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AIB shareholders vote for recapitalisation plan

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 AIB shareholders passed all eight resolutions at the bank's extraordinary general meeting this afternoon and approved the recapitalisation of the bank with €3.5 billion from the Government.



As part of this recapitalisation the State gains warrants to buy 25 per cent of AIB in five years time and will charge a coupon – or interest – of 8 per cent per annum.

Chairman Dermot Gleeson said the bank would be paying €400 per annum to the State; €280 million in interest for the recapitalisation and a further €120 million for the bank guarantee scheme introduced late last year.

All eight egm resolutions were passed with a 99 per cent majority, thanks to the bank's institutional shareholders.

The bank's annual general meeting began shortly after 2pm and shareholders will have an opportunity to vote on the re-election of all but two members of the board who are stepping down.

Earlier Mr Gleeson apologised to shareholders for "the anxiety and distress" they had suffered from the collapsing share price and the cessation of dividends.

Mr Gleeson, who announced last month that he would be retiring in July, said the bank believed the momentum in world economies, including Ireland, would "continue for some time, and would slow gently, rather than abruptly".

"Regrettably, we were wrong in that view," he told shareholders at the meeting which is being held at the bank's headquarters in Ballsbridge, Dublin 4.

There was controversy too as an angry shareholder threw two eggs at Mr Gleeson before being escorted from the meeting by AIB security staff.

The shareholder later identified himself as Gary Keogh, a 66-year-old retired man from Blackrock in Co Dublin.

He told reporters his pension income had been wiped out by the collapse in bank shares. He had invested in a number of banks but his shareholding in AIB ruined him financially, he said.

The AIB chairman joked later that he would not ask the entire board of the banks to stand on the podium following a request from a shareholder.

"I don't want to expose anyone else to an egg on the suit or egg on the tie. I think the tie escaped," he said, looking at his jacket.

Splattered egg still stained the AIB backdrop on the podium behind Mr Gleeson as he took questions from angry shareholders who have seen the value of their investments in the bank wiped out over the past two years.

Mr Gleeson said he regretted lending decisions that were made, particularly in relation to property development in Ireland, and particularly residential property development.

"Most of all, I regret the impact of those decisions on our shareholders, our customers, our staff and on everyone else affected either directly or indirectly, and, on behalf of the bank, I apologise to you for the anxiety and distress that many of you [shareholders] have suffered," he said.

Mr Gleeson said his decision to retire was "the correct thing to do" and the shareholders in the bank were "entitled to a clear signal of accountability".

"I am acutely aware of the anger and disappointment among shareholders and of the individual hardships brought about by the fall in our share price and the temporary cessation of dividend payments," he said in a statement.

Later, in response to a shareholder's criticism of bank regulation, Mr Gleeson said there was a "tabloid search for a bad guy and, well, throw eggs at him" but that this was a little simplistic.

The bank said talks regarding the Government's planned National Asset Management Agency, which will purchase toxic property loans from the country's banks, are "complex and ongoing." AIB will try to avoid nationalization "at all costs," Mr Gleeson said.

The egm was attended by less than 1,000 shareholders.

At 3.05pm shares in AIB were 14 per cent lower at 88 cent giving the company a market cap of €786 million. The share has lost 93 per cent of its value over the last year and have fallen from a high of almost €24 in February 2007.