



AIB - Update on the effectiveness of the Subordinated Liability Order issued by the High Court on 14 April 2011

9th June 2011

Following the issue today of a decision by the Irish High Court regarding the effectiveness of the subordinated liabilities order issued by the High Court on 14 April 2011 under the Credit Institutions (Stabilisation) Act 2010 (the "SLO"), the SLO is effective as of 22 April 2011 to amend the terms of Allied Irish Banks, p.l.c. ("AIB") [NYSE:AIB] sixteen subordinated liabilities set out in the table below that are the subject of the proposed debt buyback (the "Offer") as follows:

1. The terms of the subordinated liabilities listed at 1 to 9 (inclusive) in the table below have been amended such that any interest that may fall due on such liabilities will only be payable at the option of AIB (in its sole discretion).
2. The terms of the subordinated liabilities listed at 1 to 9 (inclusive) in the table below have been further amended such that the maturity date of each such liability has been extended to the relevant interest payment date specified in the Order.
3. The terms of the subordinated liabilities listed at 12 to 15 (inclusive) in the table below have been amended such that any restriction on (i) payment of any distribution or dividend on any other specified junior or parity securities of AIB, or (ii) any repurchase or redemption of such junior or parity securities, has been removed.
4. The terms of the subordinated liabilities listed at 10, 11 and 16 in the table below have been amended such that (i) the requirement to pay any arrears of interest on such liabilities upon the payment of any dividends by AIB has been removed, and (ii) the payment of any coupon on such liabilities following the payment of a dividend by AIB is now entirely at the option of AIB.

On this basis, AIB will not be paying the amount of interest in relation to the £700,000,000 Callable Dated Subordinated Fixed to Floating Rate Notes due July 2023 (ISIN: XS0368068937), otherwise due on 6th June 2011.

The £368,253,000 12.5 per cent Subordinated Notes due 2019 (ISIN: XS0435957682) and the €868,518,000 12.5 per cent Subordinated Notes due 2019 (ISIN: XS0435953186) have not yet been amended pursuant to the SLO as a challenge in respect of these notes is ongoing before the High Court

The deadline to participate in the Offer is midnight (New York time) on Monday, 13th June 2011 in respect of the subordinated liabilities listed in the table below (other than in respect of the subordinated liabilities listed at 1, 7 and 9 in the table below, where the deadline to participate in the Offer is 5.00 pm London time on Wednesday, 20 July 2011). and the subordinated liabilities referred to in the above paragraph.

	Subordinated Liabilities	Issuer	ISIN Code
1	€419,070,000 10.75 per cent. Subordinated Notes due 2017	Allied Irish Banks, p.l.c.	XS0498532117
2	£1,096,645,000 11.50 per cent. Subordinated Notes due 2022	Allied Irish Banks, p.l.c.	XS0498531069
3	U.S.\$177,096,000 10.75 per cent. Subordinated Notes due 2017	Allied Irish Banks, p.l.c.	XS0498530178
4	£700,000,000 Callable Dated Subordinated Fixed to Floating Rate Notes due July 2023	Allied Irish Banks, p.l.c.	XS0368068937
5	€500,000,000 Callable Subordinated Step-Up Floating Rate Notes due 2017	Allied Irish Banks, p.l.c.	XS0232498393
6	£500,000,000 Subordinated Callable Fixed/Floating Rate Notes due 2025	Allied Irish Banks, p.l.c.	XS0214107053
7	€400,000,000 Subordinated Callable Step-Up Floating Rate Notes due 2015	Allied Irish Banks, p.l.c.	XS0208845924
8	U.S.\$400,000,000 Dated Callable Step-Up Subordinated Notes due 2015	Allied Irish Banks, p.l.c.	XS0197993875
9	£350,000,000 Subordinated Callable Fixed/Floating Rate Notes due 2030	Allied Irish Banks, p.l.c.	XS0180778507
10	€200,000,000 Perpetual Subordinated Callable Step-Up Notes	Allied Irish Banks, p.l.c.	XS0100325983
11	£400,000,000 Perpetual Callable Step-Up Subordinated Notes	Allied Irish Banks, p.l.c.	XS0227409629
12	€500,000,000 7.50 per cent. Step- Up Callable Perpetual Reserve Capital Instruments	Allied Irish Banks, p.l.c.	XS0120950158
13	€1,000,000,000 Fixed Rate/Floating Rate Guaranteed Non-voting Non- cumulative Perpetual Preferred Securities	AIB UK I LP	XS0208105055
14	€500,000,000 Fixed Rate/Floating Rate Guaranteed Non-voting Non- cumulative Perpetual Preferred Securities	AIB UK 2 LP	XS0257734037
15	£350,000,000 Fixed Rate/Floating Rate Guaranteed Non-voting Non- cumulative Perpetual Preferred Securities	AIB UK 3 LP	XS0257571066

16	U.S.\$100,000,000 Subordinated Primary Capital Perpetual Floating Rate Notes	Allied Irish Banks, p.l.c.	IE0000189625
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Forward-looking statements

This document contains certain “forward-looking statements” within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Exchange Act of 1934, as amended, regarding the belief or current expectations of the Group, AIB’s Directors and other members of its senior management about the Group’s financial condition, results of operations and business of the Group and certain of the plans and objectives of the Group, including statements relating to possible future write-downs or impairments. In particular, certain statements with regard to management objectives, trends in results of operations, margins, risk management, competition and the impact of changes in Financial Reporting Standards are forward-looking in nature. 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 ‘may’, ‘could’, ‘would’, ‘will’, ‘aim’, ‘anticipate’, ‘target’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’, or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group’s future financial position, income growth, business strategy, projected costs, capital position, 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.

These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other

factors, many of which are outside the control of AIB and are difficult to predict, that may cause actual results to differ materially from any future results of developments expressed or implied from the forward-looking statements. Factors that could cause actual results to differ materially from those expressed or implied include, but are not limited to, changes in economic conditions globally and in the regions in which the Group conducts its business, changes in fiscal or other policies adopted by various governments and regulatory authorities, the effects of competition in the geographic and business areas in which the Group conducts its operations, the ability to increase market share and control expenses, the effects of changes in taxation or accounting standards and practices, acquisitions, future exchange and interest rates, the risk that the Group may not participate in NAMA or that the NAMA Scheme may turn out to be unsuccessful in achieving its goals, the lack of control over the nature, number and valuation of the assets to be transferred to NAMA and the success of the Group in managing these events.

The Group cautions that the foregoing list of important factors 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. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Report may not occur.

The forward-looking statements speak only as of the date of this document. Except as required by the Irish Financial Regulator, the Irish Stock Exchange, the UK Financial Services Authority, the London Stock Exchange or applicable law, AIB does not have any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, further events or otherwise. AIB expressly disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this document or incorporated by reference to reflect any change in AIB's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.