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

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 (the "Merger").
(*Based on 30 day rolling average share price of M&T Bank)

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."*

See notice on page 6 of the release regarding this afternoon's briefings for Investors, Analysts and Media.

- **Key details of the merger;**
- The Merger represents a long-term strategic partnership between AIB and M&T. AIB will nominate four Directors to the Board of the combined entity. Bob Wilmers, Chairman, President & Chief Executive Officer of M&T, will join the AIB Group Board of Directors, as a non-executive director.

Michael Buckley, Group Chief Executive of AIB, will take a permanent seat on the Board Executive Committee of M&T which meets fortnightly and carries the full powers of the M&T Board of Directors between main Board meetings. Members of this committee currently include the Chairman, Vice-Chairman and four non executive Directors of M&T. AIB will designate one member on the nominating and compensation committee and will also designate an independent director to serve on the audit committee.

Eugene Sheehy, currently Chairman and CEO of AIB's U.S. Division, will take up the position of Chairman and CEO of the Maryland and Pennsylvania regions, with geographic and profit responsibility for over one-third of the Enlarged M&T. Eugene will join the Executive Management Committee and Board of Directors of M&T. In recognition of his full time commitment to the M&T franchise, Eugene will step down from his position on the AIB Group Executive Committee.

AIB will receive a 22.5% stake, being 26.7 million shares, in the Enlarged M&T organisation and these shares will be retained by AIB. AIB will also receive $886 million in cash, of which approx. $450 million will be used to buy back AIB shares, with the balance to be used for general corporate purposes. Based on the 30 day rolling average price of M&T shares, the transaction is valued at $3.1 billion.

The merger is expected to be modestly accretive for AIB's 2003 earnings based on:

- market consensus forcast growth in M&T (excluding merger related one time expenses);
- marginal growth in Allfirst;
- expected cost savings in the Enlarged M&T, forecasted to be $100 million ($60 million in 2003);
- post transaction share buyback;

AIB's pro forma tier 1 capital ratio will improve to approximately 8.3% from 6.8% at 30 June, 2002.

M&T and Allfirst have branch networks of 451 and 262 respectively. The networks are contiguous with little overlap. It will be a primary focus of management to ensure that there is minimal disruption to the level of service provided to our customers during the integration. Cost savings are expected to be largely achieved through the rationalisation of support and administration activities. Full details will be communicated to all employees.

The potential for growth in the Enlarged M&T will provide significant benefits to the shareholders of AIB and M&T, and will be facilitated by the contiguous nature of the franchises and the fact of each partner being in a position to exchange products, knowledge and experience.

Detailed arrangements have been agreed by AIB and M&T to ensure that, through its Board representation, AIB will play an active role in all future strategic decisions. In addition, a range of areas of co-operation have already been identified by AIB and M&T management to ensure an active exchange of knowledge and expertise relating to all aspects of retail and commercial banking.

AIB's "Not for Profit" business in the U.S., "Allied Irish America" is not included in the merger.

The Merger is subject to the approval of the AIB and M&T shareholders and is conditional on Irish and U.S. regulatory approvals. The approval of AIB's shareholders will be sought at an Extraordinary General Meeting and an explanatory circular describing the Merger will be sent to shareholders in advance of the meeting. Target for completion is 1st Quarter 2003.

Background

AIB has been involved in U.S. regional banking since 1983. Since that time, we have built a strong business through acquisition and organic growth which for many years has contributed a significant percentage of AIB's overall profit. Allfirst's market share position in its core franchise area has been an enduring strength.

However, for over twelve months, we have been considering whether an alliance with another U.S. regional bank would increase the earnings momentum and secure our long term position in U.S. regional banking. We started by identifying key criteria that had to be clearly evident in a potential partner. These were:

- A common set of values, ethos and culture to AIB;
- A desire to form a genuine partnership with AIB;
- A proven performance track record that is convincing and sustainable;
- A management team that has depth and a complete set of community and commercial banking skills;
- Integration skills that would ensure an acceleration and successful completion of Allfirst's progression to becoming a community bank in its retail market;
- A strong and contiguous franchise with scale;
- A location and suite of products and services that make revenue and cost synergies readily achievable.

Using these criteria, we initiated a series of discussions with senior management in a range of relevant U.S. regional banks. During the course of these discussions, which have continued with various institutions until recently, the AIB Group CEO, Michael Buckley, first made contact with his counterpart in M&T Bank Corporation, Robert G. Wilmers, in October 2001.

During the intervening months, it became increasingly apparent that a merger of Allfirst and M&T would be mutually beneficial and the option that best created shareholder value for AIB. It is clear that M&T's philosophy of adopting a customer centric, community bank and full service commercial banking proposition has consistently generated superior performance and returns for over two decades. This approach is exemplified by M&T's ability over the past three years to increase, by one third, the number of their retail customers who on average utilise three or more M&T services.

Both Allfirst and M&T share the view that good community banks support their communities by having substantial programmes of corporate giving.

- ENDS -

A number of statements we make in this document are not based on historical fact, but are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, competitive and regulatory factors and technology change

A briefing for Investors and Analysts will take place as follows;

There will be a live video link to New York for a presentation by Robert G. Wilmers, Chairman, President & Chief Executive Officer, M&T, and Michael Buckley, Group Chief Executive, AIB, followed by a questions and answers session.

Dublin	2:00pm, Main Conference Room, AIB Headquarters, Bankcentre, Ballsbridge, Dublin 4.
London	2.00pm, City Presentation Centre, 4, Chiswell Street, London EC1Y 4UP.
New York	9:00am, The Millennium Broadway Hotel, 145 West 44th Street, New York (between Broadway and 6th Avenue).
Webcast	Logon to http://www.aibgroup.com/webcast and follow the on-screen instructions. The webcast will include the full presentation followed by the questions and answers session

A briefing for all media will take place as follows;

There will be a live video link to New York for a presentation by Robert G. Wilmers, Chairman, President & Chief Executive Officer, M&T, and Michael Buckley, Group Chief Executive, AIB, followed by a questions and answers session.

Dublin	4:00pm, Main Conference Room, AIB Headquarters, Bankcentre, Ballsbridge, Dublin 4.
London	4.00pm, City Presentation Centre, 4, Chiswell Street, London EC1Y 4UP.

Appendix I

Financial impact (pro forma as at 30 June, 2002)

US$ millions	**M&T**	**Allfirst #**	**Combined**
Assets	31,686	17,252	48,938
Loans & leases (net)	25,167	10,565	35,732
Deposits	21,858	11,598	33,456
Shareholders equity	2,977	1,696	4,673**
Tier 1	7.5%	7.9%	

AIB Balance Sheet post transaction

€ millions	**As at 30 June, 2002**	**Post transaction**
Assets	85,733	72,512
Loans, etc.	56,380	45,877
Deposits, etc.	70,584	57,064
Debt securities	18,515	15,450
Tier 1	6.8%	8.3%

(# excluding Community Counselling Services Inc. and Ketchum)
(** excluding the impact of share capital issue and fair value adjustment)

Appendix II
Profile of M&T Bank Corporation

M&T Bank Corporation had total assets of $31.7 billion at 30 June 2002, and is currently ranked 26th in the U.S. by total assets. Headquartered in Buffalo, New York, M&T dates back to 1856. The company has 451 bank branch offices in New York, Pennsylvania, Maryland and West Virginia and operates approximately 1,000 ATMs, in conjunction with telephone and web banks The main banking businesses include:

	% of total loans and leases portfolio at 31 December 2001
Commercial Banking	20%
Commercial Real Estate	37%
Residential Mortgage Banking	22%
Retail Banking	21%

Revenue from other activities and services includes trust income, brokerage services income, trading and foreign exchange activity, investment securities, insurance related income, auto leasing, mortgage banking revenues, discretionary portfolio services, and deposit fees. In 2001 other income grew to $477m from $325m in 2000, an increase of 47%. M&T also operates mortgage origination offices in New Jersey, Arizona, Colorado, Idaho, Massachusetts, Ohio, Oregon, Utah and Washington.

M&T has a track record of strong earnings growth in areas that are relatively slower growth markets. In the three years from 1998 to 2001, compound annual growth rates were:

- cash EPS 15%;
- deposits 14%;
- loans 17%.

During the same period, the tangible cost / income ratio reduced from 52% to 50%. The average provision charge was 30bps, and balance sheet provisions as a percentage of loans were 1.9%. In the year to December 2001, M&T had total income of $1,636m, with net income after tax of $378m. In the six months to June 2002, total income was $856m, with net income after tax of $242m. At 31 December 2001, the bank had total loans and leases of $25,395m and deposits of $21,580m. The equivalent figures at 30 June 2002 were $25,811m and $21,858m. Net assets at 31 December 2001 were $2,939m.

M&T's total assets grew 125% between 1997 and 2001 through a combination of organic growth and acquisitions. M&T has been an active acquirer, successfully completing seventeen acquisitions since 1987. Six whole bank acquisitions were completed between 1992 and the first quarter of 2001.

Management, directors and employees currently own 20% of the company. The investment company, Berkshire Hathaway, holds 7%.

M&T BANK CORPORATION
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Six months ended				
	June 30,		Years ended December 31,		
Summarised Income	2002		2001	2000	1999
Statement Data:					
Net interest income	$610,536		1,158,288	854,187	759,397
Provision for credit losses	52,000		103,500	38,000	44,500
Other income	245,407		477,426	324,672	282,375
Other expense	446,449		948,318	694,453	578,958
Income taxes	115,436		205,821	160,250	152,688
Net income	$242,058		378,075	286,156	265,626
PER COMMON SHARE DATA:					
Basic net income	$2.60		3.95	3.55	3.41
Diluted net income	2.51		3.82	3.44	3.28
Book value	32.29		31.33	28.93	23.24
Cash dividends	0.50		1.00	0.63	0.45
WEIGHTED AVERAGE NUMBER OF SHARES					
Basic	92,934		95,732	80,640	78,003
Diluted	96,339		99,024	83,171	80,905
AVERAGE BALANCE SHEET DATA: (in millions)					
Total assets	$31,299		30,826	23,658	21,057
Total borrowings	6,743		6,818	4,801	3,804
Stockholders' equity	2,948		2,958	2,033	1,736

Appendix III
Profile of Allfirst Financial Inc.

Allfirst Financial Inc. is a bank holding company with its headquarters in Baltimore, Maryland. At December 2001, Allfirst had consolidated total assets of $18.8 billion.

Allfirst's distribution network consists of 262 full branches and 605 automated teller machines located in Maryland, Washington D.C., Northern Virginia, South Central Pennsylvania and Delaware, in conjunction with a telephone and web bank.

Allfirst provides comprehensive corporate, commercial, correspondent and retail banking services, personal and corporate trust services and related financial products and services to individuals and businesses.

In the year to December 2001, Allfirst had total income of $547m ($912m excluding fraudulent foreign exchange trading), with a net loss after tax of $37m (a profit of $201m excluding fraudulent foreign exchange trading losses). At 31 December 2001, the bank had total loans and leases of $10,754m and deposits of $13,070m. Net assets at that date were $1,656m.

Net assets subject to the transaction amounted to $1,696 million at 30 June 2002. The net loss for the year ended 31 December 2001 in respect of the net assets subject to the transaction amounted to $37 million (a profit of $201 million excluding fraudulent foreign exchange trading losses).

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