

For Immediate Release

13th December 2010

AIB – bonus payments not to be paid

The Board of Allied Irish Banks, p.l.c. ("AIB") [NYSE:AIB] met this evening to consider a letter received from the Minister for Finance in relation to the payment of bonuses to certain employees.

Previously the Board had received strong legal advice that it was obliged to pay these bonuses. However the letter from the Minister conveys a decision by him to legislate which overtakes this obligation.

In his letter, the Minister stated that the provision of further State funding to AIB will be conditional on the non-payment of any bonuses awarded, no matter when they may have been earned.

The letter to the Board stated that without the State support which had been provided in a variety of forms, AIB could not have survived until now.

The bank very much appreciates the support it has received to date from the State and the Irish taxpayers and acknowledges that it will continue to rely on this support for some time to come.

Accordingly, the Board has decided not to pay the bonuses.

The Executive Chairman of AIB Mr David Hodgkinson said "The Board of AIB very much welcomes the actions of the Minister and is relieved to be in a position not to pay these bonuses. We are determined to position the Bank to play a full role in the recovery and development of the Irish economy. In doing so, we are committed to treating our customers, staff, the taxpayer and the public in a fair and transparent manner".

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