For Immediate Release **23rd June 2011**

AIB – Capital Update

Allied Irish Banks, p.l.c. ("AIB")[NYSE:AIB] announces that discussions are continuing with the Government in respect of the terms and structure of a capital raising in order to satisfy AIB's revised regulatory capital requirements following on from previously indicated capital support for AIB as one of the two Pillar Banks. While discussions remain ongoing it is evident to AIB that any subscription for shares by the State would likely be at a very low price, being a very significant discount relative to the current share price. If this is the case, it is likely that the State's shareholding in AIB would increase substantially beyond its current c. 93% ordinary shareholding, resulting in potentially significant additional dilution for existing ordinary shareholders other than the State. It is expected that discussions with the Government will finalise within the next week, at which point AIB expects to be in a position to announce the final terms and structure of any capital raising transaction with the State. AIB expects to remain as a listed company which will allow shareholders continue to trade their shares.

- ENDS -

For further information, please contact:

Alan Kelly
Director of Corporate Affairs & Marketing
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