# AIB at a glance December 2017

AIB is a financial services group operating predominantly in the Republic of Ireland. We also operate in Great Britain and Northern Ireland.

Our purpose, as a financial institution, is to back our customers to achieve their dreams and ambitions.



# Our Strategy

How we run our business and measure our progress

## Four strategic pillars

#### **Customer First**



Our customers are at the heart of our organisation. Customer interaction enabled through a digitally-enabled, omni-channel banking experience.

#### Risk & Capital

We are increasing the value of business while maintaining a strong risk management framework, improved asset quality and robust capital levels.

# Simple & Efficient



We are at the forefront of digitally enabled banking, with ongoing investment in technology and innovation.

### Talent & culture



We ensure that we have the right talent, skills and capabilities within the organisation to support accountable, collaborative and trusted ways of working.

## **Medium term targets**

Target return on

tangible equity

10%+1

Strong capital

base with CET1

of 13%



efficient

operating model

<sup>1</sup>ROTE based on (PAT - AT1 coupon + DTA utilisation) / (CET1 @13% plus DTA)

# A strong performance in 2017

## Net interest margin

2.58%

# 35bps 1

Continued positive net interest margin (NIM) growth from stable asset yield and reducing cost of funds. NIM excluding interest on cured loans was 2.50%.

# **New lending**

€9.4bn

# €1.0bn 1

New lending increased by 13% with growth across all segments.

# Cost income ratio

48%

## 4% 4

Increased income contributed to lower cost income ratio (CIR) of 48%. CIR, excluding income from cured/restructured loans, was 53%.

# Earning loans

€57.0bn

### €0.9bn 1

Growth of €1.6 billion in earning loan book excluding FX impact, as a result of higher new lending and loans upgraded from impaired.

# **Profit before tax**

€1.3bn

## €0.4bn ↓

Profit before tax is lower due to higher exceptional costs. Profit before tax and exceptional items increased to €1.6bn.

# **Impaired loans**

€6.3bn

# €2.8bn ↓

Continued focus on reducing impaired loans through sustainable restructuring solutions and disposal of distressed loan portfolios.

# **CET1** fully loaded

17.5%

# 220bps 1

Robust capital position with CET1 of 17.5%, after proposed ordinary dividend of €326m, supporting future growth and the capacity for capital return.

## Dividend

€326m

### 30% 1

Proposed ordinary dividend of €326m or 12c per share, a 30% increase on the prior year.

Customer First strategy continuing to deliver strong financial performance

"As this is our first set of annual results since the completion of the IPO, I am delighted they confirm we are delivering against the financial commitments made during that IPO process."



# At a glance

# Customer-focused, strong capital base and well-positioned for growth

**Retail & Commercial Banking (RCB)** 

69% of net loans Wholesale, Institutional 17% & Corporate Banking (WIB) of net loans **AIB UK** 

14% of net loans

RCB is the leading provider of financial products and services to personal and business customers in Ireland. Its key business lines include: mortgages; consumer lending; SME lending; asset-backed lending; wealth management; daily banking; and general insurance.

WIB provides customer-focused solutions in private and public markets to AIB's largest customers and customers requiring specific sector or product expertise.

AIB UK operates in two distinct markets, providing corporate and commercial banking services in Great Britain, trading as Allied Irish Bank (GB), and retail and business banking services in Northern Ireland trading as First Trust Bank.



customers

Leading retail banking franchise in Ireland with 2.4 million personal and SME customers

relationshipdriven model Well-established and diversified business with market-leading position in key sectors



and business customers across Great Britain and Northern Ireland customers



locations

Number one physical distribution network in Ireland with 297 locations and a further c. 1,100 locations through An Post network

sector specialist teams

Primary focus on senior debt origination through Corporate Banking; Real Estate Finance; Energy, Climate Action & Infrastructure



locations

A distribution network of 30 locations throughout the United Kingdom: Great Britain (15 business centres); and Northern Ireland (15 branches including six colocated business centres)

Over 322,000 retail, corporate



customers

Number one digital channel distribution in Ireland with 1.3 million active digital customers; over 60% of key products sold via digital channel



product specialist teams

Complementing traditional debt offering through Specialised Finance, Syndicated & International Finance and advisory services in Corporate Finance



digital

customers

Over 119,000 active digital customers

€4.6bn

€41.4bn Net loans

€1,199m

New lending

Op. contribution1

€3.2bn New lending €10.3bn

€225m

Net loans Op. contribution<sup>1</sup>

£1.5bn £7.3bn New lending Net loans

£154m

Op. contribution<sup>1</sup>

## Market offering

# Leading mortgage provider

Number one mortgage provider in a growing market enabled via AIB's multi-brand strategy, including EBS and Haven.

#### Business banking

Sector-led strategy and local expertise delivering the leading market share across key SME products, including current accounts, deposits and loans (IPSOS January 2018)

### Personal banking

Leading provider of financial services to personal customers in the market, via digital innovation and relationship management expertise. Full suite of services including daily banking; consumer credit; wealth management; savings; and investments.

# Market offering

## Corporate Banking

Leading domestic franchise and number one bank for foreign direct investment (FDI).

#### Real Estate Finance

Multi-disciplinary team with established market

Energy, Climate Action & Infrastructure

A centre of excellence with a particular focus on supporting Ireland's decarbonisation.

## Specialised Finance

Services such as mezzanine, equity and structured finance.

Syndicated and International Finance

Proven ability with strong track record and reputation.

## Corporate Finance

Providing advisory services and solutions.

Market offering

### Allied Irish Bank (GB)

Niche commercial and corporate bank with locations in key cities across Great Britain. Banking services include: lending; treasury; trade facilities; asset finance; invoice discounting; and day-to-day transactional banking.

## First Trust Bank (FTB)

A long established bank in Northern Ireland providing a full banking service, including mobile, online, post office and traditional banking to business and personal customers.

Supported by Group (Wholesale Treasury & Group Control and Support functions)

<sup>1</sup>Pre-provision operating contribution

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