



For Immediate Release

23 November 2015

**Allied Irish Banks, p.l.c. (“AIB”) - Extraordinary General Meeting for Shareholder Approval
for the Proposed Capital Reorganisation**

The Board of AIB (the “Board”) is pleased to announce that it is issuing a notice of an Extraordinary General Meeting (“EGM”) today to seek shareholder approval having reached agreement with the Department of Finance on the terms of the proposed capital reorganisation. The capital reorganisation is subject to obtaining shareholder approval at an EGM to be held on 16 December 2015, further details of which are set out at the end of this announcement.

CAPITAL REORGANISATION ACTIONS

As previously announced on 6 and 17 November 2015, the capital reorganisation comprises six principal elements, as follows:

1. **Partial redemption of the 2009 Preference Shares:** which will result in the repayment of €1.7 billion of capital to the State.
2. **Conversion of the remainder of the 2009 Preference Shares:** into ordinary shares which will result in a net increase in fully loaded CET 1 of €1.8 billion.
3. **Ordinary Share Consolidation:** on a 1-for-250 basis, reducing the number of ordinary shares (post conversion) in issue to approximately 2.7 billion.
4. **EBS Promissory Note Redemption:** the Minister for Finance will redeem the EBS Promissory Note issued to EBS in June 2010 at its carrying value on the EBS balance sheet.
5. **Potential Warrant Issue:** AIB has agreed to the potential issue of warrants of up to 9.99% of AIB’s issued ordinary share capital to the Minister for Finance at the time of any re-admission of AIB’s Ordinary Shares to a regulated market.
6. **Amendment of AIB’s Memorandum and Articles of Association:** to effect the capital reorganisation and as a result of the new Companies Act 2014.

Under the terms of the regulatory approval for the capital reorganisation received from the Single Supervisory Mechanism (SSM), the conversion and redemption of the 2009 Preference Shares can only be implemented following the issue of a minimum of €750 million of Tier 2 capital and a minimum of €500 million of AT1 capital. As announced on 19 November 2015, AIB has successfully agreed (subject to completion) to issue €750 million Tier 2 capital.

The components of the capital reorganisation comprising the 2009 Preference Share Conversion, the EBS Promissory Note Redemption and the potential issue of Warrants together constitute a “related party transaction” (the “Related Party Transaction”) for the purposes of the ESM Rules, being entered into between AIB and its substantial shareholder, the Minister for Finance.

The Directors of AIB (with the exception of Dr. Michael Somers*) consider, having consulted with Morgan Stanley, AIB’s ESM Advisor, and Goodbody, that the terms of the Related Party Transaction

are fair and reasonable insofar as AIB shareholders are concerned. In providing their advice to the Directors, Morgan Stanley and Goodbody have taken into account the Board's commercial assessment of the Related Party Transaction. The Directors consider the Related Party Transaction to be in the best interests of AIB and AIB's shareholders as a whole. The Directors also consider the remaining elements of the capital reorganisation, to be in the best interests of AIB and AIB's shareholders as a whole.

*Dr Michael Somers was appointed to the Board by the Minister for Finance under the National Pensions Reserve Fund Act 2000 and, as a result, constitutes a "related party" of the Minister for Finance for the purposes of the ESM Rules. Accordingly, Dr Somers has abstained from the consideration and recommendation by the Board of the Related Party Transaction.

EGM

The capital reorganisation is conditional, among other things, upon the approval by AIB shareholders of resolutions to be considered at an EGM, to be held at the RDS Concert Hall, Merrion Road, Ballsbridge, Dublin 4 on 16 December 2015 at 10.00am. A circular including a notice of EGM will be posted to AIB shareholders today, Monday 23 November 2015, convening the EGM, which will provide further details on the capital reorganisation and outline the resolutions that will be proposed to AIB shareholders at the EGM.

Full details of the EGM, including details in relation to the proposed capital reorganisation, will also be available on AIB's website investorrelations.aib.ie

-ENDS-

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Important Information & Forward-looking Statement

AIB currently has 523,438,445,437 (excluding 35,680,114 treasury shares) ordinary shares in issue, of which 99.8% are held by the Ireland Strategic Investment Fund (ISIF), mainly following the issue of 500 billion ordinary shares to the National Pensions Reserve Fund Commission (predecessor to the ISIF) at €0.01 per share in July 2011.

Based on the number of shares currently in issue and the closing share price of 20 November 2015, AIB trades on a valuation multiple of c.2.4x (excluding 2009 Preference Shares) the 30 June 2015 Net Asset Value (NAV). The Group continues to note that the median for comparable European banks is c.1.4x NAV.

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of AIB Group and certain of the plans and objectives of the Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'may', 'could', 'will', 'seek', 'continue', 'should', 'assume', or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, capital structure, Government shareholding in the Group, income growth, loan losses, business strategy, projected costs, capital ratios, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking information. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These are set out in the Principal Risk and Uncertainties on pages 30 to 38 in the AIB Half-Yearly Financial Report 2015. In addition to matters relating to the Group's business, future performance will be impacted by Irish, UK and wider European and global economic and financial market considerations. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. The Group cautions that the list of important factors on pages 30 to 38 of the AIB Half-Yearly Financial Report 2015 is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward-looking statement.