



AIB - Transfer of business from Anglo Irish Bank

24th February 2011

The Board of Allied Irish Banks, p.l.c. (“AIB”) [NYSE:AIB] announces the immediate transfer of certain deposits and senior NAMA bonds from Anglo Irish Bank to AIB. The Board also announces the transfer of Anglo Irish Bank Corporation (International) PLC in the Isle of Man (“IOM”) to AIB by way of a share sale.

The Board has agreed this transaction with the NTMA, which facilitates the transfer order made today by the High Court. The transfer order is the subject of a separate announcement made earlier today by the Department of Finance.

The transfer represents a significant and positive step to improve AIB’s liquidity and to reduce its loan to deposit ratio.

The key elements of the transfer are:

- Receipt of c. €7.1 bn deposits in Ireland and the UK
- Purchase of Senior NAMA Bonds with a nominal value of €12.2 bn (at 98.5%, for €12 bn)
- Purchase of 100% of IOM for €0.2 bn (this company has customer deposits of c. €1.5bn)
- Cash payment by AIB of €3.5 bn

The geographic profile of the total deposits transferring to AIB is as follows:

| | <u>€bn</u> |
|---------|---------------|
| Ireland | c. 5.2 |
| UK | c. 1.9 |
| IOM | c. <u>1.5</u> |
| Total | c. 8.6 |

We welcome the c. 120,000 customers and c. 210 staff transferring to AIB and are working to ensure that any disruption for both will be minimal.

Deposits have been transferred in a seamless manner to AIB with no immediate operational impact on customers. Depositors continue to have full access to their funds in the same way as heretofore.

The position of depositors remains secure and AIB will maintain the original Anglo Irish Bank deposit terms and conditions. Transferred deposits also continue to receive protection under the various guarantee schemes that are already in place. Irish deposits are covered under the Deposit Guarantee Scheme in respect of amounts up to €100,000 per depositor, per institution and the Eligible Liabilities Scheme (“ELG”) in respect of amounts over €100,000. UK deposits will retain the protection of the ELG and will be covered under the terms of the UK Financial Services Compensation Scheme. This provides eligible customers a guarantee of up to a maximum of £85,000 of their total deposits held in AIB (UK) plc. IOM deposits will also retain the protection of the ELG and the IOM company will continue to be a participant in the Isle of Man Depositors’ Compensation Scheme as set out in the Depositors’ Compensation Regulations 2010.

In addition to the immediate positive benefits arising, this transfer represents a significant business development opportunity for AIB. We will take a positive approach to retaining and developing the customer businesses we are acquiring. The transfer introduces new deposit distribution capability to AIB including broker, post and telephone channels.

In the coming days we will write to customers who have transferred to AIB. In the meantime, we have included at the end of this announcement, a document which answers what we anticipate will be frequently asked customer questions. This document also includes the telephone numbers of helplines which are available to customers should they have any further queries.

[Click here to read customer questions and answers](#)

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