Investor Presentation – AT1

AIB Group plc

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- whether or not it is subject to the Regulations, it will not:
  - sell or offer the Securities (or any beneficial interest therein) to retail clients (as defined in MiFID II); or
  - communicate (including the distribution of the Listing Particulars) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to, or disseminated in such a way that it is likely to be received by, a retail client (as defined in MiFID II)

and in selling or offering Securities or making or approving communications relating to the Securities, it may not rely on the limited exemptions set out in the PI Instrument; and

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- no key information document (KID) under PRIIPs has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under PRIIPs.

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AT1 – Transaction overview

AIB Group plc

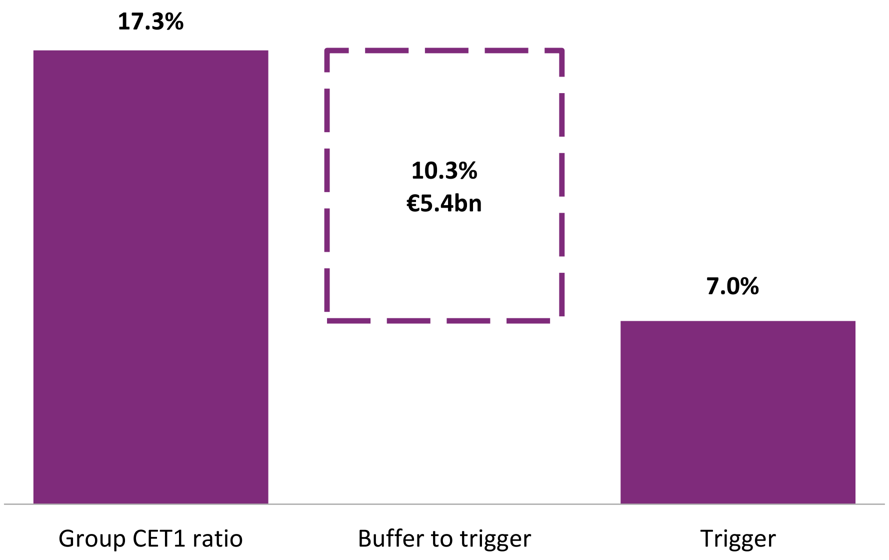
Executive summary

Offering summary	▪ PerpNC [●] €[●] Fixed Rate Reset Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities ▪ Issued by AIB Group plc (HoldCo), in line with group structure and resolution strategy ▪ Semi-annual, discretionary, non-cumulative coupons ▪ 6 month par call before the First Reset Date ▪ 7.0% CET1 trigger ▪ Expected AT1 rating: Ba3 by Moody's
Issuance rationale	▪ The transaction is part of AIB's ongoing capital management and fulfilment of its current and future capital requirements • AIB is committed to optimising its capital structure at AIB Group plc (HoldCo) • Eligible towards AIB's leverage ratio as well as MREL resources
Investment thesis	▪ Leading Irish bank in a growing economy, well positioned and planning for the future ▪ Strongly capitalised with resilient buffer to principal and coupon risks – CET1 fully loaded 17.3% and transitional 20.3% at H1 2019 • H1 2019: CET1 buffer to trigger of 10.3% / €5.4bn (FL) and 13.3% / €7bn (Trans) • H1 2019: CET1 headroom to MDA of 3.9% / €2.1bn (FL) and 6.6% / €3.5bn (Trans) ▪ Improving asset quality with 22% NPE reduction in H1 2019 to €4.7bn (7.5% gross loans) ▪ Sustainable business model with continued growth in performing loan book and new lending ▪ Strong liquidity position, diversified sources of funding and smooth maturity profile

Mitigating principal write-down risk

Robust buffer to trigger

H1, 2019 - Buffer to trigger (FL, %)

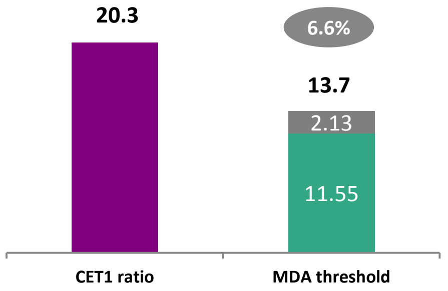


- Capital position remains particularly strong at 17.3% CET1 fully loaded (20.3% CET1 transitional) at H1 2019
- Temporary write-down loss absorption mechanism
- 7.0% CET1 trigger
- Distance to trigger 10.3% / €5.4bn buffer based on fully loaded H1 2019 CET1 ratio of 17.3%
    - On a transitional basis, distance to trigger 13.3% / €7bn buffer from H1 2019 CET1 ratio of 20.3%

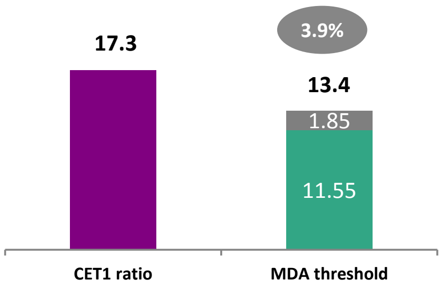
Mitigating distribution risk

Very strong buffers to MDA and robust ADI capacity

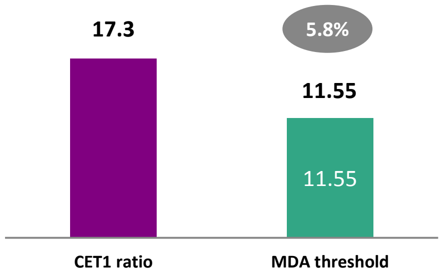
CET1 MDA (Transitional, %)
includes unfilled AT1/T2



CET1 MDA (Fully loaded, %)
includes unfilled AT1/T2



CET1 MDA (Fully loaded, %)
assumes AT1/T2 buckets filled



% Buffer to MDA | CET1 requirement | Unfilled AT1/Tier 2 bucket

- Very strong buffers to MDA:
  - <u>H1 2019 – CET1 Transitional 20.3%:</u> CET1 buffer to MDA of 6.6% / €3.5bn (Trans) which includes AT1/T2 unfilled portion of 2.13%
  - <u>H1 2019 – CET1 Fully loaded 17.3%:</u> CET1 buffer to MDA of 3.9% / €2.1bn (FL) which includes AT1/T2 unfilled portion of 1.85%. If the AT1/T2 buckets were filled the buffer would increase to 5.8% / €3bn (FL)
- Overtime AIB intends to fill its AT1 and Tier 2 buckets at AIB Group plc (HoldCo) in order to optimise its use of CET1
- Robust ADI capacity in excess of €5bn as at H1 2019
- AIB currently intends to give due consideration to the capital hierarchy in the face of possible distribution restrictions stemming from MDA or ADI limitations. However, it may deviate from that approach in its sole discretion

SREP – minimum CET1 requirement

Minimum CET1 requirement 11.55% - FY 2019

SREP – CET1 requirements (%)	FY 2019	FY 2020	FY 2021
Pillar 1 – CET1	4.5	4.5	4.5
Pillar 2 requirement (P2R)	3.15	3.15	3.15
Capital conservation buffer (CCB)	2.5	2.5	2.5
Other systemically important institution (OSII)	0.5	1.0	1.5
Counter cyclical buffer (CCyB) [1]	0.9	0.9	0.9
CET1	**11.55**	**12.05**	**12.55**

[1] *CCyB rate for Ireland is 1%, this equates to a Group requirement of 0.7%; the rate for the UK is 1%, this equates to a Group requirement of 0.2%*

Summary Term Sheet

Issuer	▪ AIB Group plc
Description	▪ Fixed Rate Reset Additional Tier 1 Perpetual Contingent Temporary Write Down Securities (the "**Securities**")
Ranking	▪ Direct, unsecured, unguaranteed and deeply subordinated obligations of the Issuer and rank *pari passu*, without any preference, among themselves
Exp. Issue Ratings	▪ Ba3 by Moody's
Currency / Size	▪ EUR [●] million
Maturity	▪ Perpetual Non-Call [●]
Optional Redemption	▪ The Issuer may, in its sole and full discretion but subject to conditions redeem all (but not some only) of the Securities on (i) the date falling 6 months prior to the First Reset date and any date thereafter up to and including the [●] 20[25] (the "First Reset Date or (ii) on any Interest Payment Date thereafter, in each case at their Prevailing Principal Amount together with interest accrued and unpaid
Interest	▪ The Securities will bear interest on their Prevailing Principal Amount: (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of [●] per cent. per annum; and (b) thereafter, at the relevant 5-year mid-swap rate and the Margin (reset on each Reset Date), in each case payable semi-annually in arrears
Interest Cancellation	▪ The Issuer may elect at its sole and full discretion to cancel (in whole or in part) on a non-cumulative basis the interest otherwise scheduled to be paid on any Interest Payment Date ▪ Under the Regulatory Requirements, the Issuer may elect to pay interest only to the extent that it has Distributable Items ▪ In addition, the Issuer is also required to cancel any Interest in the event of a Winding-Up or if and to the extent that payment of such interest would cause the Maximum Distributable Amount to be exceeded or if directed by the Competent Authority to exercise its discretion to cancel interest
Write Down	▪ If, at any time, AIB Group plc or the Competent Authority determines that that the CET1 Ratio of the Group has fallen below 7.0%, the Issuer shall reduce the then Prevailing Principal Amount of each Security by the Write Down Amount necessary to restore the CET1 ratio to 7.0%
Write up	▪ To the extent permitted by Regulatory Capital Requirements and subject to the Maximum Distributable Amount not being exceeded thereby, the Issuer shall have full discretion to reinstate any portion of the principal amount of each Security which has been Written Down and which has not previously been Written Up, subject to certain conditions including the Maximum Write Up Amount.
Early Calls	▪ The Issuer may, in its sole and full discretion but subject to conditions including obtaining prior Supervisory Permission, redeem all (but not some only) of the Securities at any time if a Tax Event or a Capital Disqualification Event has occurred and is continuing, in each case, at their Prevailing Principal Amount together with interest accrued and unpaid
Governing Law	▪ Laws of Ireland
Listing / Denom.	▪ Euronext Dublin – GEM / €200k

See Preliminary Listing Particulars dated [●] 2019 for detailed terms and conditions

Key Financials – H1 2019

AIB Group plc

Financial highlights H1 2019

Solid operational and financial performance

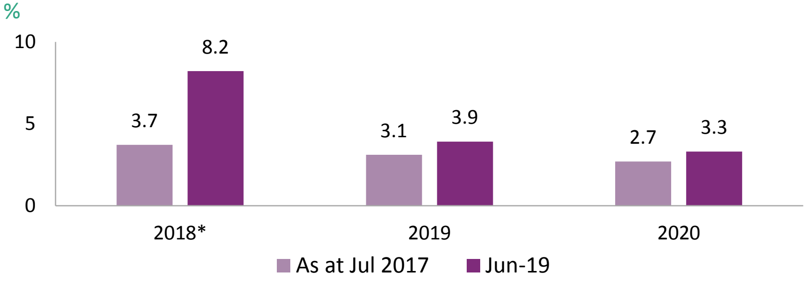
- Pre-exceptional PBT €567m
- NIM 2.46%; widening spread between customer loans and deposits
- Costs €744m, up 6% year on year; renewed focus on cost discipline
- New lending €6bn up 8%; mortgage lending up 8%
- NPE[(1)] €4.7bn (7.5% of gross loans), reduced by €1.4bn (22%) in H1 2019
- CET1 (FL) 17.3%; solid underlying profit generation supporting growth and capital return
  - Indicative TRIM impact for AIB mortgage model estimated c. 90bps
- MREL issuance €3.3bn to date; well-positioned to meet expected MREL requirement

[(1)] *NPE exclude c.€0.2bn of off-balance sheet commitments*

Growing Irish economy

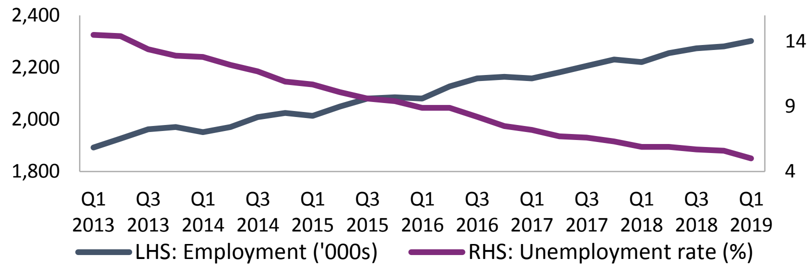
Continuing positive market dynamic

Irish economic growth* improving; Brexit risk remains



Source: CSO, Department of Finance

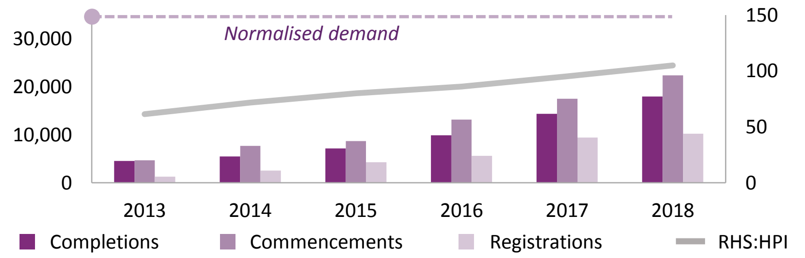
Total employment levels rising as unemployment falls



Source: CSO

Irish housing activity

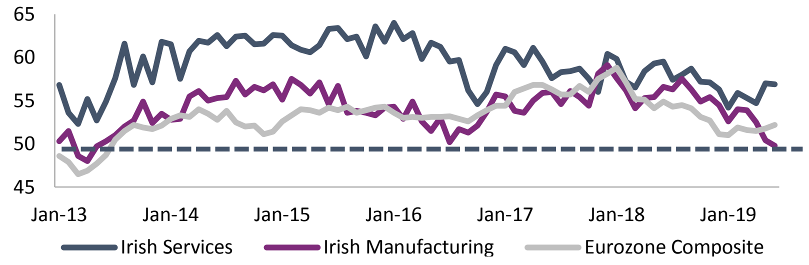
of completions, commencement & registrations ('000s)



Source: CSO, Department of Housing, AIB ERU, National House price index Jan 05=100

Service sector expanding; overall cautious business sentiment

PMI index



Source: Markit *via* Thomson Datastream

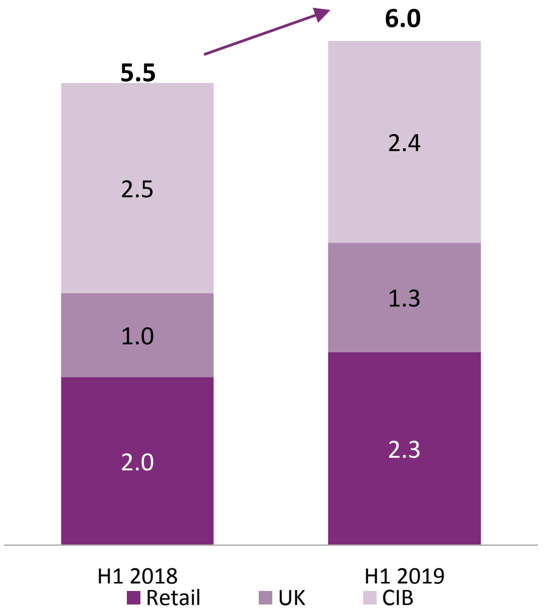
* *GDP forecasts used, however note that GDP can be distorted due to the impact of multi-national sector in Ireland. Modified final domestic demand in 2018 was 4.8%*

Delivering continued momentum

Increased new lending; leading market shares

Continuing increase in new lending

Drawdowns (€bn)

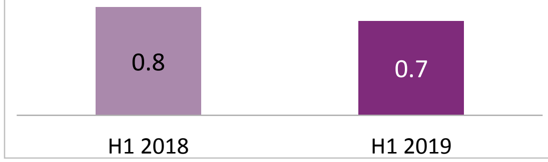


New lending across all asset classes[1]

Mortgages (€bn)

Personal lending (€bn)

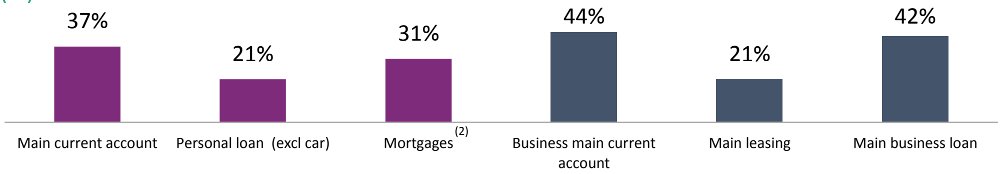
Property (€bn)



Corporate & SME *(ex-property)* (€bn)

Leading market shares in key segments

Stock (%)



Source: Ipsos MRBI Quarterly personal market pulse Q2 2019; Ipsos MRBI Annual SME Market Pulse March 2019

(1) *Excludes UK*

(2) *Mortgage new lending flow based on BPFI industry drawdown data to end June 2019*

Income statement

Pre-exceptional PBT €567m; underlying business performing well

Summary income statement (€m)	H1 2019	H1 2018*
Net interest income	**1,050**	1,049
Other income	**319**	322
Total operating income	**1,369**	**1,371**
Total operating expenses (1)	**(744)**	(702)
Bank levies and regulatory fees	**(58)**	(40)
Operating profit before provisions	**567**	**629**
Net credit impairment (charge) / writeback	**(9)**	142
Associated undertakings & other	**9**	5
Profit before exceptionals	**567**	**776**
Exceptional items	**(131)**	(14)
Profit before tax from continuing operations	**436**	**762**
Metrics	**H1 2019**	**H1 2018***
Net interest margin (NIM)	**2.46%**	2.50%
Cost income ratio (CIR) (1)	**54%**	51%
Return on tangible equity (RoTE)	**7.9%**	15.2%
Return on assets (RoA)	**0.8%**	1.4%
Earnings per share (EPS)	**12.6c**	23.3c

- Net interest income stable
- Other income €319m – fees and commissions up 6%
- Operating expenses €744m; renewed focus on cost discipline
- Net credit impairment €9m charge – returning to a more normalised cost of credit

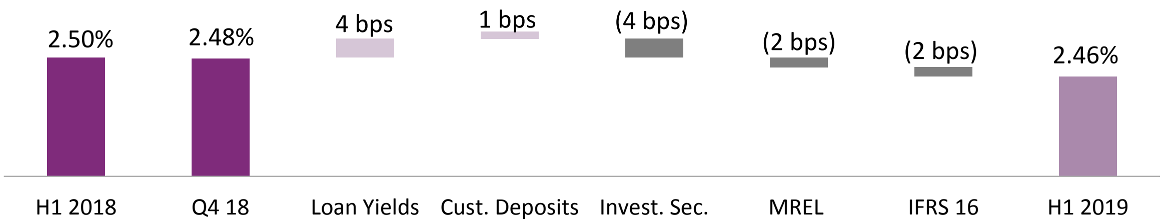
* *H1 2018 has been re-presented following the implementation of IFRS 9, income on cured loans without financial loss is now reported with credit impairments; previously reported in interest income (H1 2019: €18m, H1 2018: €12m)*

(1) *Excludes exceptional items, bank levies and regulatory fees*

Net interest margin (NIM)

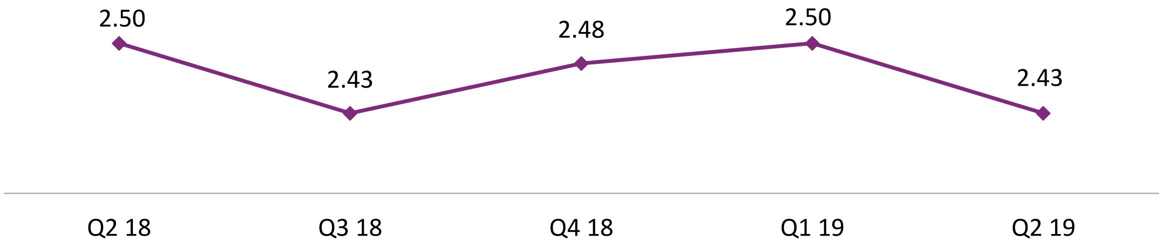
In excess of 2.40%+ medium-term target

NIM – material movements



- NIM 2.46%
- Higher loan yields (3.47%) offset by
  - lower investment securities yields
  - cost of MREL issuance
  - IFRS 16 lease impact

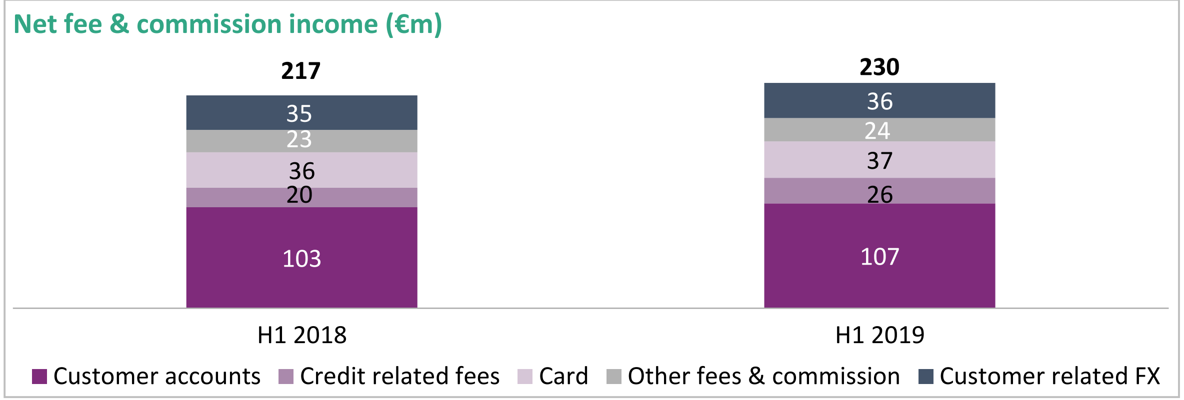
NIM trajectory (%)



- Q2 exit NIM 2.43% reflects cost of MREL and impact of excess liquidity
- Management actions continue to address excess liquidity

Other income

Net fee and commission income, up 6%



Other income (€m)	H1 2019	H1 2018
Net fee and commission income	**230**	217
Other business income	**14**	39
Business income	**244**	**256**
Gains on disposal of investment securities	**39**	16
Realisation of cash flows on restructured loans	**28**	40
Other gains / losses	**8**	10
Other items	**75**	**66**
Total other income	**319**	**322**

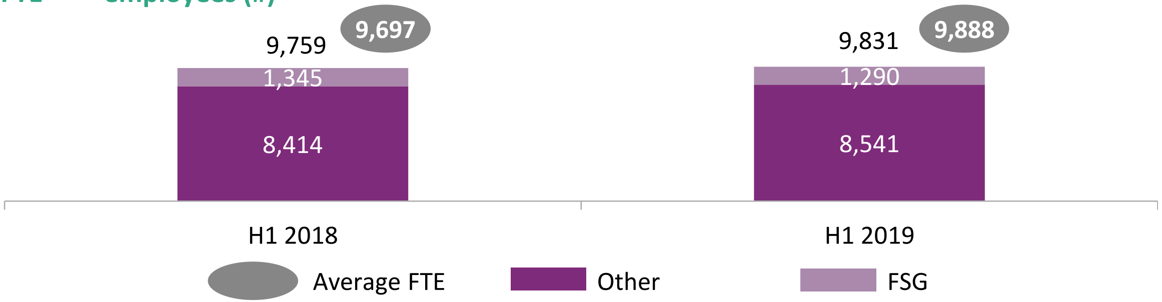
- Fees and commissions €230m, up 6% year on year
  - customer accounts and credit related fee income increase driven by higher volumes of transactions
- Other items €75m
  - higher income from gains on disposal of investment securities partially offset by lower realisation of cash flows on restructured loans

Costs

Renewed focus on cost discipline

Operating expenses [1] (€m)

FTE [3] – employees (#)



- Costs €744m, up 6% year on year
- Factors impacting costs:
  - wage inflation 3% and higher average FTE
  - elevated cost of our work out unit
  - increased depreciation from investment programme
  - cost of heightened regulatory requirement and oversight
- Exceptional items €131m primarily include:
  - restitution costs €102m
  - provision for fines €43m (incl. tracker mortgage examination enforcement €35m)

1) *Excluding exceptional items, bank levies & regulatory fees*
2) *H1 2018 has been re-presented following the implementation of IFRS 9, income on cured loans without financial loss is now reported within credit impairments; previously reported in interest income*
3) *Period end*

Balance sheet

New lending growth supported by strong liquidity and capital ratios

Balance sheet (€bn)	Jun 2019	Dec 2018
Performing loans	**58.0**	56.8
Non-performing loans	**4.7**	6.1
Gross loans to customers	**62.7**	**62.9**
Expected credit loss allowance	**(1.6)**	(2.0)
Net loans to customers	**61.1**	**60.9**
Investment securities	**17.1**	16.9
Loans to banks	**10.6**	8.0
Other assets	**6.8**	5.7
Total assets	**95.6**	**91.5**
Customer accounts	**69.5**	67.7
Deposits by central banks / banks	**1.0**	0.8
Debt securities in issue	**6.9**	5.7
Other liabilities	**4.2**	3.4
Total liabilities	**81.6**	77.6
Equity	**14.0**	13.9
Total liabilities & equity	**95.6**	**91.5**

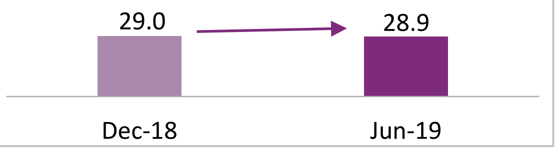
Key capital metrics	Jun 2019	Dec 2018
CET1 ratio (FL)	**17.3%**	17.5%
Leverage ratio (FL)	**9.8%**	10.1%

- Performing loans increased €1.2bn
- Sustainable new lending exceeding redemptions
- Loans to banks increased €2.6bn impacted by excess liquidity due to increase in customer accounts and MREL issuance
- Customer accounts up €1.8bn

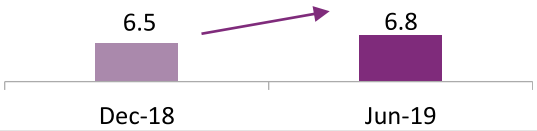
Gross performing loans

Growing at sustainable levels; €1.2bn increase

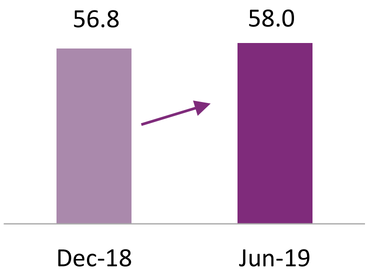
Mortgages (€bn)



Property (€bn)

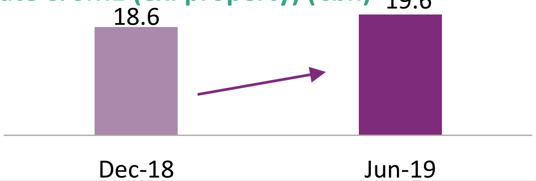


Growing the performing loan book €58.0bn

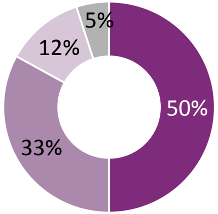


Personal (€bn)

Corporate & SME (ex. property) (€bn)

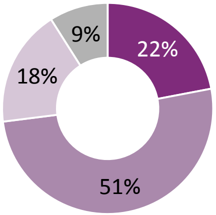


Jun-19: Performing loans €58bn



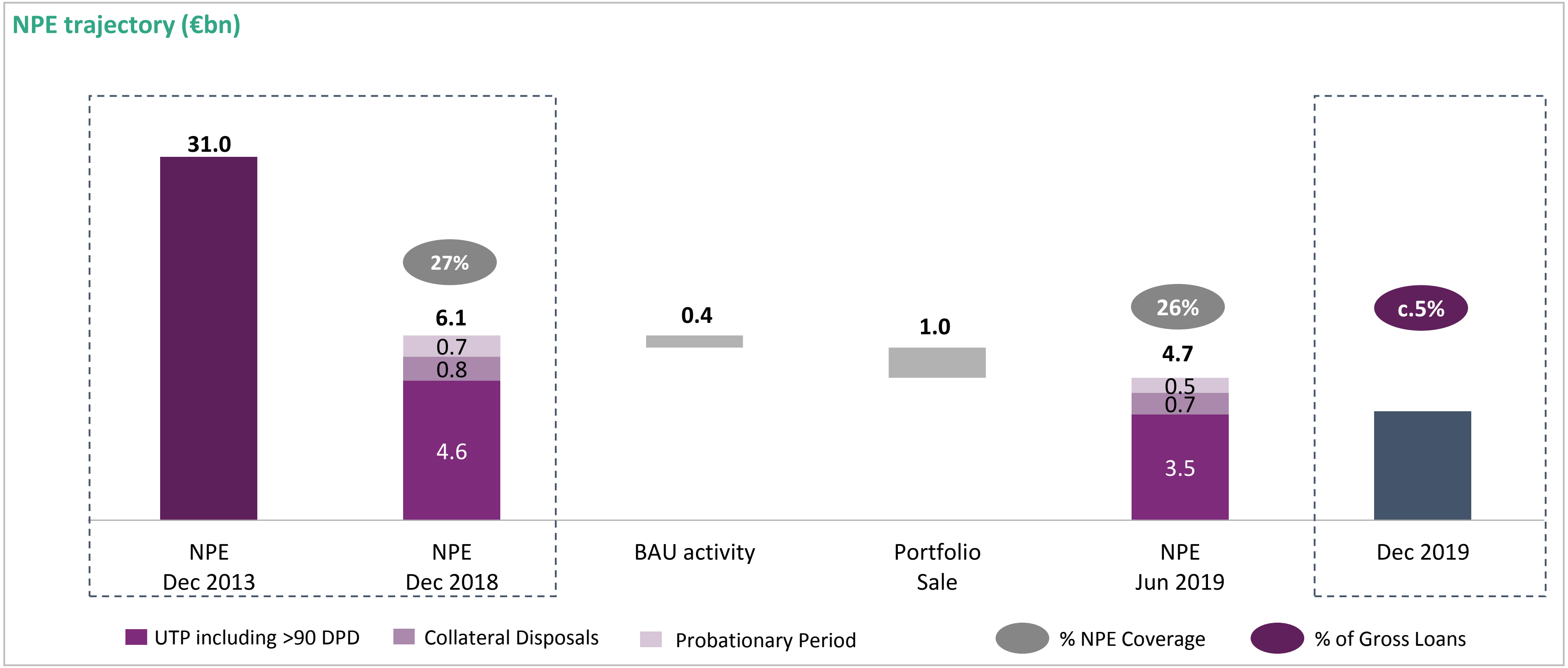
- Mortgages
- Corporate & SME (ex property)
- Property
- Personal

Jun-19: New lending €6bn



Momentum in NPE reduction continues

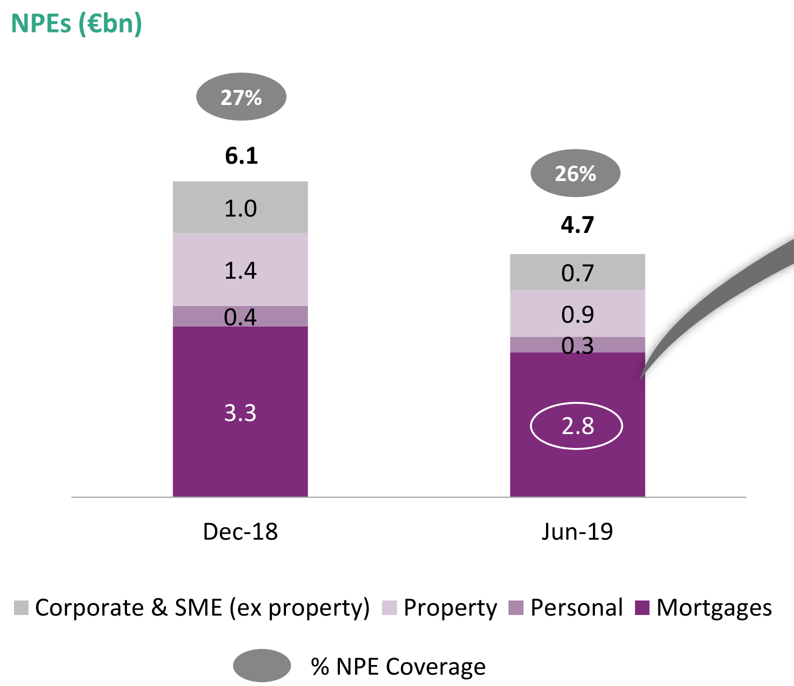
NPE ratio 7.5%; on track to reach 2019 target of c.5%

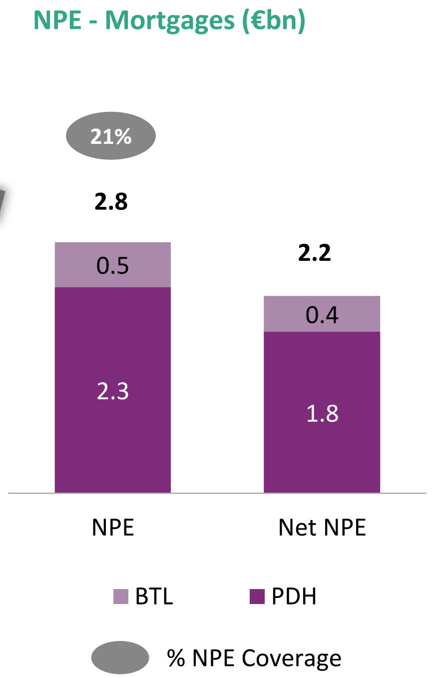


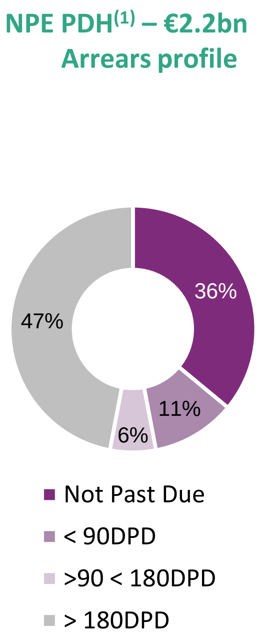
Note: BAU = business as usual; UTP = unlikely to pay; DPD = days past due

Momentum in NPE reduction continues

Progress in mortgages – 47% not past due / <90 DPD





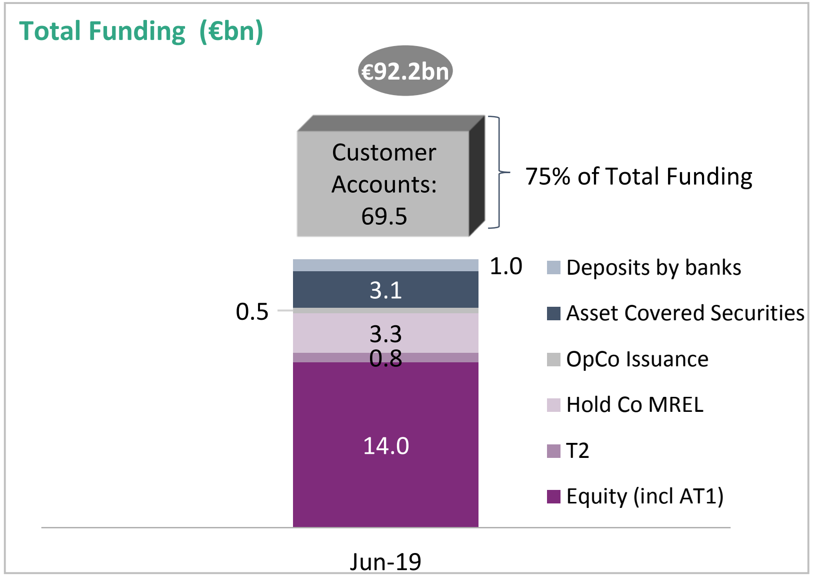


(1) Excludes UK

Note: PDH = primary dwelling home; BTL = Buy-to-let; DPD = days past due

Funding structure

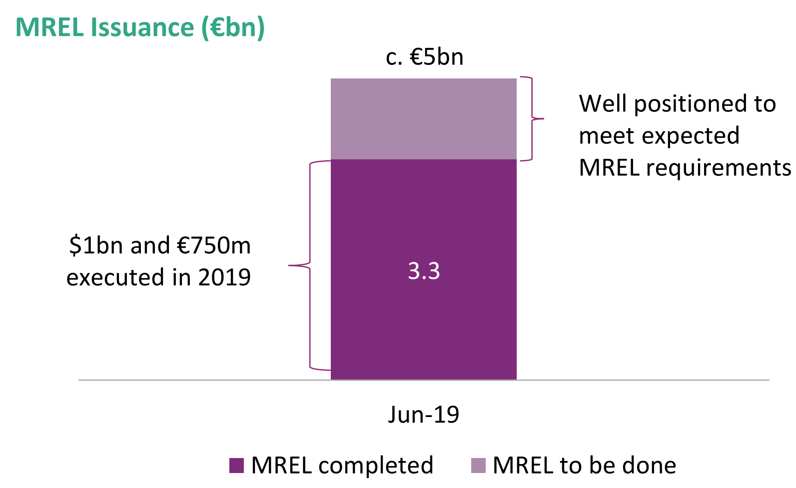
€3.3bn MREL issuance complete; investment grade maintained



Liquidity Metrics (%)	Jun 2019	Dec 2018
Loan to deposit ratio (LDR)	**88**	90
Liquidity coverage ratio (LCR)	**141**	128
Net stable funding ratio (NSFR)	**127**	125

MREL requirement

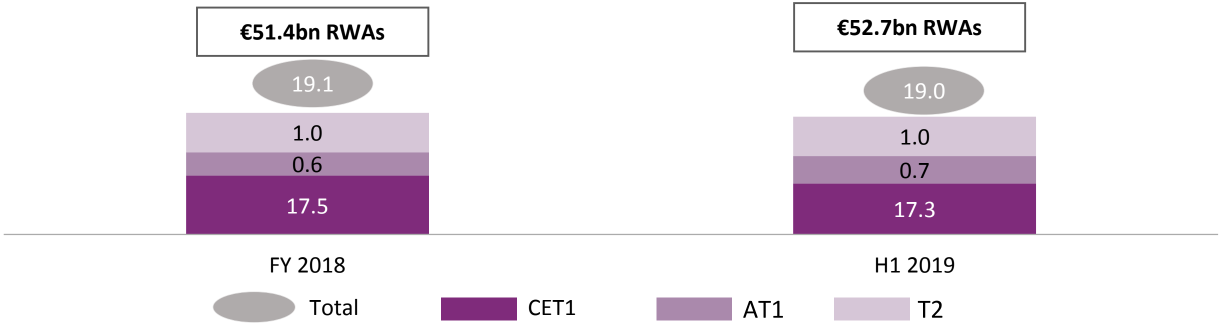
- MREL requirement 28.22% (based on FY 2017 RWAs) by 2021
- Likely increase in MREL requirement due to regulatory effects such as increase in RWAs (TRIM c. €2bn)



Capital ratios

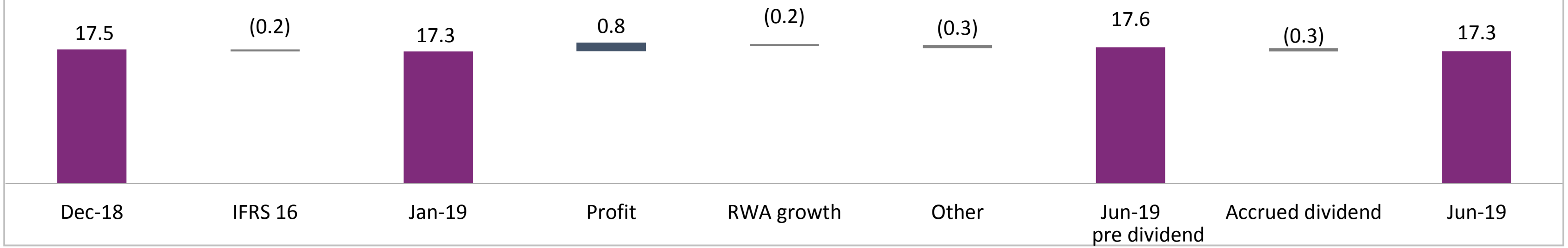
Solid capital position

Capital ratios fully loaded (%)



- CET1 17.3% reflects solid profit generation +80bps
- TRIM impact
  - AIB Mortgage model – impact estimated c.90bps CET1
  - Corporate model – no update
- Calendar provisioning – assessing impact

CET1 movements (%)



Note: The capital ratios reflect the 30 June 2019 interim profit for the Group. An application for the inclusion of 2019 interim profit in regulatory capital is being made under Article 26(2) of the Capital Requirements Regulation to the competent authority, namely, the European Central Bank

Credit ratings

Investment grade status for AIB Group plc

	Moody's	Fitch Ratings	Standard & Poor's
AIB Group plc (HoldCo) Long term issuer rating	**Baa3**	**BBB-**	**BBB-**
Outlook	Positive	Positive	Stable
Investment grade	✓	✓	✓
AIB p.l.c. (OpCo) Long term issuer rating	**A3**	**BBB-**	**BBB+**
Outlook	Positive	Positive	Stable
Investment grade	✓	✓	✓

2017-2019 medium-term financial targets

Focused on delivering sustainable performance

Metric	Medium-term targets	Targets	H1 2019	Commentary
Net interest margin	**2.40%+**	Maintain strong and stable NIM, 2.40%+	**2.46%**	*Strong NIM, impact of excess liquidity and MREL*
Cost income ratio	**<50%**	Below 50% by end 2019 reflecting robust and efficient operating model	**54%**	*Renewed cost discipline; working towards <50% CIR*
Fully loaded CET1 ratio	**13.0%**	Strong capital base with normalised CET1 target of 13%	**17.3%**	*Solid capital base with capacity for shareholder returns, subject to Board & Regulatory approval*
ROTE	**10%+**	10%+ return using (PAT – AT1 coupon + DTA utilisation) / (CET1 @13% plus DTA)	**7.9%**	*Sustainable underlying profitability generating capital*
Dividends	2016: €250m 19%	2017: €326m 30%	2018: €461m 44%	*Dividend reaching normalisation*

Solid operational performance and normalising NPEs; moving our focus to returning excess capital

Appendix

AIB Group plc

Capital detail

Transitional and fully loaded capital detail and ratios

Transitional capital ratios

Risk weighted assets (€m)	Jun 19	Dec 18
Total risk weighted assets	**52,803**	51,596
Capital (€m)		
Shareholders equity excl AT1 and dividend	**13,328**	12,903
Regulatory adjustments	**(2,606)**	(1,994)
Common equity tier 1 capital	**10,722**	10,909
Qualifying tier 1 capital	**263**	235
Qualifying tier 2 capital	**459**	415
Total capital	**11,444**	11,559
Transitional capital ratios (%)		
CET1	**20.3**	21.1
AT1	**0.5**	0.5
T2	**0.9**	0.8
Total capital	**21.7**	22.4

Fully loaded capital ratios

Risk weighted assets (€m)	Jun 19	Dec 18
Total risk weighted assets	**52,669**	51,439
Capital (€m)		
Shareholders equity excl AT1 and dividend	**13,328**	12,903
Regulatory adjustments	**(4,195)**	(3,910)
Common equity tier 1 capital	**9,133**	8,993
Qualifying tier 1 capital	**324**	316
Qualifying tier 2 capital	**546**	531
Total capital	**10,003**	9,840
Fully loaded capital ratios (%)		
CET1	**17.3**	17.5
AT1	**0.7**	0.6
T2	**1.0**	1.0
Total capital	**19.0**	19.1

RWA (Transitional)

Risk weighted assets (€m)	Jun 19	Dec 18	Movement
Credit risk	**47,005**	46,209	796
Market risk	**437**	371	66
Operational risk	**4,700**	4,624	76
CVA / other	**661**	392	269
Total risk weighted assets	**52,803**	51,596	1,207

Shareholders' Equity (€m)

Equity – Dec 2018	13,858
Profit HY 2019	361
Investment securities & cash flow hedging reserves	246
Dividend	(461)
Other	(29)
Equity – Jun 2019	**13,975**
less: AT1	**(494)**
less: Accrued ordinary dividend	**(153)**
Shareholders' equity excl AT1 and dividend	**13,328**

Loans to customers

Summary of movement

€bn	Performing Loans	Non-Performing Loans	Loans to Customers
Gross loans (opening balance 1 Jan 2019)	**56.8**	6.1	62.9
New lending	6.0	-	6.0
Redemptions of existing loans	(4.8)	(0.5)	(5.3)
Disposals	-	(1.0)	(1.0)
Net movement to non-performing	(0.2)	0.2	-
Other movements	0.2	(0.1)	0.1
Gross loans (closing balance H1 2019)	**58.0**	**4.7**	**62.7**
Loss allowance	(0.4)	(1.2)	(1.6)
Net loans (closing balance H1 2019)	**57.6**	**3.5**	**61.1**

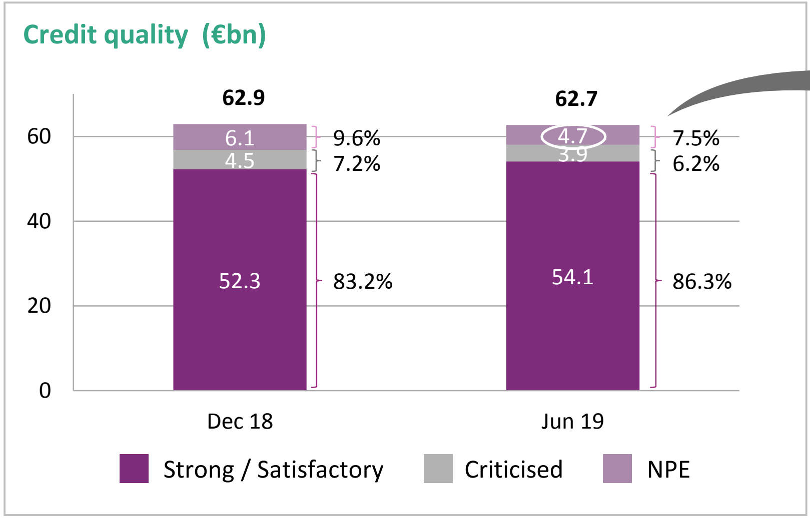
Asset quality by portfolio

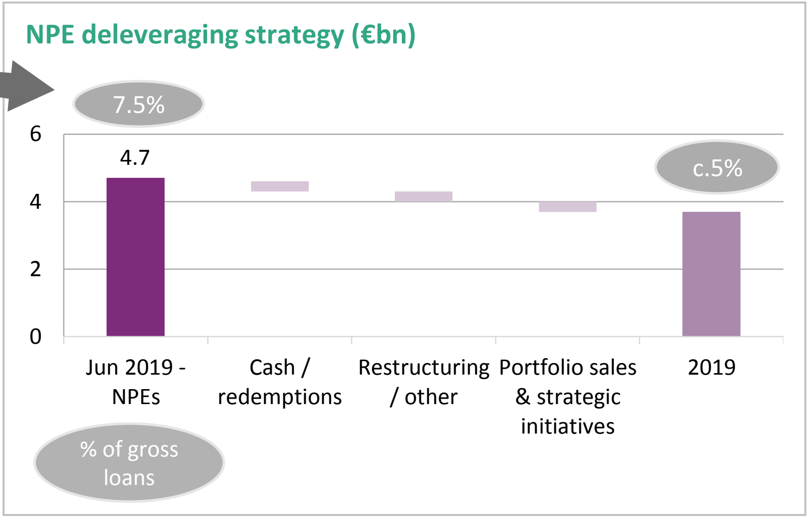
Continued progress in NPE reduction across all asset classes

€bn	Mortgages	PDH	BTL	Personal	Property	Corporate & SME (ex Property)	Total
H1 2019							
Customer loans	**31.7**	**28.9**	**2.8**	**3.0**	**7.8**	**20.2**	**62.7**
of which NPEs	**2.8**	**2.3**	**0.5**	**0.3**	**0.9**	**0.7**	**4.7**
ECL on NPE	**0.6**	**0.5**	**0.1**	**0.1**	**0.3**	**0.2**	**1.2**
ECL / NPE coverage %	**21**	**21**	**22**	**52**	**31**	**31**	**26**
FY 2018							
Customer loans	32.3	29.0	3.3	3.1	7.9	19.6	62.9
of which NPEs	3.3	2.5	0.8	0.4	1.4	1.0	6.1
ECL on NPE	0.6	0.5	0.1	0.2	0.4	0.4	1.6
ECL / NPE coverage %	20	20	20	50	29	36	27

Asset quality

Improving asset quality in the loan book

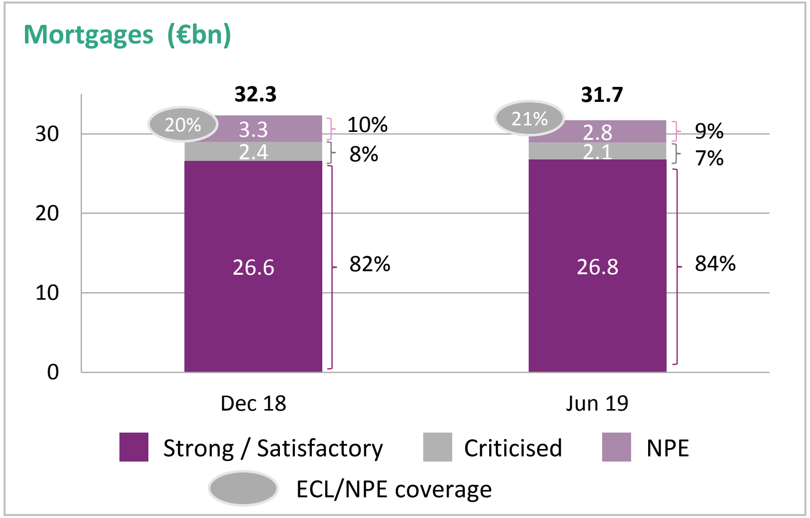


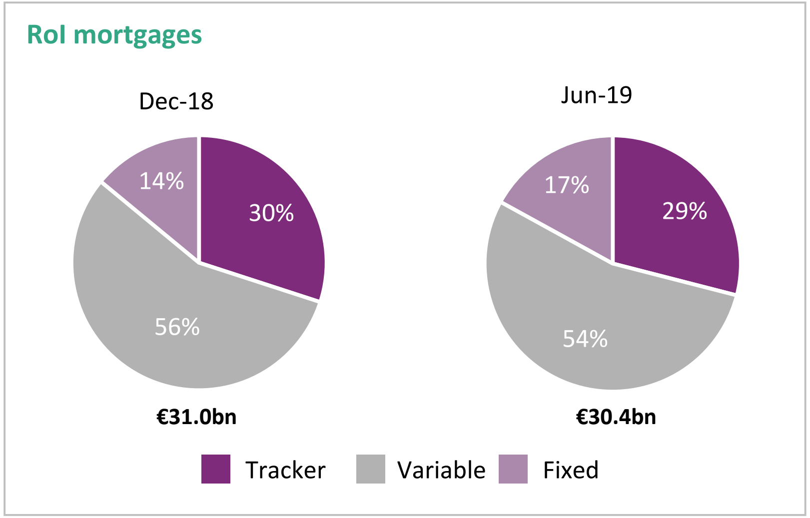


- 86% of the loan book is strong / satisfactory asset quality, up €1.8bn (+3.1%) from Dec 18
- 98% of new lending flow is strong / satisfactory asset quality
- Criticised loans €3.9bn include €1.3bn loans that are classified as ‘criticised recovery’
- NPE deleveraging strategy delivering progress and on track to reach c. 5% by end 2019

Mortgages

Improving asset quality; lower NPE

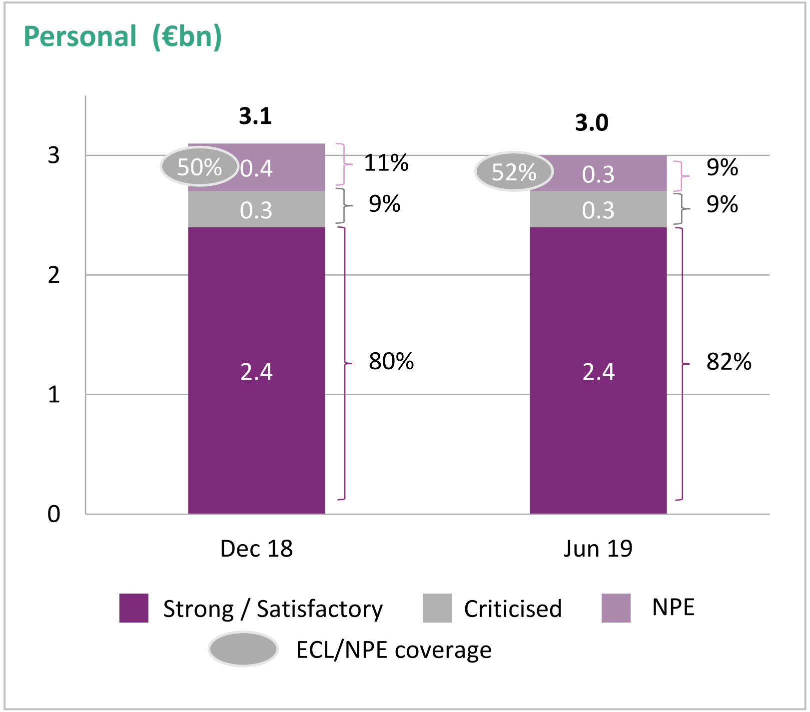




- Continued improvement in asset quality
- 84% of portfolio is strong / satisfactory, up 2% from Dec 18
- NPE 9% of portfolio, down from 10% at Dec 18, with coverage of 21%
- Weighted average LTV for new ROI mortgages 68%

Personal

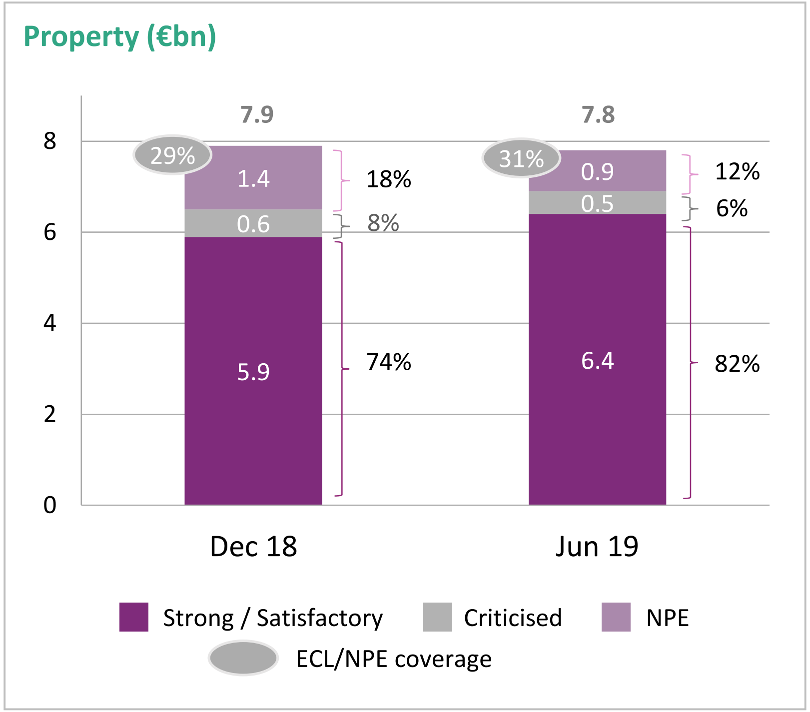
Lower NPE



- Portfolio €3.0bn comprises €2.3bn loans and €0.7bn credit card facilities
- Demand remains strong, increased online approval through internet and mobile credit application activity
- NPE 9% of portfolio down from 11% at Dec 18 with coverage of 52%

Property

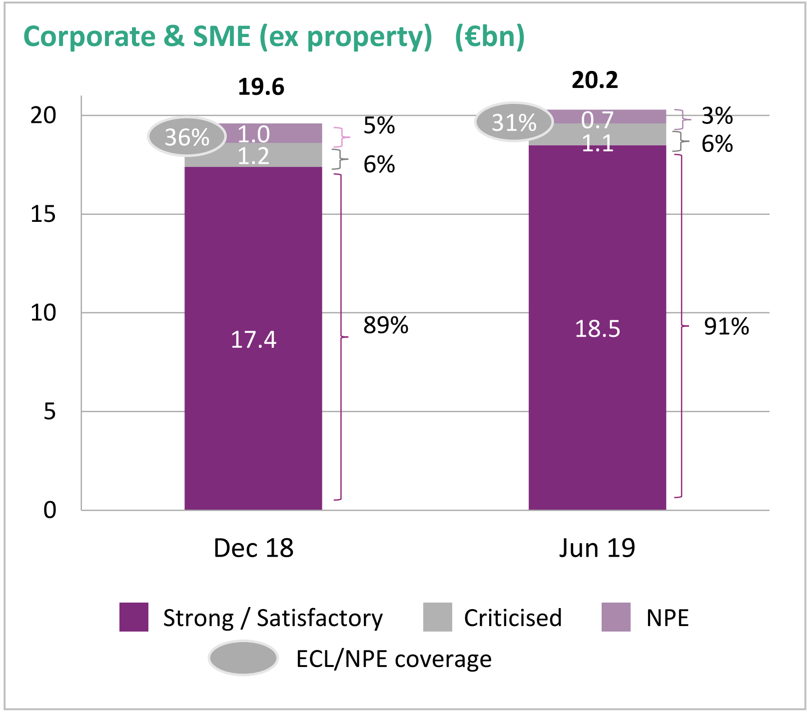
Improving asset quality; lower NPE



- Portfolio €7.8bn down €0.1bn (2%) due to continued restructuring, write-offs, repayments and the sale of a portfolio of loans
- 82% of the portfolio is strong / satisfactory, up 8% from Dec 18
- NPE 12% of portfolio down from 18% at Dec 18 with coverage of 31%
- Investment property €5.8bn (76% of the total portfolio) of which €4.6bn is commercial investment

Corporate & SME *(ex property)*

Improvement in asset quality of new lending and reduction in NPE



- Portfolio €20.2bn, up €0.7bn
- Overall improvement in asset quality from upward grade migration in the portfolio and new lending exceeding repayments
  - 91% of the portfolio is strong / satisfactory
  - 3% of the portfolio is NPE, down 2% from Dec 18 with coverage of 31%

Asset quality – internal credit grade by ECL staging

Continued improvement in asset quality across all asset classes*

	H1 2019					Dec 2018				
€m	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	**40,563**	**950**	**-**	**12**	**41,525**	39,148	923	-	3	40,074
Satisfactory	**11,173**	**1,332**	**-**	**2**	**12,507**	10,923	1,262	-	-	12,185
Total strong / satisfactory	**51,736**	**2,282**	**-**	**14**	**54,032**	50,071	2,185	-	3	52,259
Criticised watch	**1,059**	**1,491**	**-**	**-**	**2,550**	1,226	1,596	-	1	2,823
Criticised recovery	**105**	**1,236**	**-**	**6**	**1,347**	184	1,509	-	5	1,698
Total criticised	**1,164**	**2,727**	**-**	**6**	**3,897**	1,410	3,105	-	6	4,521
NPE	**122**	**-**	**4,317**	**207**	**4,646**	212	-	5,541	227	5,980
Total customer loans	**53,022**	**5,009**	**4,317**	**227**	**62,575**	51,693	5,290	5,541	236	62,760

* *Excludes €127m loans FVTPL (Dec 18 €147m)*

- Stage 1 loans €53bn increased €1.3bn from Dec 18, 98% are strong / satisfactory
- Stage 2 loans €5bn decreased €0.3bn from Dec 18, 46% are strong / satisfactory
- Stage 3 loans €4.3bn decreased €1.2bn due to continued restructuring, repayments and portfolio sales

Loan book analysis

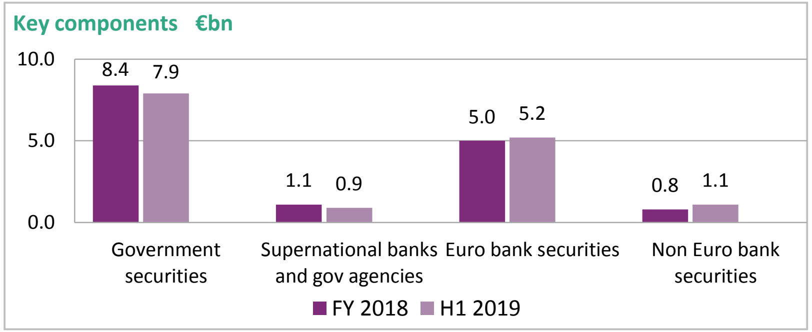
Breakdown by sector and location

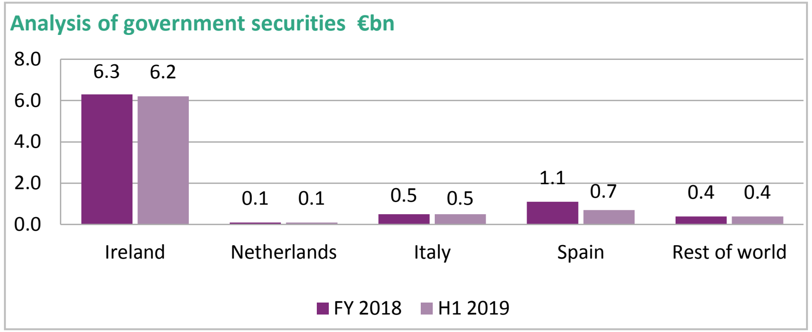
Concentration by sector (%)	Jun 2019
Agriculture	3
Energy	2
Manufacturing	5
Property & construction	12
Distribution	8
Transport	3
Financial	1
Other services	10
Resi mortgages	51
Personal	5
Total	**100**

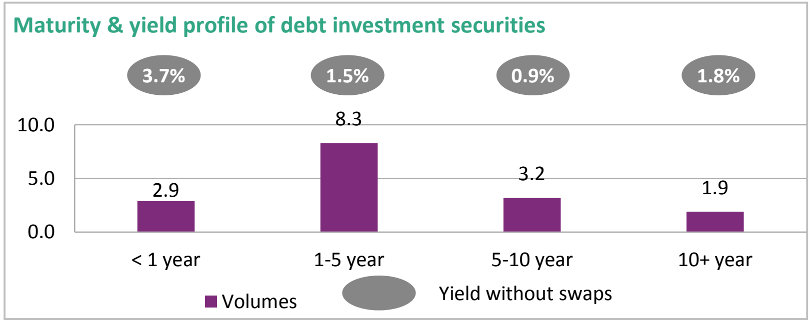
Concentration by location (%)	Jun 2019
Republic of Ireland	77
United Kingdom	14
North America	5
Rest of World	4
Total	**100**

Investment securities

€16.3bn portfolio of debt securities







- €16.3bn up from €16.1bn
- €39m net gains from disposal of investment debt securities in H1 2019
- Average yield of 1.28%, down from 1.50% from HY 18
  - yield reducing as higher yielding assets mature
  - c. 70% of book maturing <5year

Average balance sheet

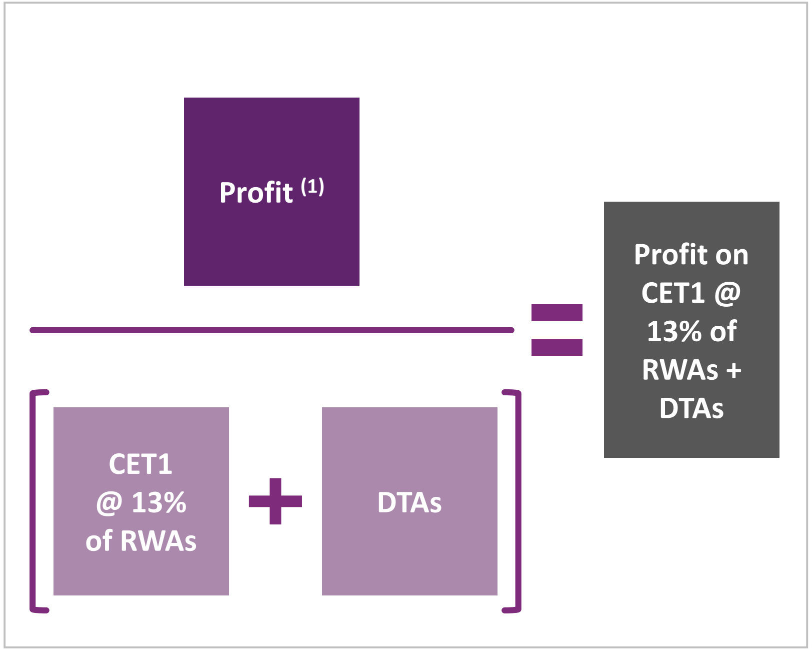
NIM 2.46% H1 2019

	H1 2019			H1 2018 [1]		
	Average Volume €m	Interest €m	Yield %	Average Volume €m	Interest €m	Yield %
Assets						
Customer loans	61,577	1,058	3.47	60,728	1,038	3.45
Investment securities	16,666	106	1.28	15,238	113	1.50
Loans to banks	7,643	16	0.41	8,644	9	0.19
Interest earning assets	85,886	1,180	2.77	84,610	1,160	2.76
Non interest earning assets	7,932			7,181		
Total Assets	93,818	1,180		91,791	1,160	
Liabilities & equity						
Customer accounts	38,670	60	0.31	35,966	81	0.45
Deposits by banks	885	6	1.43	3,987	(4)	(0.20)
Other debt issued / other	6,090	41	1.37	4,868	18	0.75
Subordinated liabilities	796	16	4.00	794	16	3.99
Lease liability	448	7	3.10	–	–	–
Interest earning liabilities	46,889	130	0.56	45,615	111	0.49
Non interest earning liabilities	32,933			32,739		
Equity	13,996			13,437		
Total liabilities & equity	93,818	130		91,791	111	
Net interest income / margin		1,050	2.46		1,049	2.50

1) *H1 2018 has been re-presented following the implementation of IFRS 9, income on cured loans without financial loss is now reported with credit impairments; previously reported in interest income*

Return on tangible equity

(PAT – AT1 coupon + DTA utilisation) / (FL CET1 @ 13% + DTA)



H1 2019	€m
PAT	361
(-) AT1 coupon	18
(+) DTA utilisation	28
Profit (numerator)	371
RWA	52,669
CET1 at 13% RWA	6,847
(+) DTA	2,676
Adjusted CET1 (denominator)	9,523
Average adjusted CET1 (denominator)	9,454
Profit on CET1 @ 13% of RWA+DTA	7.9% [2]

1) PAT – AT1 coupon + DTA utilisation = Profit
2) ROTE reflects a solid underlying performance depleted somewhat by one-off exceptional costs

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