



AIB Capital Markets closes €407 million Collateralised Debt Obligation.

2nd September 2003

AIB Acquisition Finance, a division of AIB Capital Markets plc, today announced the closing of its latest Collateralised Debt Obligation (Galway Bay CDO) totalling €407million. The fund places AIB as one of the top CDO managers in Europe and consolidates AIB's position as a leading player in the European leveraged buy out (LBO) market, having arranged over €8.5bn of senior and mezzanine debt over its 13 years in operation to date.

This is AIB's third CDO backed by leveraged loans and means the company has made over €1.2bn of third party money available to the European LBO market for acquisitions and special financing opportunities, in addition to AIB's own balance sheet capability. Galway Bay CDO will invest in leveraged loans to a pool of middle to large sized private equity backed European borrowers across a diversified range of industries. AIB now runs one of the largest LBO participation teams in the European market from offices in Dublin, London and Frankfurt.

Galway Bay CDO follows the same strategic rationale as previous funds for AIB as it provides an opportunity to leverage the existing experience that lies in the acquisition finance team and increase assets under management. AIB and Galway Bay will typically co-invest in LBO opportunities as they arise, based on investment decisions made by AIB Acquisition Finance's management team.

Robert Gallagher, Head of Corporate Banking International at AIB Capital Markets, and the driving force behind AIB's CDO programme commented "Given AIB's leading position in the European Acquisition Finance market and having three CDO funds to manage, AIB Acquisition Finance now has the capability to participate at very meaningful levels in both senior and mezzanine LBO debt. AIB's commitment to Galway Bay indicates the high level of confidence we have that the European LBO markets will continue to grow and be the source of attractive and disciplined lending business for specialist players such as AIB."

AIB's acquisition finance team has been very active in the UK and European leveraged markets at both arranging and underwriting levels, and currently has a leveraged debt portfolio in excess of €2.5bn. Significant LBO transactions in 2003, where AIB had an arranging or underwriting role, included the €5.7bn buyout of Seat Pagine Gialle in Italy, the €880m buyout of Danske Traelast in Denmark and the stg£605m refinancing of Bourne Leisure in the UK.

-ends-

Contact Details:

Robert Gallagher

Head of AIB Corporate Banking International

Tel: +353 1 8740222

Email: Robert.M.Gallagher@aib.ie

Paul Keary

Financial Dynamics

Tel: +353 1 6633609

Mob: +353 87 8297120