



AIB to acquire interest in Bulgarian American Credit Bank AD 22nd February 2008

Allied Irish Banks, p.l.c. ("AIB") [NYSE: AIB] has entered into an agreement to acquire a 49.99 per cent interest in Bulgarian-American Credit Bank AD ("BACB" or the "Company") from its majority shareholder the Bulgarian-American Enterprise Fund ("BAEF"). BACB is a specialist provider of secured finance to small and medium sized companies in Bulgaria. BAEF is a private U.S. corporation established in 1991 under legislation enacted by the U.S. Congress to promote active participation in the development and expansion of the economy in Bulgaria.

BACB was established in 1996 and listed on the Bulgarian Stock Exchange in March 2006. Today, it is an established brand name with a strong management team and a proven track record of profit growth. Headquartered in Sofia, Bulgaria, BACB has four offices in key regional cities and a network of mobile lending consultants who cover a further 15 cities. The Company has 137 employees. AIB is Ireland's leading banking and financial services organisation. It operates principally in Ireland, the United Kingdom, the United States and Poland. In Poland, AIB has a 70.5% shareholding in BZWBK which has over 380 outlets mainly in the mid-west and south-west of the country. AIB also has a 24.3% stake in M&T Bank, one of the top regional banks in the US. For more information visit www.aibgroup.com

The consideration payable by AIB is EUR 216 million which shall be satisfied by way of cash on completion of the transaction. Completion is conditional upon receipt of the requisite regulatory approvals. The transaction is expected to be marginally EPS accretive for AIB and will have a minimal capital impact. AIB was advised by AIB Corporate Finance Limited and BAEF was advised by UniCredit Markets & Investment Banking acting through CA IB Corporate Finance Limited.

Based on the unaudited consolidated financial statements released by BACB for the year ended 31 December 2007, the Company earned a net income of EUR 27 million and had total assets of EUR 358 million and shareholders' equity of EUR 80 million at the year end. Return on average equity was 39.7% and the cost-to-income ratio was 15.5%. In 2007 BACB had a record year as the bank continued to broaden and strengthen its participation in the SME sector, which is benefiting from EU accession, continuing foreign direct investment and accelerated structural spending. All of this has contributed to Bulgaria having one of the best growth stories in the region. In January 2008 Standard & Poor's affirmed the BACB's credit rating - BB/Stable/B. For five years in a row, including 2007, BACB received Finance Central Europe's achievement award for Best Bank in Bulgaria by return on equity and also return on assets.

Commenting on today's announcement, Frank Bauer, CEO of BACB, said that "Bulgaria's success in large part has been fueled by the SME sector in which BACB is a driving force. As a result of BACB's clear strategy, with its emphasis on innovation and client service, the bank consistently has been the most profitable bank in Bulgaria. We believe that, as a new strategic investor, AIB will bring the same high standards of entrepreneurial and operational excellence. The combination should benefit everyone - clients, employees, management and shareholders - indeed, this is a great day for everyone."

Eugene Sheehy, CEO of AIB said:

"This investment is part of AIB's strategy for Central and Eastern Europe which involves acquiring and investing in businesses at reasonable valuations in targeted high growth markets and which operate in areas where AIB has core expertise (in this case, SME lending). BACB represents an exciting growth opportunity for AIB and we look forward to working with the excellent management

team who have built up the business. We believe that AIB can add significant value to the business in the future".

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