



02 November 2018

## AIB Group plc – European Banking Authority (EBA) European Wide Stress Tests 2018

### CFO COMMENT ON EBA EU WIDE STRESS TESTS

*“Our result of 11.8% fully loaded CET1 in the adverse scenario demonstrates our high capital base and resilience. With a fully loaded CET1 of 17.9% in September 2018, continued reduction in NPEs and a growing loan book, the balance sheet continues to strengthen and risk profile improves.”*

-Mark Bourke, CFO

### RESULTS OF EBA EU WIDE STRESS TESTS

AIB Group plc (“AIB”) was subject to the 2018 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Central Bank of Ireland (CBI), the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

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

AIB CET 1 Capital Ratios	Sept 2018	Jan 2018 Post-IFRS9	Dec 2017	Dec 2015
CET 1 - Transitional	21.6%	20.8%	20.8%	15.9%
CET 1 - Fully loaded	17.9%	17.0%	17.5%	13.0%
EBA Stress Test Results		Stress Test 2018		Stress Test 2016
CET 1 – Transitional adverse scenario		14.8%		7.4%
CET 1 – Fully loaded adverse scenario		11.8%		4.3%

AIB’s very strong capital starting level (based on January CET1 17.0%) and our proven ability to generate capital give us significant comfort about the overall result (CET1 11.8% in adverse scenario). The elevated levels of NPEs and the static nature of the test contribute to higher than average capital depletion under the adverse scenario. No capital action is required for AIB as a result of the EBA Stress Test Results.

The EBA stress test is based on the January 2018 static balance sheet and does not reflect current or future improved financial performance, which for 2018 so far includes:

- €3bn reduction in NPEs (including loan portfolio sales of €1.1bn) to €7.2bn September 2018
- Profit before tax €0.8bn for the six months to end June 2018.

AIB notes the following:

- AIB is very well capitalised with a CET1 fully loaded ratio at September 2018 of 17.9%, well ahead of our medium term target of 13% and significantly above our SREP requirement (9.725%)<sup>1</sup>
- AIB demonstrated its ability to generate and return capital having increased its dividend by 30% to €326m (FY 2017) from €250m (FY 2016)
- AIB NPEs have reduced materially from €18bn in December 2015 to €10.2bn in Dec 2017, and subsequently to €7.2bn in Sept 2018. This represents a 77% reduction from peak NPEs.

<sup>1</sup> FY 2018 SREP is 9.725%; SREP requirement does not include Pillar 2 Guidance (P2G).

The results published today by the EBA are point in time projections based on prescribed stress tests methodology 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](#):

For further information on AIB's performance year to date, please [click here](#) for our Q3 2018 Trading Update.

**-ENDS-**

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**Important Information and forward-looking statements**

This document should be considered with AIB's Annual Financial Report 2017 and Half-Yearly Financial Report 2018, and all other relevant market disclosures, copies of which can be found at the following link: <http://aib.ie/investorrelations>

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 risks and uncertainties' on pages 58 to 68 of the Annual Financial Report 2017 and on page 32 'Update on risk management and governance' of the Half-Yearly Financial Report 2018. 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 58 to 68 of the Annual Financial Report 2017 and on page 32 of the Half-Yearly Financial Report 2018 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.