Letter from the Chairman of Allied Irish Banks, p.l.c.

Directors:		*Group Headquarters and Registered Office*
Dermot Gleeson*	Chairman	Bankcentre
Eugene Sheehy	Group Chief Executive	Ballsbridge
John O'Donnell	Group Finance Director	Dublin 4
Colm Doherty	Managing Director, AIB Capital Markets p.l.c.	Ireland
Donal Forde	Managing Director, AIB Bank, Ireland	
Declan Collier*		
Kieran Crowley*		
Stephen L. Kingon*		
Anne Maher*		
Daniel O'Connor*		
Sean O'Driscoll*		
David Pritchard*		
Dick Spring*		
Michael J. Sullivan*		
Robert G. Wilmers*		
Jennifer Winter*		

20 April 2009

*denotes Non-Executive Director

Dear Shareholder,

I refer to my letter dated 16 April 2009 in connection with the Extraordinary General Meeting to be held on 13 May 2009 at 10.00 a.m. concerning the proposed investment of €3.5 billion by the National Pensions Reserve Fund Commission.

The following announcement was made by the Board today:

"Allied Irish Banks, p.l.c. Capital Update

On 12 February AIB announced an agreement with the Irish Government in relation to the proposed recapitalisation of the bank. Since then, market and public uncertainty about our capital adequacy has persisted despite the proposed addition of €3.5 billion in core tier 1 capital. As previously

announced, we will be seeking shareholder approval at an EGM on 13 May to accept the aforementioned capital. Furthermore following discussions with the Minister for Finance and reflecting his desire to ensure that systemically important banks would remain adequately capitalised, even in stressed scenarios, we have decided to take further action to strengthen our capital position as outlined in this announcement.

In cooperation with AIB, the Minister for Finance has been conducting due diligence and stress test scenarios. Arising from these stress tests the Minister for Finance and AIB have formed a view that to strengthen our capital position a total amount of €5.0 billion new core tier 1 capital is appropriate. As a consequence, in addition to the proposed €3.5 billion injection by the Government, we aim to increase core tier 1 capital by a further €1.5 billion before the end of 2009. Potential sources of this capital include the disposal of assets and marketable assets will be considered as part of this process. This commitment represents a reappraisal of our previous view in relation to asset disposal. The bank acknowledges that the Minister has said that if any further capital injections are required from the State these would be in the form of equity capital.

We also wish to state our support for what we believe is a positive step taken by the Government in its recent decision to create a National Asset Management Agency (NAMA) and AIB wishes to signal its intention to participate in this initiative. NAMA is currently at an initial planning stage. AIB will work closely with the authorities to achieve its implementation. ”

Yours sincerely

Dermot Gleeson
Chairman