



For Immediate Release

29 July 2016

Allied Irish Banks, p.l.c. – European Banking Authority (EBA) European Wide Stress Test 2016

RESULTS OF EU WIDE STRESS TEST

AIB Group (“AIB”) was subject to the 2016 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Central Bank of Ireland, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

AIB’s capital ratios and stress test results are outlined below:

	June 2016	Dec 2015	Dec 2013
CET 1 ratios – transitional	16.5%	15.9%	15.0%
EBA stress test results - adjusted		2016 stress test	2014 stress test
CET 1 ratio after adverse scenario		7.4% ¹	6.9% ¹

⁽¹⁾ 2014 includes €3.5bn of 2009 Preference Shares while 2016 includes €1.8bn of equity following the partial conversion of the 2009 preference shares; the remainder was redeemed (€1.7bn repaid to the State)

AIB notes the following:

- The 2016 EBA stress test result of 7.4% is 0.5% higher than the 2014 result.
- AIB has undergone fundamental restructuring in recent years and is now sustainably profitable. Impaired loans have reduced materially from €29bn in December 2013 to €11bn in June 2016, a 62% reduction.
- Additionally and following regulatory approval, in December 2015 AIB paid €1.7bn to the State and converted €1.8bn of preference shares to equity, further strengthening and simplifying the bank’s capital position.
- The EBA stress test is based on a 2015 static balance sheet and does not reflect current or future improved financial performance.
- AIB is well-capitalised and capital accretive; the bank’s reported capital position as at 30 June 2016 is a transitional CET1 ratio of 16.5% and fully loaded CET1 ratio of 13.3%.
- On 28 July 2016 the bank repaid €1.8bn to the State in relation to the redemption of its Contingent Capital Notes issued in July 2011.

The results published today by the EBA are point in time projections based on prescribed stress assumptions and should not be treated as indicative of the future financial performance of AIB. To view the results including disclosure templates published by EBA for AIB please [click here](#):

Further information:

The 2016 EU-wide stress test does not contain a pass fail threshold although AIB notes its stress test result is in excess of the 5.5% benchmark referenced in ECB FAQ no. 7 (see link below).

FAQ regarding the EBA stress tests have been published by the ECB and are available at the following link:

https://www.bankingsupervision.europa.eu/about/ssmexplained/html/stress_test_FAQ.en.html

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Forward-looking Statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of AIB Group and certain of the plans and objectives of the Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'may', 'could', 'will', 'seek', 'continue', 'should', 'assume', or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, capital structure, Government shareholding in the Group, income growth, loan losses, business strategy, projected costs, capital ratios, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking information. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These are set out in the Principal Risk and Uncertainties on pages 50 to 59 in the AIB Annual Financial Report 2015. In addition to matters relating to the Group's business, future performance will be impacted by Irish, UK and wider European and global economic and financial market considerations. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. The Group cautions that the list of important factors on pages 50 to 59 of the AIB Annual Financial Report 2015 is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward-looking statement.