



For Immediate Release

11th October 2010

**Proposed Disposal of the M&T Shareholding
Posting of Circular**

DUBLIN, Ireland (11th October 2010) – Allied Irish Banks, p.l.c. (“AIB”) [NYSE:AIB] announces that it is convening an Extraordinary General Meeting to be held at 11.00 a.m. on 1 November 2010 (the “EGM”) to consider and, if thought fit, pass a resolution to approve the proposed disposal of its approximately 22.4% shareholding (the “Shareholding”) in M&T Bank Corporation (“M&T”).

The Circular, including the EGM Notice convening an EGM of AIB to be held at 11.00 a.m. on 1 November 2010 at Bankcentre, Ballsbridge, Dublin 4, will be posted to shareholders today.

A copy of the Circular will shortly be available to download from the Company’s website: www.aibgroup.com/investorrelations and via the National Storage Mechanism, which is located at <http://www.hemscott.com/nsm.do>.

A copy of the Circular will also shortly be available for inspection at:

Company Announcements Office,

Irish Stock Exchange,

28 Anglesea Street,

Dublin 2,

Ireland.

Tel: + 353 1 6174200.

Notes

1. converted at a rate of US\$1.3856 to €1

Additional Information

This is not a circular or equivalent document. Please read the whole Circular, in particular the risk factors set out in the Circular. You should not rely on any summary information as set out in this announcement.

This announcement does not constitute an offer to purchase or a solicitation of an offer to sell securities, nor shall there be any sales of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of such jurisdiction. The distribution of this announcement in jurisdictions other than Ireland, the United Kingdom and the United States may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction.

For further information, please contact:

Alan Kelly
General Manager, Corporate Services
AIB Group
Dublin
Tel: +353-1-6412162
email: alan.j.kelly@aib.ie

Catherine Burke
Head of Corporate Relations and Communications
AIB Group
Dublin
Tel: +353-1-6413894
email: catherine.e.burke@aib.ie

The contents of this announcement should not be construed as legal, business, financial, tax, investment or other professional advice.

Morgan Stanley & Co. Limited and AIB Corporate Finance Limited (“AIB Corporate Finance”) are acting as joint financial advisers to AIB in relation to AIB’s disposal of its M&T shares. In addition, Morgan Stanley & Co. Limited and Morgan Stanley & Co. International plc are acting as sponsor and corporate broker, respectively, in connection with the disposal.

Morgan Stanley & Co. Limited and Morgan Stanley & Co. International plc (together, “Morgan Stanley”) are acting in the aforementioned capacities for AIB and no one else in connection with the disposal and will not regard any other person (whether or not a recipient of this announcement) as Morgan Stanley’s client in relation to the disposal and will not be responsible to anyone other than AIB for providing the protections afforded to clients of Morgan Stanley or for providing advice in relation to the disposal or any other matter referred to in this announcement.

AIB Corporate Finance is acting exclusively for AIB and no one else in connection with the disposal and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the disposal and will not be responsible to anyone other than AIB for providing the protections afforded to clients of AIB Corporate Finance or for providing advice in relation to the disposal or any other matter referred to in this announcement.

Apart from the responsibilities and liabilities, if any, which may be imposed on Morgan Stanley or AIB Corporate Finance by the Listing Rules, neither Morgan Stanley nor AIB Corporate Finance accepts any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by AIB, or on AIB's behalf, or by Morgan Stanley or AIB Corporate Finance, or on Morgan Stanley's or AIB Corporate Finance's behalf, in connection with AIB, the Shareholding, M&T or the disposal, and nothing in this announcement is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Each of Morgan Stanley and AIB Corporate Finance accordingly disclaims to the fullest extent permitted by law and under the Listing Rules all and any responsibility and liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of this document and any such statement.

None of the Minister for Finance, the Department of Finance, the Irish Government, the National Treasury Management Agency, the National Pensions Reserve Fund Commission or any person controlled by or controlling any such person, or any entity or agency of or related to the Irish State, or any director, officer, official, employee or adviser of any such person (each such person, a "Relevant Person") accepts any responsibility whatsoever or makes any representation or warranty, express or implied, for the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by AIB, or on AIB's behalf, or by Morgan Stanley or AIB Corporate Finance, or on Morgan Stanley's or AIB Corporate Finance's behalf, or by any Relevant Person or on any Relevant Person's behalf in connection with AIB, the Shareholding, M&T or the disposal, and nothing in this announcement is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Each Relevant Person accordingly disclaims to the fullest extent permitted by law and under the Listing Rules all and any responsibility and liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of this document and any such statement.

This announcement contains "forward-looking statements", within the meaning of Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended) regarding the belief or current expectations of AIB, AIB's Directors and other members of its senior management about AIB's business, and the transaction described in this announcement. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. 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 or developments expressed or implied from the forward-looking statements.

The forward-looking statements speak only as of the date of this announcement. Except as required by the Financial Regulator, the Irish Stock Exchange, the FSA, the London Stock Exchange plc 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 announcement 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.