Backing our Customers

Half-Yearly Financial Results 2019

For the six months ended 30 June 2019

AIB Group plc

Forward Looking Statement

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 62 to 68 in the 2018 Annual Financial Report. 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 62 to 68 of the 2018 Annual Financial Report 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.

H1 2019 highlights

Solid performance and well positioned for remainder of the year

Pre-exceptional PBT €567m, loan book growth and ongoing improvement in asset quality

NPEs reduced to 7.5% and on track to reach c. 5% by year end

Sustainable growth in performing loan book and new lending

Strong capital base with capacity for excess capital return – subject to Board and regulatory approval

Continued investment in leading digital franchise

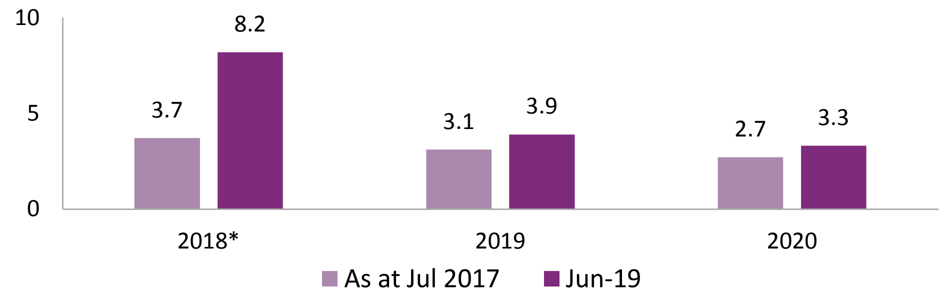
Positive NPS scores reflecting enhanced customer propositions and customer experience

Well positioned and planning for the future

Growing Irish economy

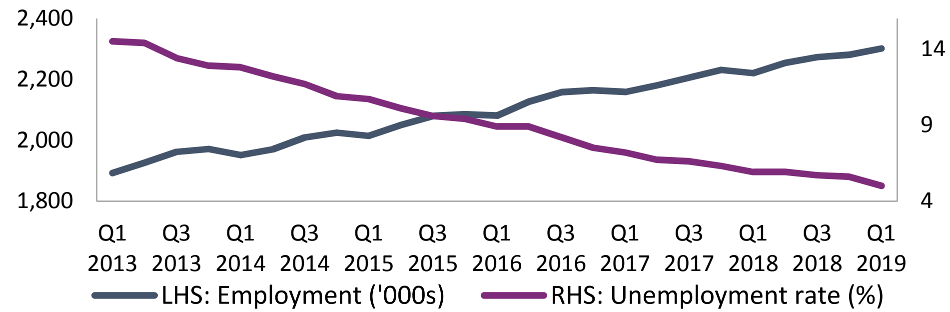
Continuing positive market dynamic

Irish economic growth* improving; Brexit risk remains



Source: CSO, Department of Finance

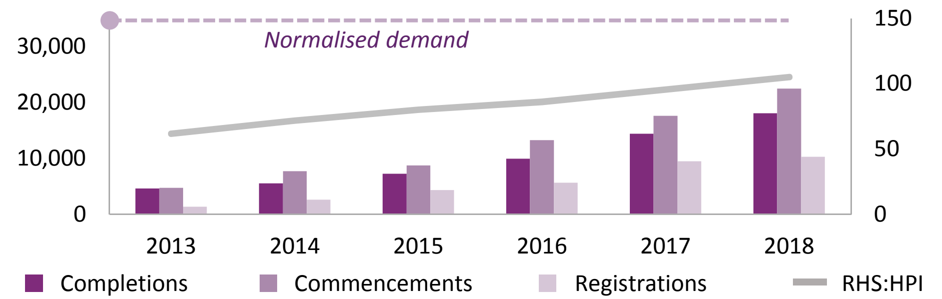
Total employment levels rising as unemployment falls



Source: CSO

Irish housing activity

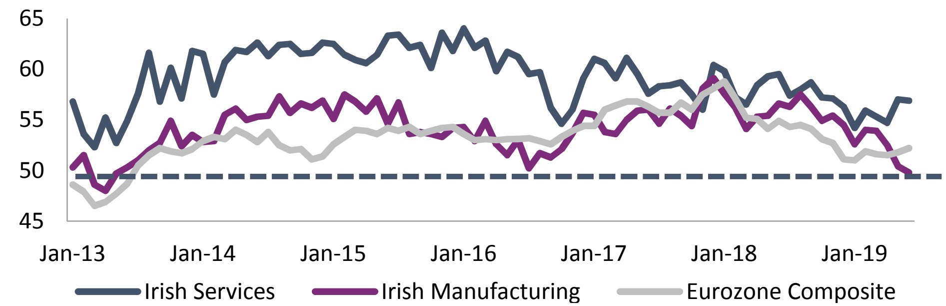
of completions, commencement & registrations ('000s)



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

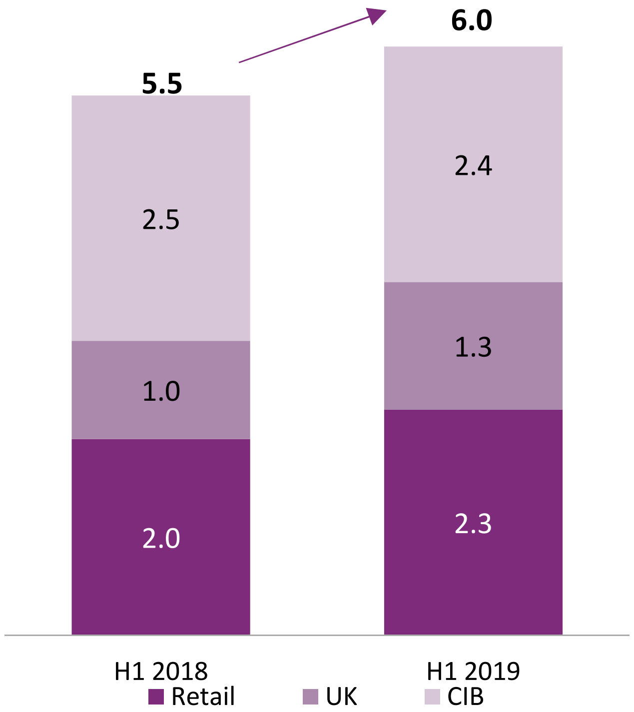
* *GDP forecasts used, however note that GDP can be distorted due to the impact of multi-national sector in Ireland. Modified final domestic demand in 2018 was 4.8%*

Delivering continued momentum

Increased new lending; leading market shares

Continuing increase in new lending

Drawdowns (€bn)

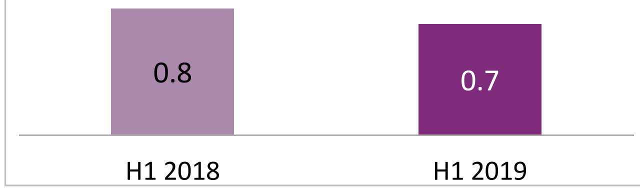


New lending across all asset classes[1]

Mortgages (€bn)

Personal lending (€bn)

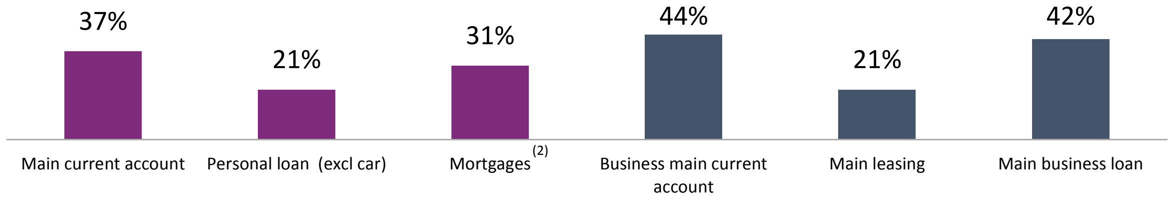
Property (€bn)



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*

Strong track record of delivery

Next phase to be announced at FY19 results

MAR 2017	FY 2017	FY 2018	HY 2019	MAR 2020
2017 – 2019 • 4 pillar strategy • Medium-term targets • **22% NPE ratio** (FY 16); c.5% goal by end 2019 • IPO in June 2017	Sustainable profit and NPE progress **NPE ratio: 16%**	Continued delivery; €870m investment completed **NPE ratio: 9.6%**	Solid H1 and on track to c.5% NPEs by year end **NPE ratio: 7.5%**	**2020 - 2022** • Strategy evolution • Medium-term targets • Capital plan • NPE next phase

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

Continued delivery on key strategic pillars

Our strategy in action in H1 2019

THE FOUR PILLARS

CUSTOMER FIRST

- Mortgage rate changes offering customers choice and certainty
- Award winning Customer Experience mortgage journey
- €5bn funding to support transition to low-carbon economy

SIMPLE & EFFICIENT

- Payzone acquisition* to enhance leading fintech capability
- Number 1 Irish Banking App; >1 million active customers
- New internet business banking platform

RISK & CAPITAL

- €1bn NPE disposal in H1; NPEs on track to c. 5% milestone
- >98% of new lending strong/satisfactory grades
- €3.3bn MREL now issued; well-positioned to meet expected requirement

TALENT & CULTURE

- Greater accountability: addressing legacy issues
- Irish Banking Culture Board
- Achieved Gallup 'Great Workplace Award'

Building long-term sustainability

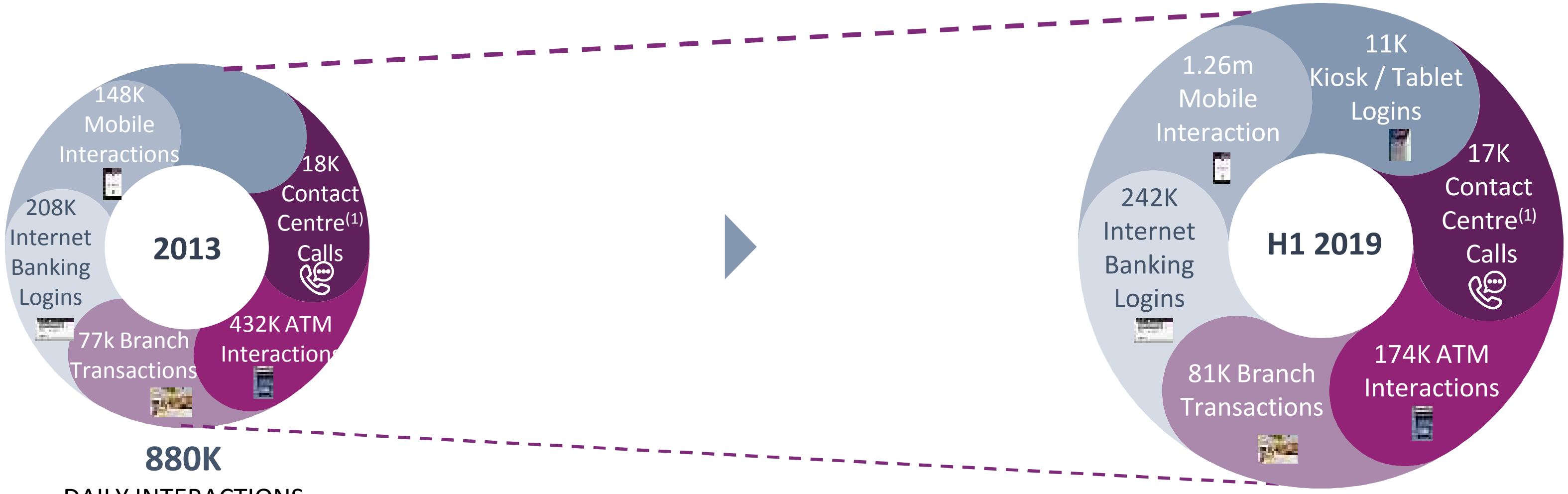
* *On 18th April, we announced a proposed acquisition with First Data Corporation of Payzone, pending relevant approvals*

Purpose & four pillar strategy driving performance

Digitally-enabled bank driving customer engagement

THE FOUR PILLARS

- CUSTOMER FIRST
- SIMPLE & EFFICIENT
- RISK & CAPITAL
- TALENT & CULTURE



880K
DAILY INTERACTIONS

1.8M
DAILY INTERACTIONS

Q2 19: NPS +33 Personal relationship

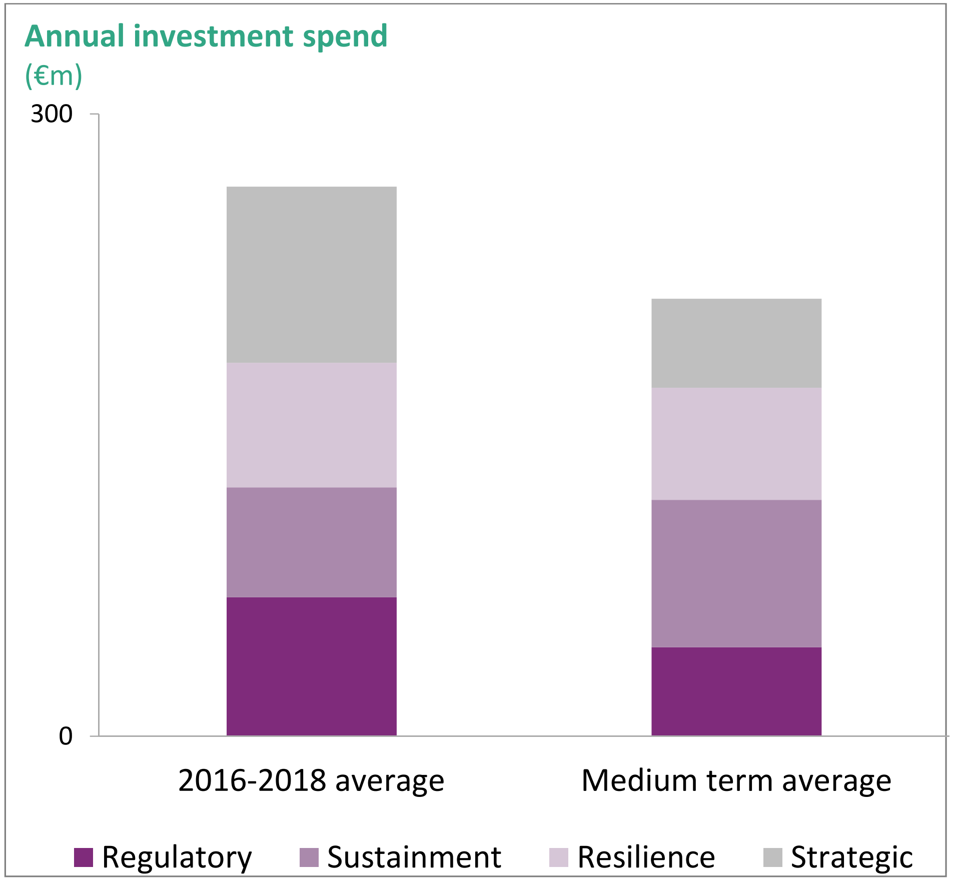
Q2 19: NPS +20 SME relationship

Q2 19: NPS +53 Homes transaction

(1) *Includes calls to direct banking & service*

Continued investment in key focus areas

Predictable levels of investment c.€225m per annum



Strategic
- ✓ Improved customer engagement platforms
- ✓ Enhanced mortgage customer journeys
- ✓ Informational & analytical capability
- ✓ Automated small business loan approval

Resilience
- ✓ Launch of new internet Business Banking platform
- ✓ New payments and Treasury platforms

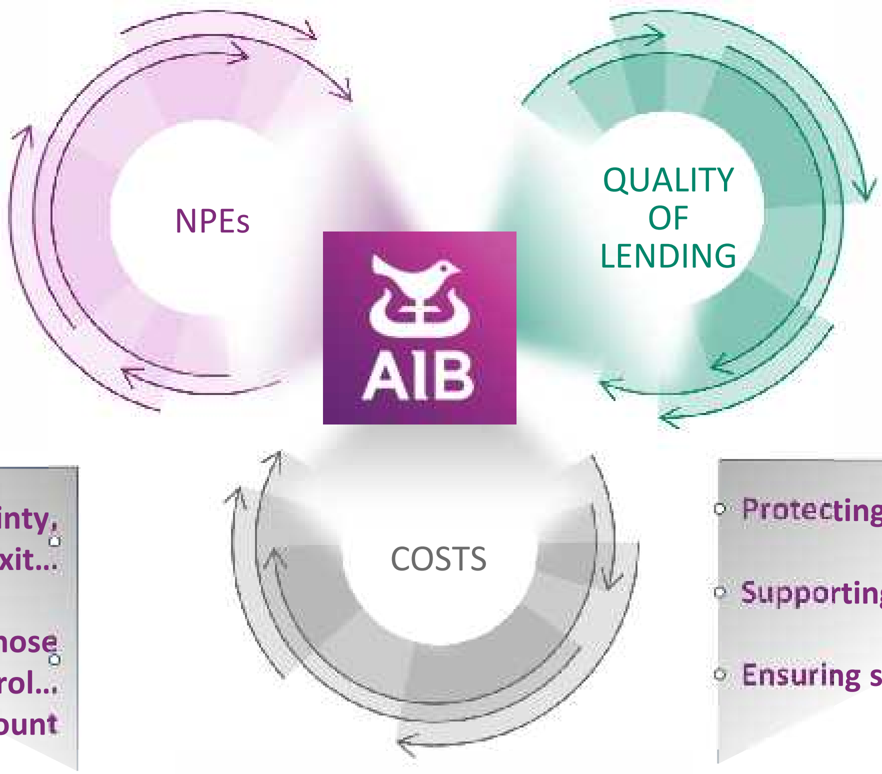
Sustainment
- ✓ Increasing digital and data capacity while maintaining capability and services level
- ✓ Continued investment in cyber security

Regulatory
- ✓ Ongoing regulatory agenda including compliance with IFRS9 and 4th EU anti money laundering
- ✓ Significant progress towards Open Banking and central credit register compliance

Additional strategic investment to engage with our customers / expand product and service proposition

Near-term outlook

Focused on controlling the controllables



In a period of wider uncertainty, particularly Brexit…

…we are focused on those factors within our control… Discipline is paramount

- Protecting our balance sheet
- Supporting our customers
- Ensuring seamless operations

Delivering sustainably for customers and shareholders

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*

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

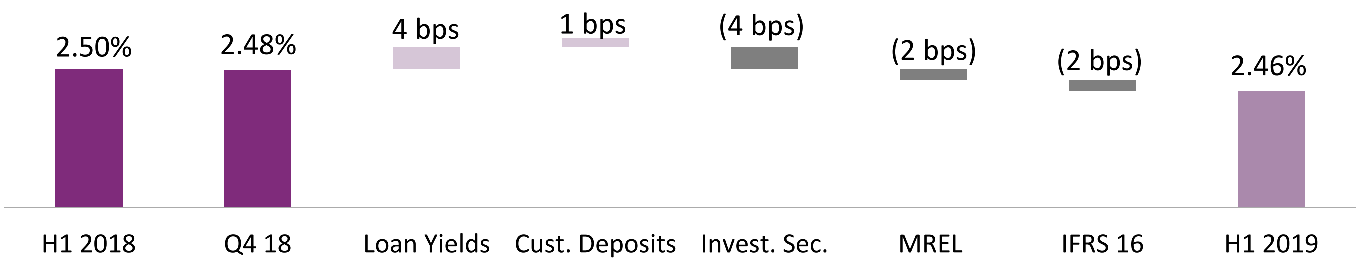
* *H1 2018 has been re-presented following the implementation of IFRS 9, income on cured loans without financial loss is now reported with credit impairments; previously reported in interest income (H1 2019: €18m, H1 2018: €12m)*

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

Net interest margin (NIM)

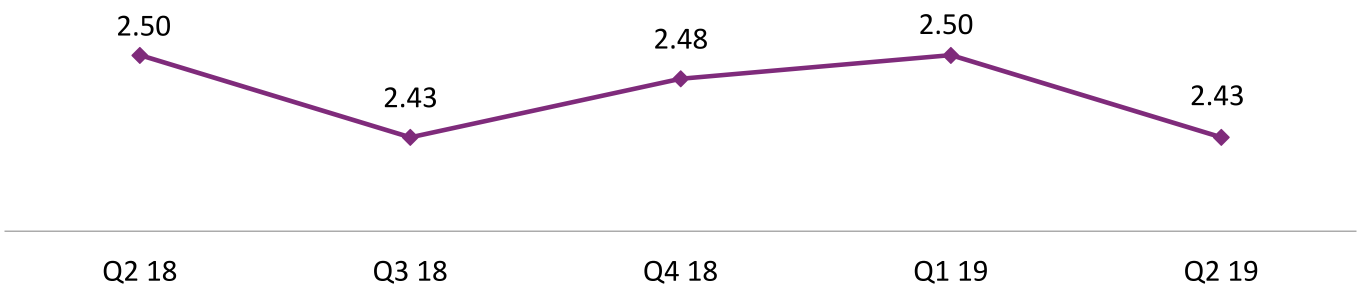
In excess of 2.40%+ medium-term target

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 (%)

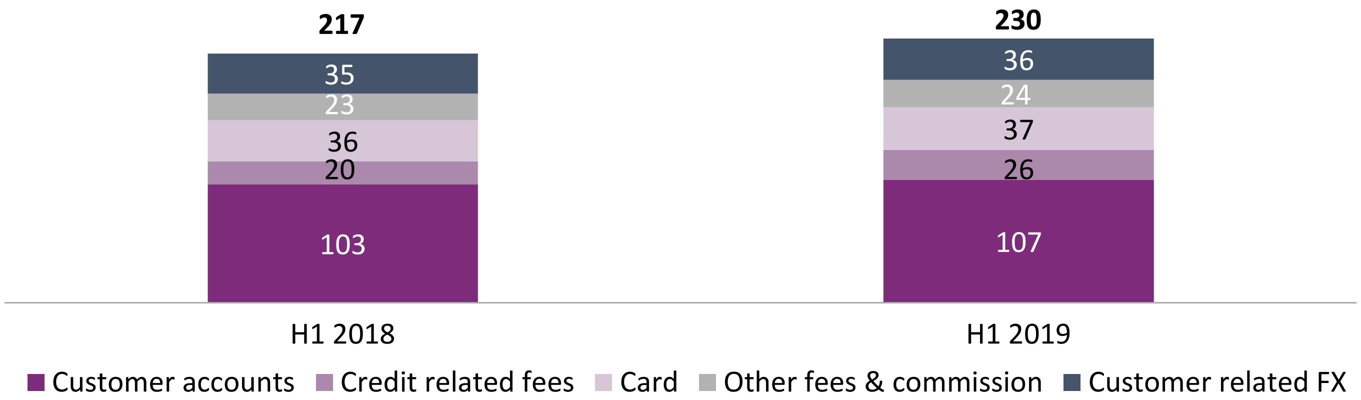


- Q2 exit NIM 2.43% reflects cost of MREL and impact of excess liquidity
- Management actions continue to address excess liquidity

Other income

Net fee and commission income, up 6%

Net fee & commission income (€m)

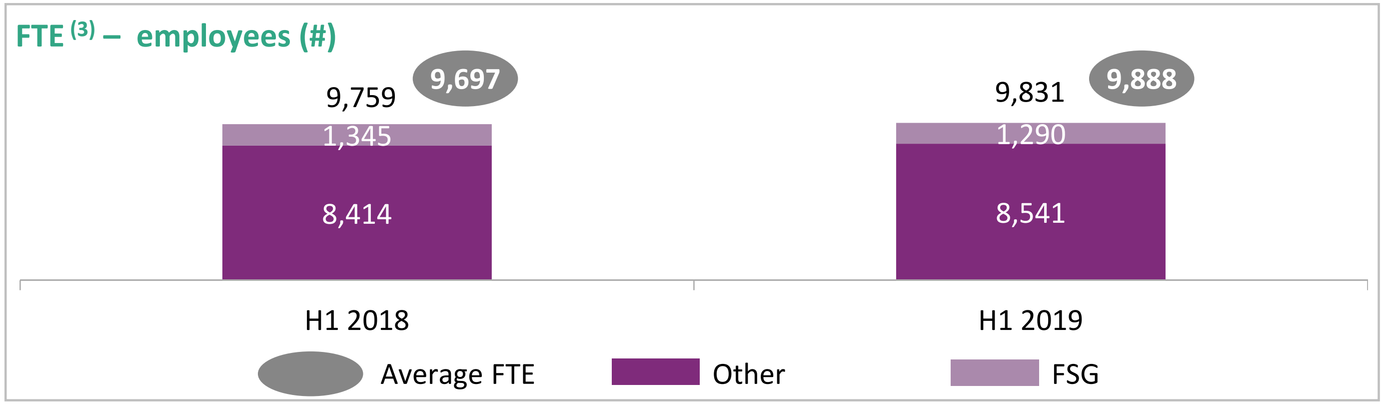


Other income (€m)	H1 2019	H1 2018
Net fee and commission income	**230**	217
Other business income	**14**	39
Business income	**244**	**256**
Gains on disposal of investment securities	**39**	16
Realisation of cash flows on restructured loans	**28**	40
Other gains / losses	**8**	10
Other items	**75**	**66**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



- 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

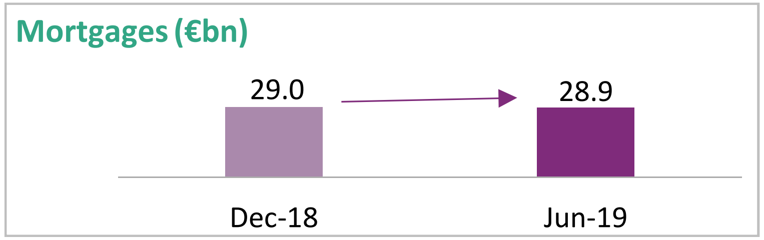
Balance sheet (€bn)	Jun 2019	Dec 2018
Performing loans	**58.0**	56.8
Non-performing loans	**4.7**	6.1
Gross loans to customers	**62.7**	**62.9**
Expected credit loss allowance	**(1.6)**	(2.0)
Net loans to customers	**61.1**	**60.9**
Investment securities	**17.1**	16.9
Loans to banks	**10.6**	8.0
Other 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**

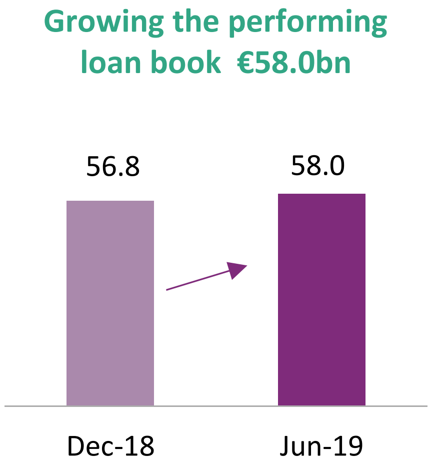
Key capital metrics	Jun 2019	Dec 2018
CET1 ratio (FL)	**17.3%**	17.5%
Leverage ratio (FL)	**9.8%**	10.1%

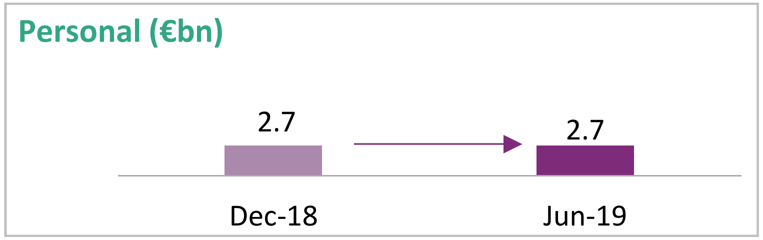
- Performing loans increased €1.2bn
- Sustainable new lending exceeding redemptions
- Loans to banks increased €2.6bn impacted by excess liquidity due to increase in customer accounts and MREL issuance
- Customer accounts up €1.8bn

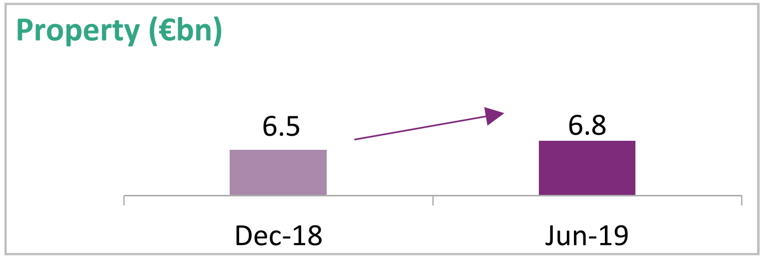
Gross performing loans

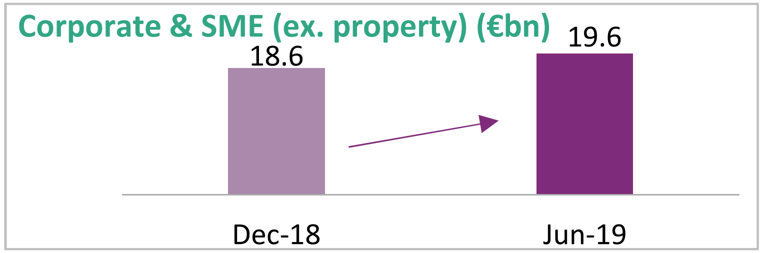
Growing at sustainable levels; €1.2bn increase

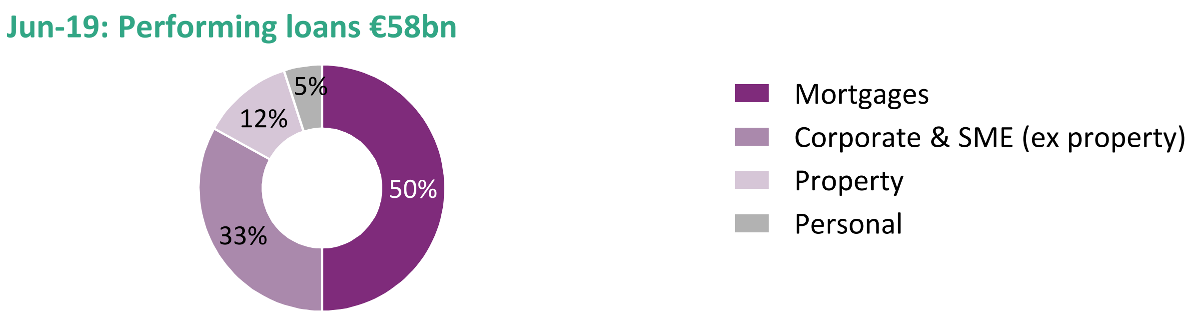


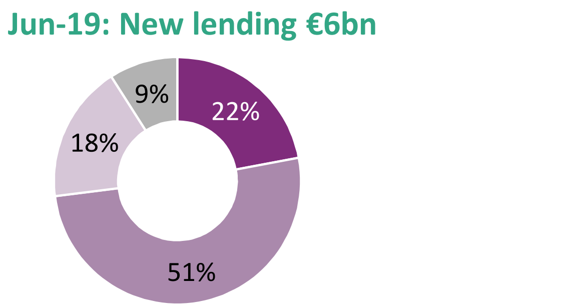








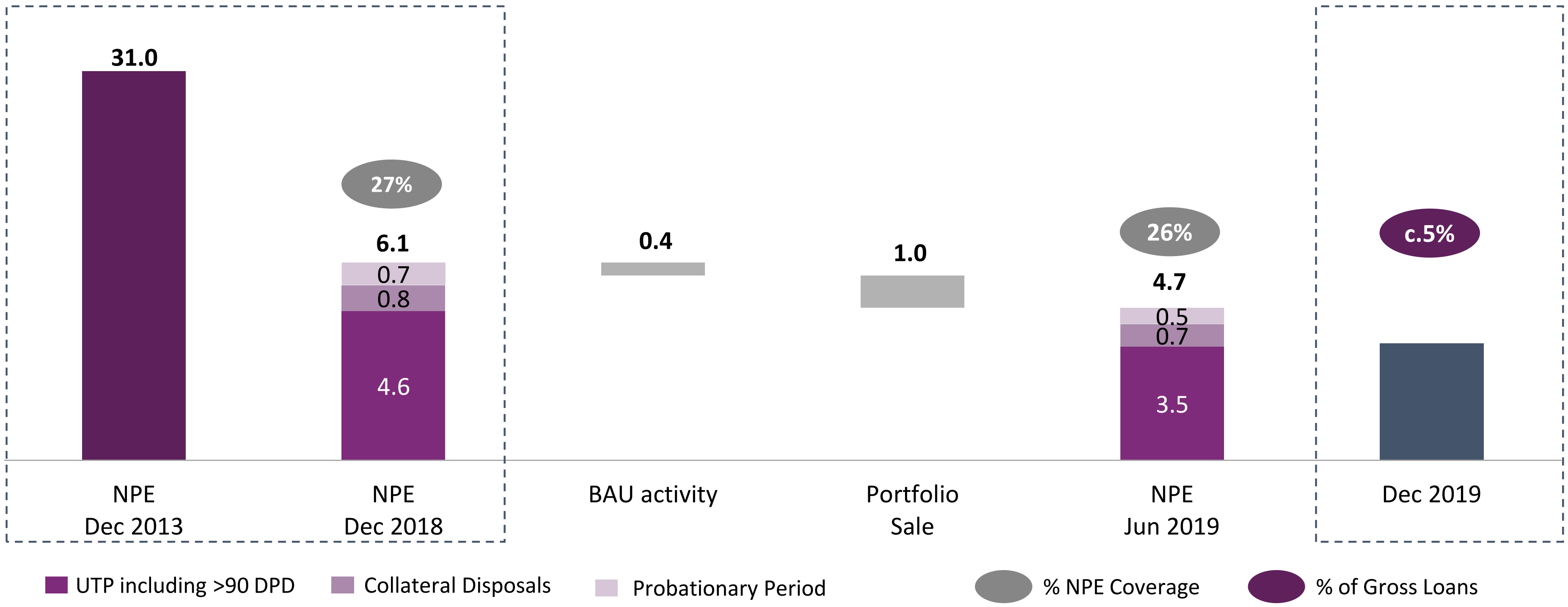




Momentum in NPE reduction continues

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

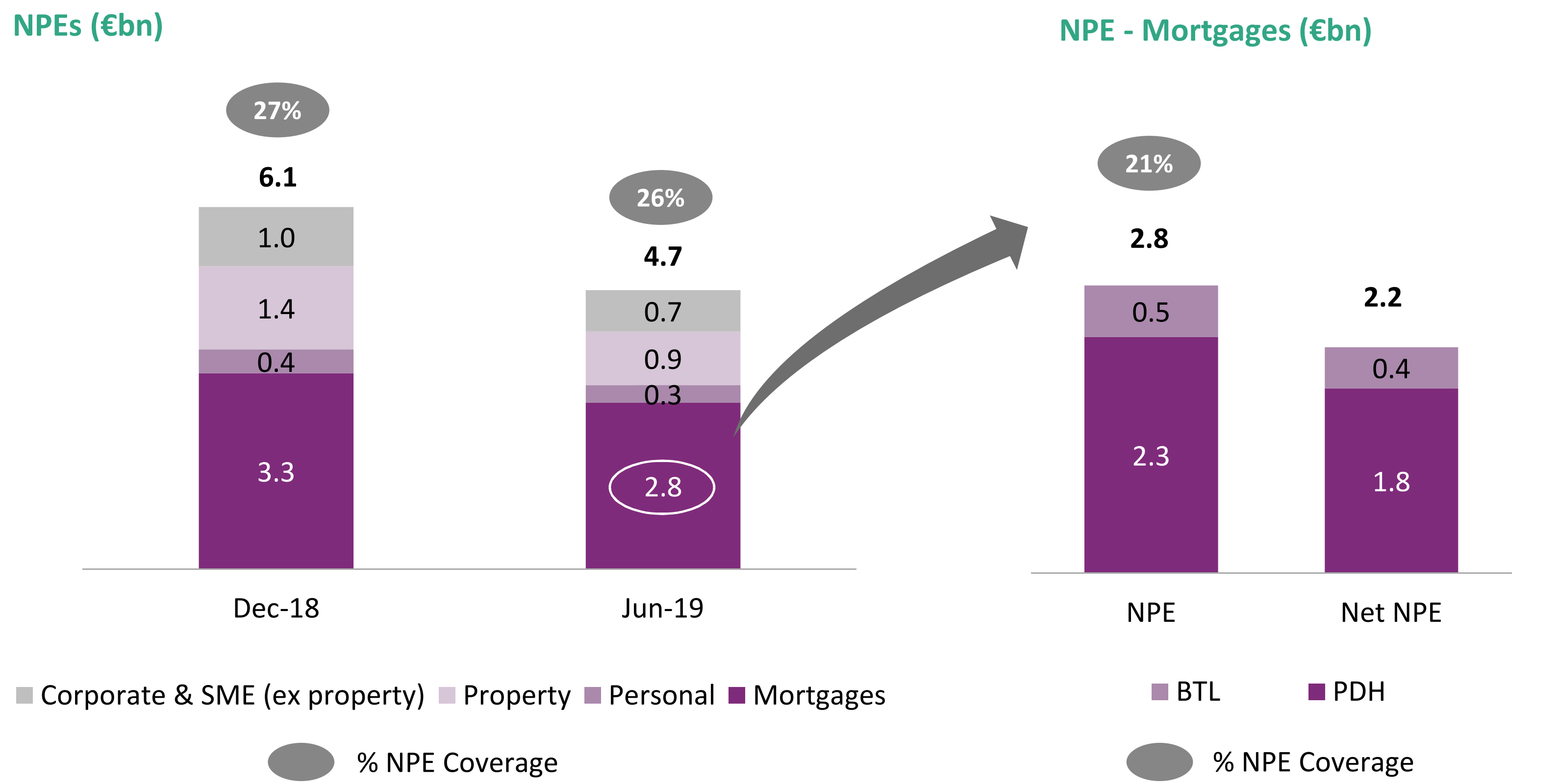
NPE trajectory (€bn)

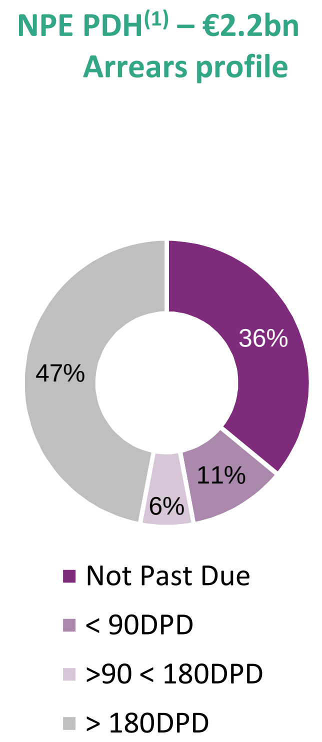


Note: BAU = business as usual; UTP = unlikely to pay; DPD = days past due

Momentum in NPE reduction continues

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





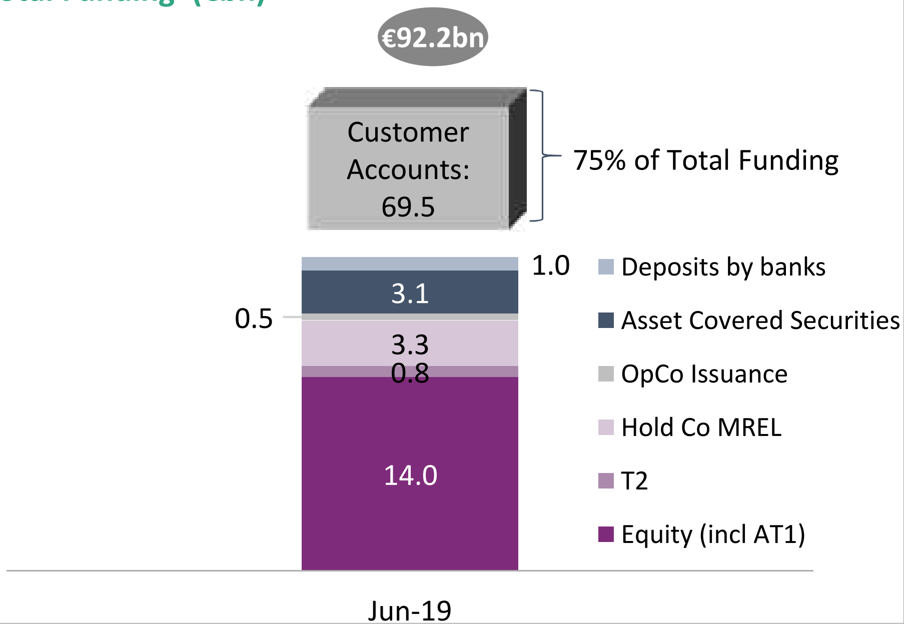
(1) Excludes UK

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

Funding structure

€3.3bn MREL issuance complete; investment grade maintained

Total Funding (€bn)



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

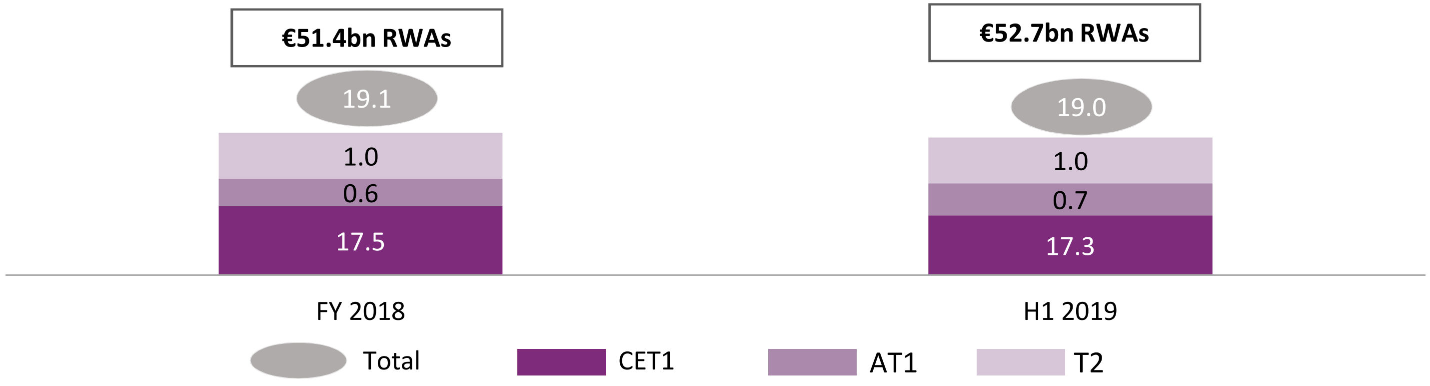
- MREL requirement 28.22% (based on FY 2017 RWAs) by 2021
- Likely increase in MREL requirement due to regulatory effects such as increase in RWAs (TRIM c. €2bn)

MREL Issuance (€bn)

Capital ratios

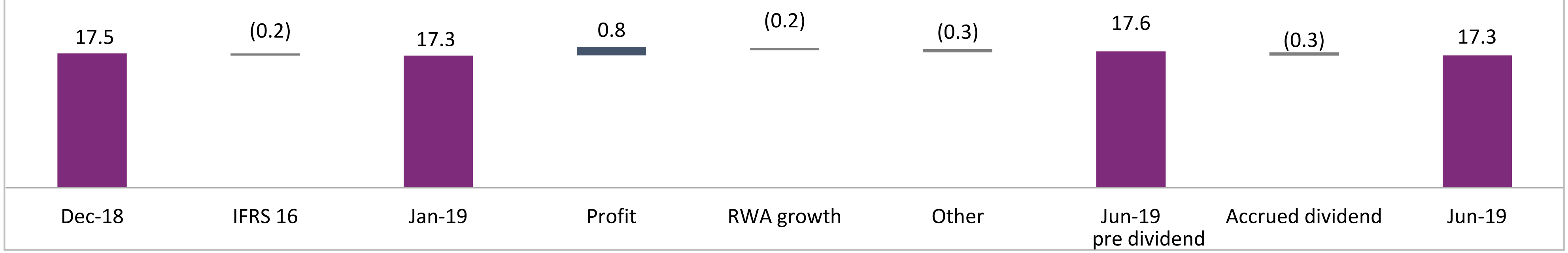
Solid capital position

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

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

Half-Yearly Financial Results 2019

for the six months ended 30 June 2019

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	1,270

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**

Credit ratings

Investment grade status for AIB Group plc

	Moody's	FitchRatings	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	✓	✓	✓

Average balance sheet

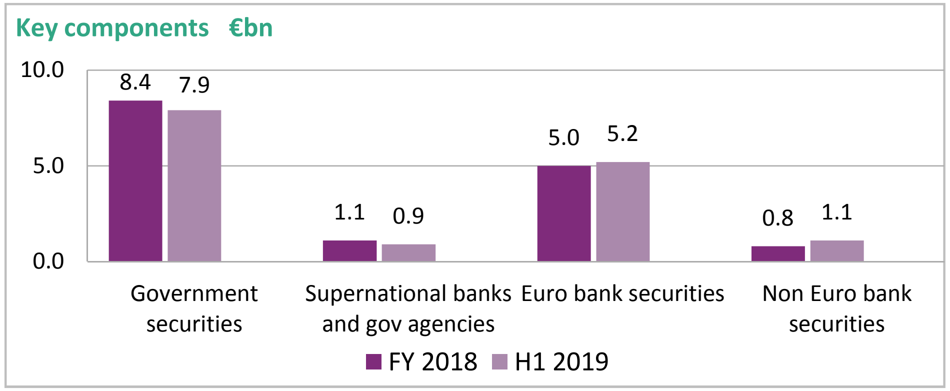
NIM 2.46% H1 2019

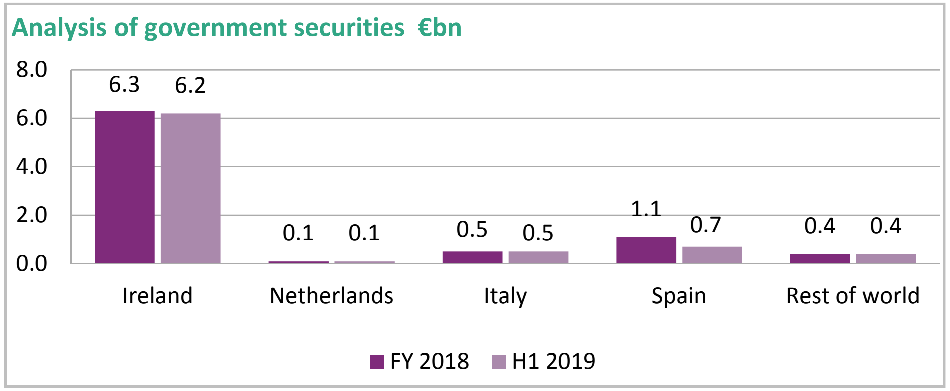
	H1 2019			H1 2018 [1]		
	Average Volume €m	Interest €m	Yield %	Average Volume €m	Interest €m	Yield %
Assets						
Customer loans	61,577	1,058	3.47	60,728	1,038	3.45
Investment securities	16,666	106	1.28	15,238	113	1.50
Loans to banks	7,643	16	0.41	8,644	9	0.19
Interest earning assets	85,886	1,180	2.77	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

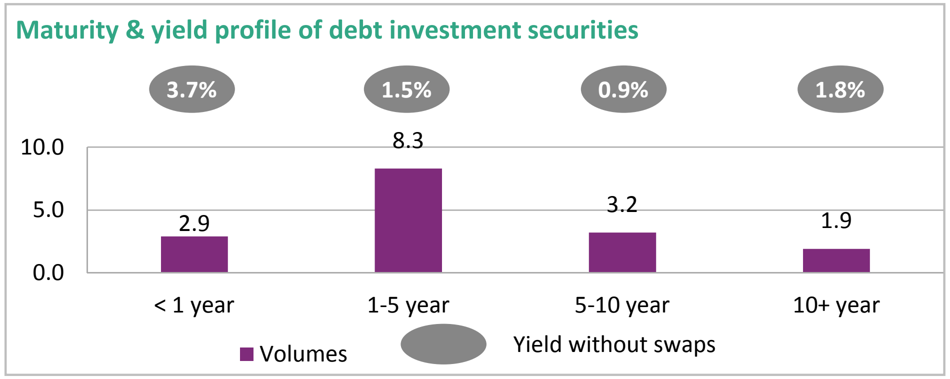
1) *H1 2018 has been re-presented following the implementation of IFRS 9, income on cured loans without financial loss is now reported with credit impairments; previously reported in interest income*

Investment securities

€16.3bn portfolio of debt securities



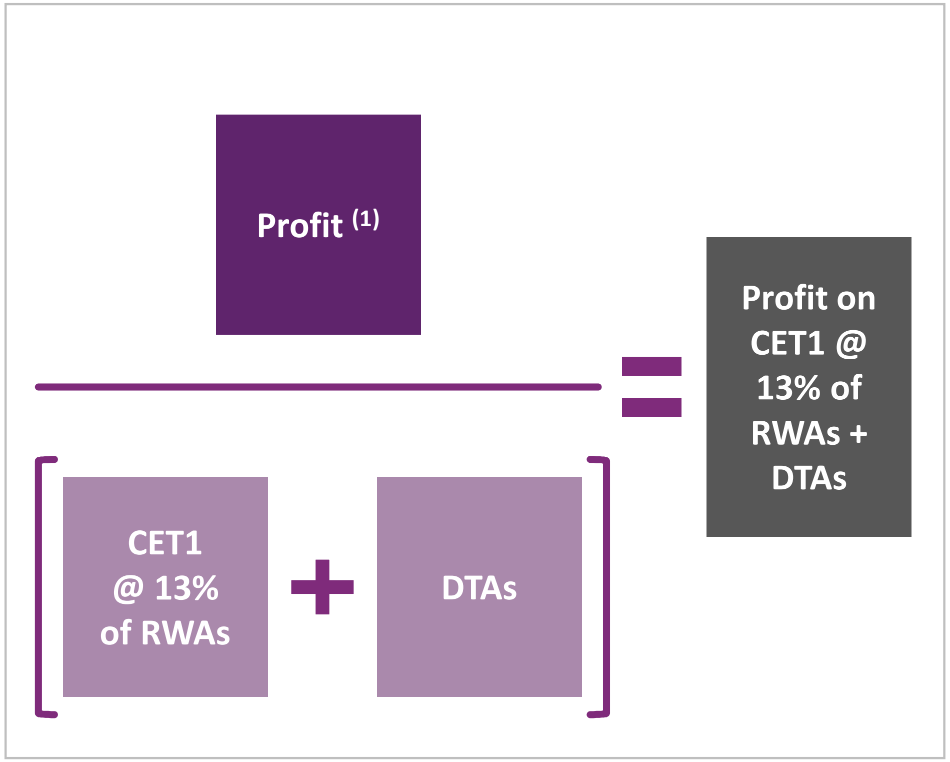




- €16.3bn up from €16.1bn
- €39m net gains from disposal of investment debt securities in H1 2019
- Average yield of 1.28%, down from 1.50% from HY 18
  - yield reducing as higher yielding assets mature
  - c. 70% of book maturing <5year

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

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

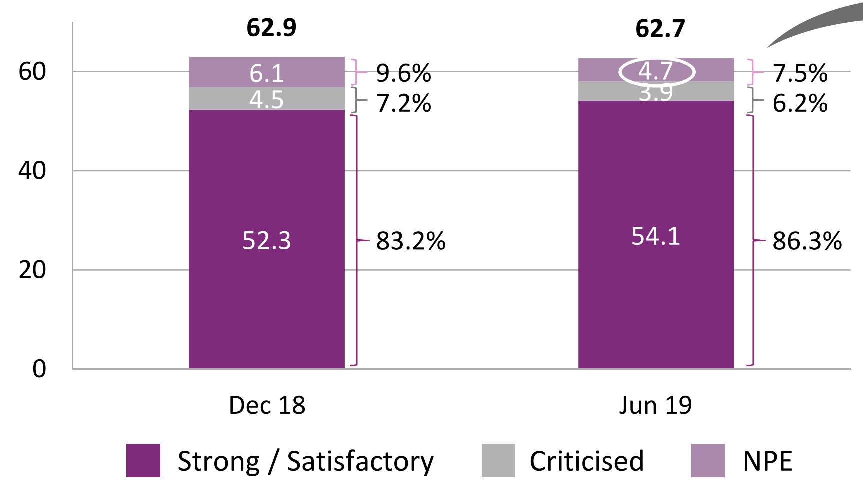
Continued progress in NPE reduction across all asset classes

€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

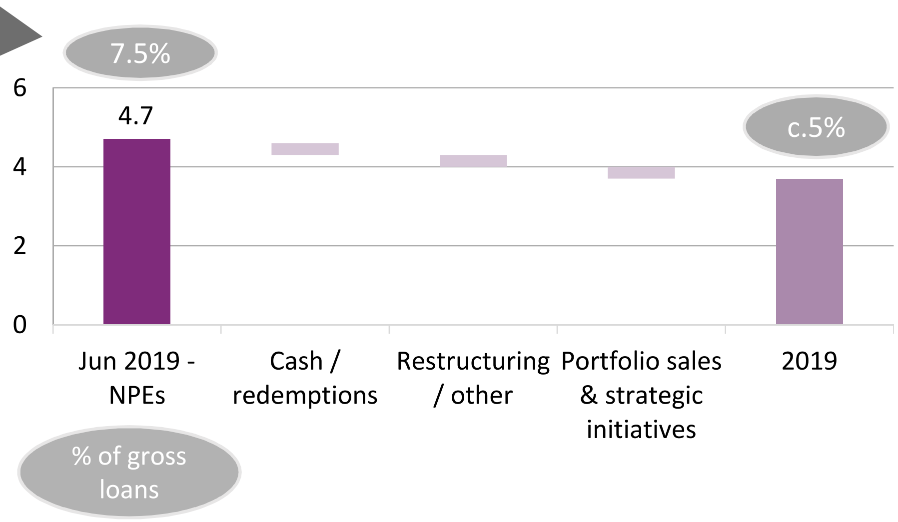
Asset quality

Improving asset quality in the loan book

Credit quality (€bn)



NPE deleveraging strategy (€bn)

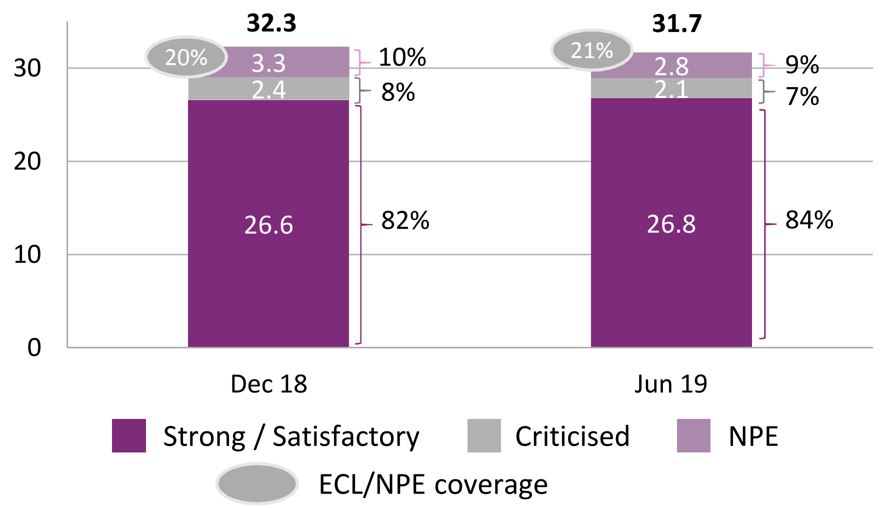


- 86% of the loan book is strong / satisfactory asset quality, up €1.8bn (+3.1%) from Dec 18
- 98% of new lending flow is strong / satisfactory asset quality
- Criticised loans €3.9bn include €1.3bn loans that are classified as ‘criticised recovery’
- NPE deleveraging strategy delivering progress and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

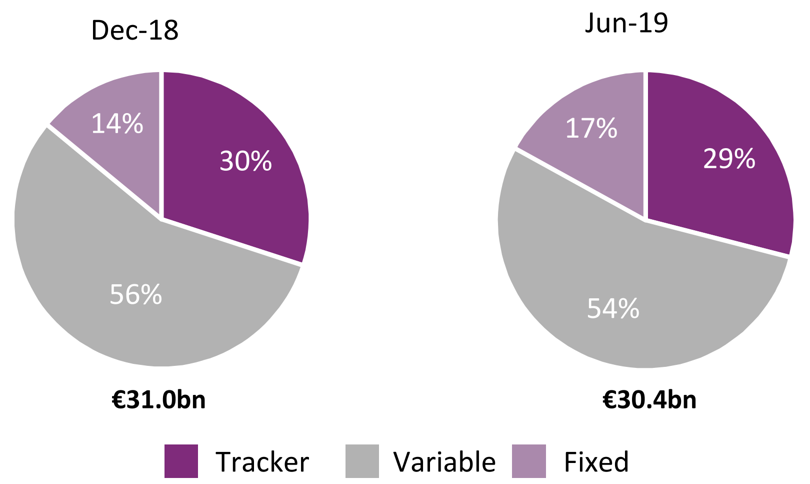
Mortgages

Improving asset quality; lower NPE

Mortgages (€bn)



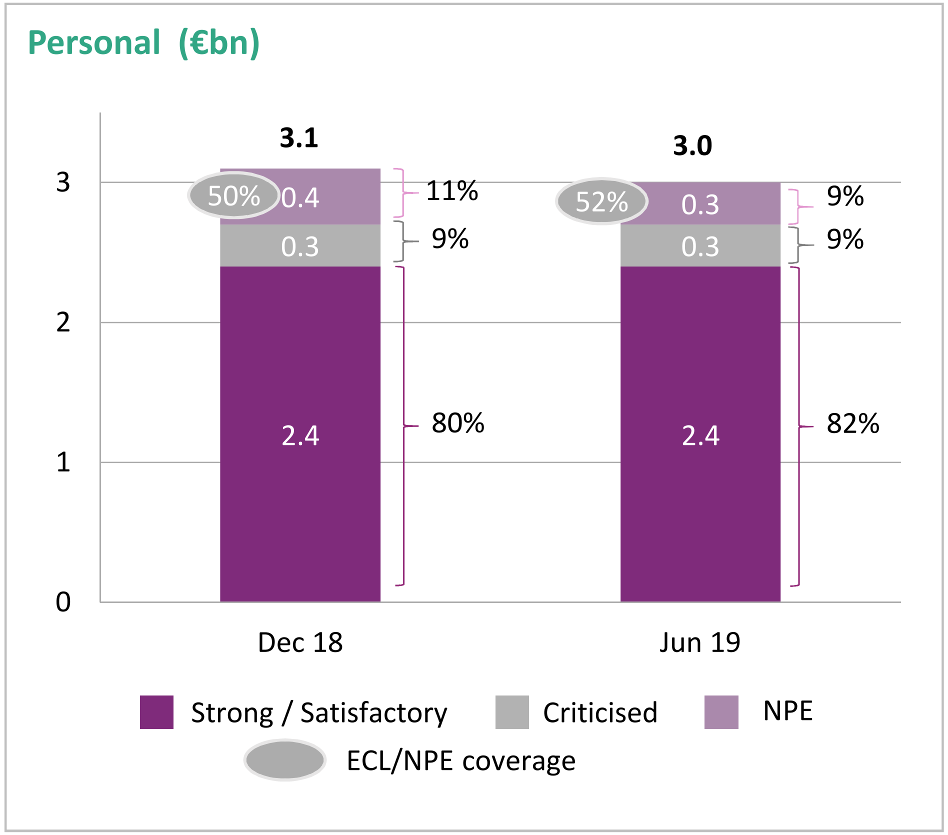
RoI mortgages



- 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

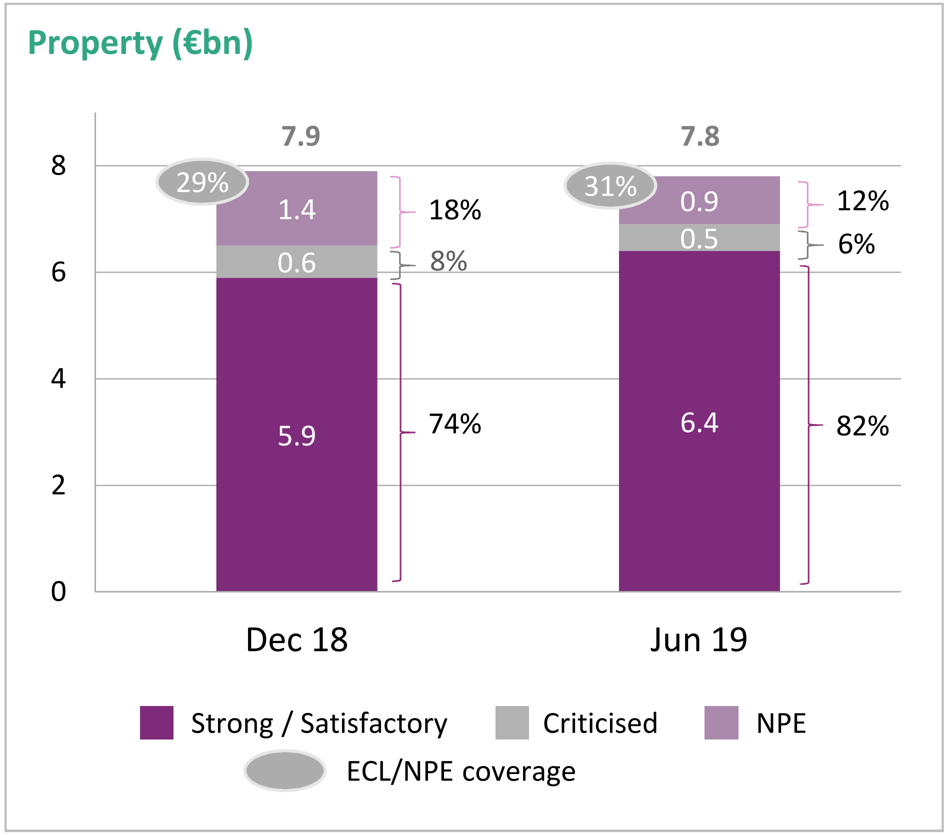
Lower NPE



- 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

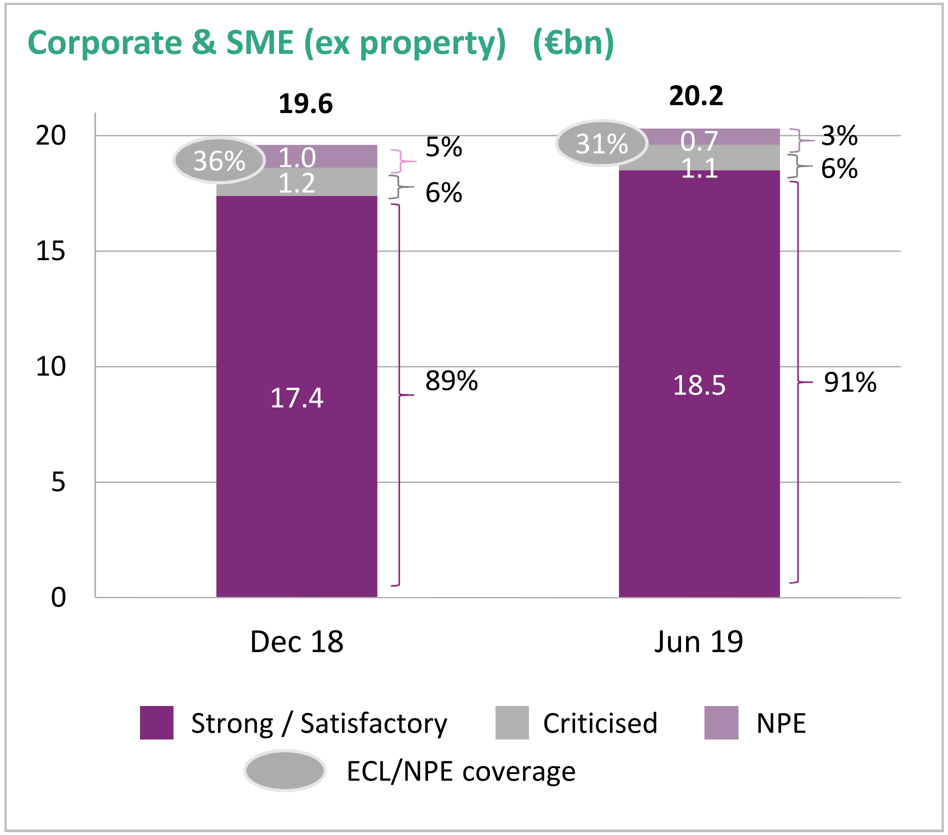
Improving asset quality; lower NPE



- 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**

SREP – minimum CET1 requirement

SREP – CET1 requirements (%)	FY 2019
Pillar 1 – CET1	4.50
Pillar 2 requirement (P2R)	3.15
Capital conservation buffer (CCB)	2.50
Other systemically important institution (OSII)	0.50
Counter cyclical buffer (CCyB) [1]	0.90
CET1	**11.55**

[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%*

Scaling for sustainable performance

Digital transformation across every tier of our technology estate

Engagement	**Leading Digital Banking Capabilities** • Extensive digital capabilities responsive to customer needs - AIB is deemed to be a Digital Leader amongst global Retail Banks	Branch, Desktop, Tablet, Mobile, Kiosk, ATM, OneView, Voice, 3rd Parties
Integration	**Progressive Modernisation** • Modern, tiered architecture (open, modular, service oriented) • Transforming to new ways of working (patterns, agile, devops)	Eventing, Process Mgmt, Robotics, Micro-services
Insight	**Improving Data Quality and Availability** • Big data infrastructure powering business and customer intelligence and delivering efficiency improvements	Data Lake, Operational Data Stores, Comms Hub, Real Time Analytics
Record	**Renewing Legacy Systems** • Major platform replacements substantially improved resilience • Simplifying core accounting systems with digital solutions	Core
Foundations	**Robust Security and Cloud Enabled Infrastructure** • Continuous investment in strong cyber capabilities, shift to Cloud • Proving capabilities in AI, Biometrics, Robotics and Blockchain	Iaas, PaaS, Authentication, Cyber, AI

Sustainability

Our journey continues ….

We want to be a leader in Sustainability in Ireland.
We are continuing to make positive steps to achieve that ambition.

- Formal Governance for Sustainability agreed (SBAC & SBEC) **Apr 2017**
- **Jun 2017** IPO
- Launch of Purpose **Sep 2017**
- **Oct 2017** First sustainability report (GRI / Deloitte) Backing a Sustainable Future Conference (1)
- 52 to 62nd percentile of staff engagement **Nov 2017**
- **Jan – Mar 2018** Materiality exercise (1,300+)
- AIB together launch (Education & Social Inclusion), CDP A rating **Mar 2018**
- **May – Sep 2018** Purpose workshops
- Second report – Materiality Output (GRI / Deloitte) **Jun 2018**
- **Oct 2018** Signatory of BITC Carbon pledge; Backing a Sustainable Future Conference (2); First green bond investment; 62 to 72nd percentile of staff engagement
- CDP A rating maintained; Renewables /MW / up 33% **Jan 2019**

Next steps 2019

- Reporting (KPIs, NFDs, GRI, Deloitte)
- ESG – Approve & embed framework
- Alignment with corporate strategy
- Conference

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