



AIB issues EUR500m in 3-year Senior Unsecured Funding

20th November 2013

Allied Irish Banks, p.l.c. ("AIB") today successfully completed the issue of a €500m fixed rate senior unsecured debt issue with a maturity of 3 years and coupon of 2.875%. This is the first fully unsecured, unguaranteed debt transaction by the bank since 2009 and represents a significant forward step in the re-entry of the bank into international wholesale markets.

The transaction was arranged by Deutsche Bank, Goldman Sachs, Nomura, JP Morgan and Morgan Stanley and attracted €3.6bn of total demand from a diverse range of international investors. Final pricing was at +235bps over mid swaps with a final order book at these pricing levels of €3.19bn, in excess of six times over-subscribed.

The deal attracted a very high quality mix of over 260 investors from 25 countries including the UK, Germany, the Nordics, France and Italy. A total of 99% of the final allocations were made to international investors.

Commenting on the transaction, AIB Chief Executive Officer David Duffy said "Today's transaction marks another important milestone in our efforts to re-engage with the funding markets in a balanced and measured way. Our full re-entry into the senior unsecured market on an unguaranteed basis after a number of years absence is a further indicator of AIB's progress."

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For further information, please contact:

Enda Johnson
Head of Corporate Affairs & Strategy
AIB
Bankcentre
Ballsbridge
Dublin 4
Tel: +353-1-77 26010

Niamh Hennessy
Media Relations Manager
AIB
Bankcentre
Ballsbridge
Dublin 4
Tel: +353-1-77 21382

Important Information

AIB has c.521 billion ordinary shares, 99.8% of which are held by the National Pensions Reserve Fund Commission (NPRFC), mainly following the issue of 500 billion ordinary shares to the NPRFC at €0.01 per share in July 2011.

This announcement should be considered in parallel with AIB's Interim Management Statement and

Half Yearly Financial Report for 2013, a copy of which including full disclosures and notes to the financial statements can be found at the following link:

www.aibgroup.com/investorrelations

The contents of this statement and the information incorporated herein by reference should not be construed as legal, business investment, accounting, tax or other professional advice. This statement is for information only and nothing in this announcement is intended to endorse or recommend a particular course of action.

This statement 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 Securities Exchange Act of 1934 (as amended), with respect to the financial condition, results of operations and business of the Group and certain of the plans and objectives of the AIB Group. In particular, among other statements in this statement, with regard to management objectives, trends in results of operations, margins, risk management, competition and the impact of changes in International 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 "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, income growth, loan losses, business strategy, projected costs, margins, 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 risks and uncertainties include, but are not limited to the Group's access to funding and liquidity which is adversely affected by the financial instability within the Eurozone, the outcome of the Central Bank of Ireland's Asset Quality Review and Balance Sheet Assessment, contagion risks disrupting the financial markets, constraints on liquidity and market reaction to factors affecting Ireland and the Irish economy in particular in relation to its leaving the financial support package from the EU/IMF, the Group's markets, particularly for retail deposits which are at risk from more intense competition, the Group's business being adversely affected by a further deterioration in economic and market conditions, general economic conditions being very challenging for our mortgage and other lending customers and the increased risk of payment default and depressed Irish property prices, may give rise to increased losses experienced by the Group, the Group also faces market risks, including non-trading interest rate risk, the Group is subject to rigorous and demanding Government supervision and oversight, the Group may be subject to the risk of having insufficient capital to meet increased regulatory requirements, the Group's business activities must comply with increasing levels of regulation, the Group's participation in the NAMA Programme gives rise to certain residual financial risks, the Group may be adversely affected by further austerity and budget measures introduced by the Irish Government, the value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time, or may ultimately not turn out to be accurate, the Group's deferred tax assets depend substantially on the generation of future profits over an extended number of years, adverse changes to tax legislation, regulatory requirements or accounting standards could impact capital ratios, the Group is subject to inherent credit risks in respect of customers, the Group faces heightened operational and reputational risks, the restructuring of the Group entails risk, the Group's risk management strategies and techniques may be unsuccessful, risk of litigation arising from the Group's activities.

Nothing in this statement should be considered to be a forecast of future profitability or financial

position and none of the information in this statement is or is intended to be a profit forecast or profit estimate. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. AIB 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 referenced in this statement may not occur. The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.