesses) (1)	9,779	9,627
Earning assets	14,845	15,836
Intangible assets, including goodwill	791	791
Total assets	17,311	18,818
Core deposits	10,008	10,842
Total deposits	11,598	13,070
Common Stockholder's equity	1,742	1,656

(1) Curtailed lending businesses include indirect lending / leasing and residential mortgage lending.