



Press Release

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**The Corporate Governance Association of Ireland (CGAI)
expresses concern about AIB appointing an Executive Chairman**

The Corporate Governance Association of Ireland (CGAI) is concerned by speculation that AIB is to appoint an executive chairman on an interim basis having failed to reach agreement with the Government on the appointment of a Chief Executive.

The Combined Code which applies to all companies with a full Stock Exchange listing in Dublin and London requires that the two top roles in a company, the chairman and the chief executive, should be filled by different people. The Code allows for a company to depart from the Code provided it explains its reasons in its annual report. However, the proposed appointment would simply not be best practice.

"The various problems which AIB has encountered in recent years indicate a need for a board with strong independent non-executive directors capable of providing effective oversight of management," said Jerry Kelly, Chairman of the CGAI. *"The chairman is meant to be a neutral manager of the board's processes and procedures. When the chairman of the board is also the head of the management team the objectivity of the chairman is potentially compromised. There is also a danger the non-executive directors become disempowered."*

It is hard to understand how the Government, AIB's largest shareholder, would agree to such a breach of the Code even on an interim basis as it sends out the wrong signals to the international investment community. It is also hard to understand when the Government itself recently promised in the Renewed Programme for Government to bring in legislation to require segregation of the roles of CEO and Chair in Irish banks.

Ends

Issued on behalf of the Corporate Governance Association of Ireland

by Walsh Public Relations Ltd.

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Note for editors**The Corporate Governance Association of Ireland**

The Corporate Governance Association of Ireland (CGAI) was founded in 2006. It is a professional association of members who are certified in corporate governance postgraduate studies. The CGAI encourages its members to pursue continuous professional development to keep abreast of this continually evolving subject.

The Association seeks to promote best practice in governance across the commercial, public and voluntary sectors.

For more information visit: www.cgai.ie