



**For Immediate Release**

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## **AIB – European Banking Authority Stress Test**

Allied Irish Banks, p.l.c. (“AIB”) [NYSE:AIB] notes today’s announcements of the EU-wide stress testing exercise co-ordinated by the European Banking Authority (EBA) under the supervision of the Central Bank of Ireland (CBI). The Educational Building Society was not included in the EBA exercise.

The result of the EBA Stress test takes into account the recapitalisation measures announced following the Prudential Capital Assessment Review (PCAR). The EBA methodology includes a number of differences to the methodology applied in the PCAR exercise conducted by the CBI in March 2011. The EBA stress test set a 5% Core Tier 1 capital requirement in the stress scenario, while a level of 6% was applied in PCAR. The PCAR was applied on a three year horizon from 2011-2013 compared to the two year 2011-2012 timeline applied by the EBA.

The EBA 2012 stress scenario expects AIB, post recapitalisation, to have a Core Tier 1 capital ratio of 11.7% (including €1.4bn contingent capital). There were also additional significant methodology differences applied to AIB in the EBA stress test versus PCAR including future balance sheet size, higher risk weightings, application of higher funding costs and treatment of sovereign and bank credit losses.

The published results confirm that in all scenarios tested, AIB exceeds the EBA stress test threshold of 5% Core Tier 1 capital ratio and a significant capital surplus is evident in both the base and stress scenarios.

To view the summary results including the EBA disclosure templates for AIB please click on the following link:

[http://www.rns-pdf.londonstockexchange.com/rns/5174K\\_-2011-7-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/5174K_-2011-7-15.pdf)

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### **For further information, please contact:**

Alan Kelly  
Director of Corporate Affairs & Marketing  
AIB Group  
Dublin  
Tel: +353-1-6412162  
email: alan.j.kelly@aib.ie

Catherine Burke  
Head of Corporate Relations & Communications  
AIB Group  
Dublin  
Tel: +353-1-6413894  
email: catherine.e.burke@aib.ie