



For immediate release

16 December 2015

ALLIED IRISH BANKS, P.L.C. (“AIB”) – CAPITAL REORGANISATION APPROVED ENABLING SIGNIFICANT RETURN OF CAPITAL TO THE STATE

The Board of AIB (“Board”) is pleased to announce that following its Extraordinary General Meeting (“EGM”) today, 16 December 2015, all proposed resolutions in respect of the capital reorganisation have been approved and passed by Shareholders, enabling the implementation of the following actions under the capital reorganisation as described in the circular to Shareholders dated 23 November 2015 (“Circular”):

CAPITAL REORGANISATION ACTIONS

1. ***Partial redemption of the 2009 Preference Shares:*** 1.36 billion of the 3.5 billion 2009 Preference Shares will be redeemed at a price equal to 125% of the subscription price paid on issue per 2009 Preference Share (inclusive of share premium) which will result in the repayment of €1.7 billion of capital to the State.
2. ***Conversion of the remainder of the 2009 Preference Shares:*** 2.14 billion of the 2009 Preference Shares will be converted into Ordinary Shares of €0.0025 each (“Existing Ordinary Shares”). The price agreed between AIB and the Minister for Finance for that conversion is approximately 1.72 cents per Ordinary Share and will result in circa 155.1 billion additional Existing Ordinary Shares being held by the NTMA. Application has been made to the Irish Stock Exchange p.l.c. (“ISE”) for the admission of those additional Existing Ordinary Shares to trading on the Enterprise Securities Market of the ISE (“ESM”). It is expected that admission of those additional shares will occur on 18 December 2015. All Existing Ordinary Shares will subsequently be subject to the Ordinary Share Consolidation referred to below.

The redemption and conversion of the 2009 Preference Shares will result in a net increase in CRD IV fully loaded CET 1 regulatory capital of €1.8 billion (excluding the impact of the payment of accrued dividends on the 2009 Preference Shares).

Notice of the conversion and redemption of the 2009 Preference Shares has been issued to the Minister for Finance and the NTMA in accordance with the terms of the 2009 Preference Share Conversion and Redemption Agreement (as defined in the Circular). The conversion of the 2.14 billion 2009 Preference Shares will take effect at 6.00p.m. on 17 December 2015 and the redemption of the 1.36 billion 2009 Preference Shares will take effect at 7.00p.m. on 17 December 2015.

A dividend of circa €166.4 million, representing the accrued dividend on the 3.5 billion 2009 Preference Shares in respect of the period from 13 May 2015 (the last dividend payment date) to the date of conversion / redemption of the 2009 Preferences Shares will also be paid to the NTMA on 17 December 2015.

All authorised but unissued 2009 Preference Shares will be cancelled following completion of the conversion and redemption of the 2009 Preference Shares on 17 December 2015.

- 3. Ordinary Share Consolidation:** following the issue of the additional Existing Ordinary Shares to the NTMA pursuant to the conversion of the 2009 Preference Shares outlined above, AIB will have circa 678.6 billion Existing Ordinary Shares in issue. Pursuant to the Ordinary Share Consolidation, all Existing Ordinary Shares in issue at 5pm on 18 December 2015 (which have a nominal value of €0.0025 each) (the “Ordinary Share Consolidation Record Time”), will be consolidated on the basis that for every 250 Existing Ordinary Shares held by a Shareholder, that Shareholder will hold one new ordinary share of €0.625 (“New Ordinary Share”) on completion of the Ordinary Share Consolidation. The Ordinary Share Consolidation will round up any residual fractional shareholdings of less than 250 Existing Ordinary Shares that would otherwise result for a Shareholder from the Ordinary Share Consolidation into one New Ordinary Share by way of bonus issue to ensure that all Shareholders remain on AIB’s Shareholder register. It is expected that AIB will have circa 2.714 billion New Ordinary Shares of nominal value €0.625 each in issue (excluding 35,680,114 treasury shares) following completion of the Ordinary Share Consolidation. AIB will cancel all of its 35,680,114 treasury shares with effect from close of business on 17 December 2015.

The Existing Ordinary Shares will be delisted from the ESM at 5.00 pm on 18 December 2015 and application will be made shortly to the ISE for the admission to trading of the New Ordinary Shares on the ESM.

The New Ordinary Shares are expected to commence trading on the ESM at 8.00 am on 21 December 2015.

The New Ordinary Shares have been allocated new ISIN and SEDOL codes. The new ISIN code is IE00BYSZ9G33 and the new SEDOL code is BYSZ9G3. These new codes will be effective from commencement of trading of the New Ordinary Shares on the ESM, which is expected to occur on Monday 21 December 2015.

New share certificates in respect of New Ordinary Shares held in certificated form will be issued to Shareholders within 14 Business Days of completion of the Ordinary Share Consolidation.

- 4. EBS Promissory Note Redemption:** this will be effected by EBS Limited (“EBS”) transferring the EBS Promissory Note to the Minister for Finance, in conjunction with the redemption of the 2009 Preference Shares, for an amount equal to its carrying value on the EBS balance sheet as at 15 December 2015, plus accrued interest up to the redemption date of 17 December 2015, following which the EBS Promissory Note will be cancelled.
- 5. Potential Warrant Issue:** AIB has agreed to, and Shareholders have approved at the EGM the necessary authorities for, the potential issue of warrants of up to 9.99% of AIB’s issued ordinary share capital to the Minister for Finance at the time of any re-admission of AIB’s Ordinary Shares to a regulated market.
- 6. Amendment of AIB’s Memorandum and Articles of Association:** the Interim Memorandum and Articles of Association (as defined in the Circular) were approved by Shareholders with effect from the conclusion of the EGM and facilitate, amongst other things, the redemption and conversion of the 2009 Preference Shares, the potential Warrant Issue and certain amendments related to the commencement of the Companies Act 2014.

The Final Memorandum and Articles of Association (as defined in the Circular) were approved by Shareholders at the EGM with effect from completion of the Ordinary Share Consolidation on 21 December 2015 which reflect, among other things, the completion of the Ordinary Share Consolidation and the cancellation of the 2009 Preference Shares.

For further information in relation to the EGM resolutions and the poll results please go to investorrelations.aib.ie

-ENDS-

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Forward-looking Statement

This announcement 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 and on page 4 of the Circular dated 23 November 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 and on page 4 of the Circular dated 23 November 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.