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Allied Irish Banks, p.l.c. (“AIB”) Announces Regulatory Approval for a Proposed Capital Reorganisation

The Board of AIB Group is pleased to announce that regulatory approval has been received from the Single Supervisory Mechanism (SSM) for a number of capital actions which will simplify and strengthen the Group’s regulatory capital position. The principal elements are as follows:

- Partial redemption of the 2009 Preference Shares which will result in the repayment of €1.7 billion of capital to the State. The completion of the redemption is conditional upon the following capital actions:
 - Conversion of the remainder of the 2009 Preference Shares into ordinary shares will result in a net increase in fully loaded CET 1 of €1.8 billion
 - The issuance of a minimum of €750m of Tier 2 capital
 - The issuance of a minimum of €500m of Additional Tier 1 (AT1) capital

The mechanism by which this occurs includes conversion of €2.14 billion of the 2009 Preference Shares into ordinary shares and redemption of the remaining €1.36 billion of 2009 Preference Shares. Both the conversion and the redemption will be completed, in accordance with the terms of the Preference Shares, at 125% of their subscription price.

Whilst the redemption reduces the Group’s transitional CET 1 ratio, the impact of the capital actions will result in a net increase in the CET 1 and total capital ratios on a CRD IV fully loaded basis.

The scheduled maturity of the Contingent Capital Notes (CCNs) will result in a further repayment of €1.6 billion of capital to the State on 28 July 2016.

The Group is working with the Minister for Finance to finalise the terms of the capital reorganisation which is also subject to shareholder approval at an Extraordinary General Meeting (EGM), the details of which will be announced in due course.

CEO COMMENT

Commenting on the capital reorganisation Bernard Byrne, CEO said:

“The approval of these capital actions by the SSM represents another key milestone in the transformation of AIB. The capital reorganisation will support a sustainable and compliant regulatory capital structure underpinning our business plans and positions the Group to repay capital to the State and return to private ownership over time.”

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Forward-looking Statement

This document 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.