

BACKING OUR CUSTOMERS



ANNUAL FINANCIAL RESULTS

for the financial year ended
31 December 2021

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 on pages 28 to 30 in the 2021 Annual Financial Report. In addition to matters relating to the Group's business, future performance will be impacted by direct and indirect impacts of the COVID-19 pandemic and 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 28 to 30 of the 2021 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.

Figures presented in the presentation may be subject to rounding and thereby differ to the Annual Financial Report 2021.



2021 Highlights

Irish economy rebounds

- COVID-19 restrictions lifted, economy fully re-opened and accelerating
- Economic growth of 7-9% expected in 2022

Return to profitability and distributions

- €947m pre-exceptional PBT
- €213m proposed distribution; 40% pay-out⁽¹⁾:
 - €122m cash dividend & €91m share buyback approved with discussions for directed buyback underway

Balance sheet strength and optionality

- €10.4bn new lending up 13%; NPE reduction to 5.4% of gross loans
- 16.6% CET1⁽²⁾ and strong funding to support the economy and our customers

Delivering on our strategy

- €230m cost-savings programme on track with 35% complete
- Inorganic initiatives enhance product suite and provide revenue diversification

Sustainability leader

- €2bn green lending; launch of Social Bond Framework
- 1st in Ireland and 11th in Europe in the Gender Diversity Index⁽³⁾

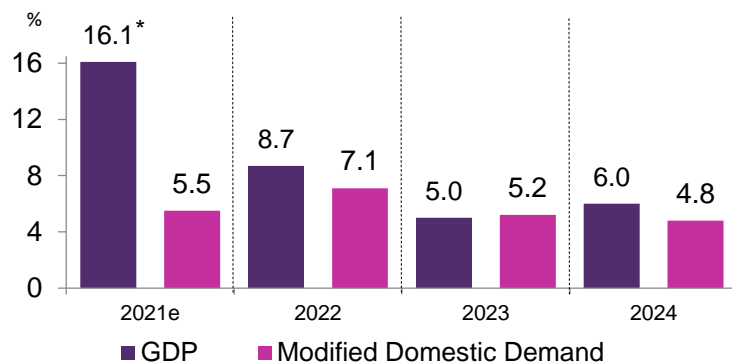
(1) Of attributable earnings: PAT - AT1 coupon adjusted for DTA utilisation

(2) Proforma CET1 16.5% reflecting impact of proposed buyback

(3) The 2021 Gender Equality Index report looked at 668 publically listed companies across the EU, ranking them on diversity of board members, women in leadership functions and women at executive level

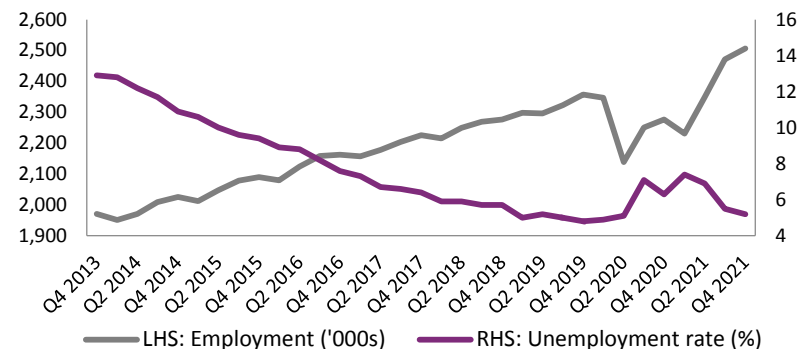
Favourable Irish economic outlook

GDP and the domestic economy projected to grow strongly



Source: CBI 'Quarterly Bulletin Q1 2022'

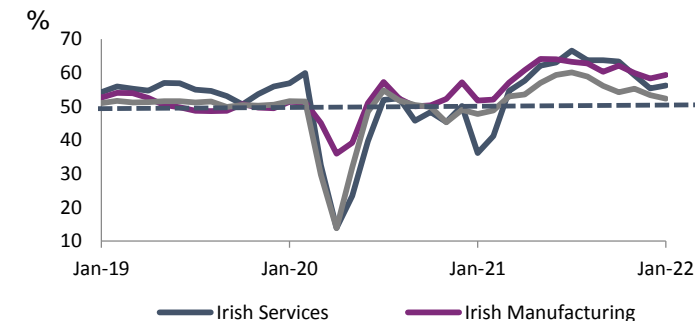
Employment levels rise sharply while unemployment falls



Source: CSO

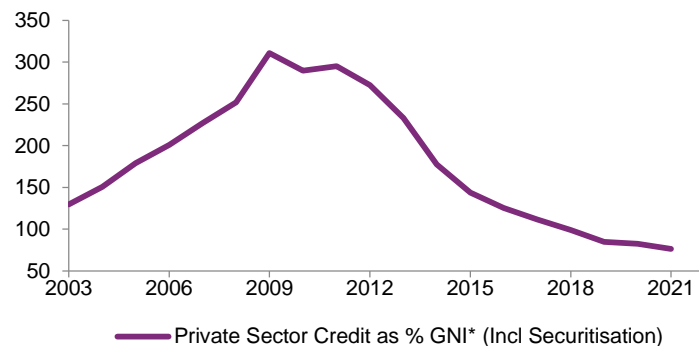
PMIs elevated as firms expect continued strong growth

PMI index



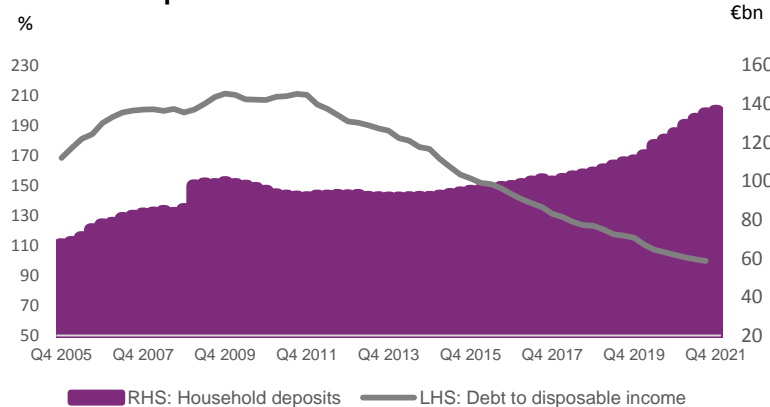
Source: Markit via Thomson Datastream

Private Sector Credit as % GNI continues to decline



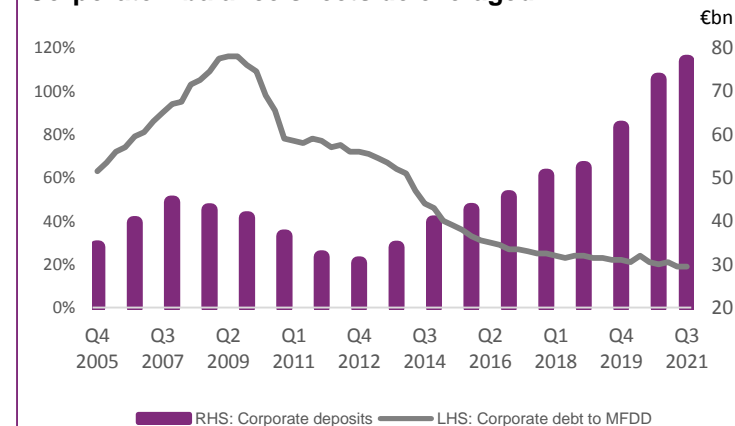
Source: CBI, CSO

Household deposits build as indebtedness falls



Source: CSO, Central Bank, AIB ERU

Corporate** balance sheets deleveraged



Source: CSO, Central Bank, AIB ERU

* Note GDP can be distorted due to the impact of multi-national sector in Ireland.

** Non-financial corporates



Strongly positioned in a changing banking landscape



#1

Personal bank & mortgage provider



Payment platforms

Leading payment providers: AIB, Payzone & AIB Merchant Services



#1

Corporate bank with full range of capital markets solutions



>€300m p.a. investment

Modern, resilient and secure digital technology



#1

Business bank for loans and current accounts



16.6% CET1⁽¹⁾

Capital strength and optionality



#1

Irish banking app; 1.85m active digital customers



> 9% RoTE target

Progressing strategy to deliver by 2023



#1 distribution

Community presence & range of digital options



#1 Sustainable Irish bank

Independently recognised sustainability leader⁽²⁾



- AIB is Ireland's
- leading financial services provider
- No 1 digital bank
- Sustainability leader

Note: See market shares on slide 11

(1) Pro-forma CET1 16.5% reflecting impact of proposed buyback

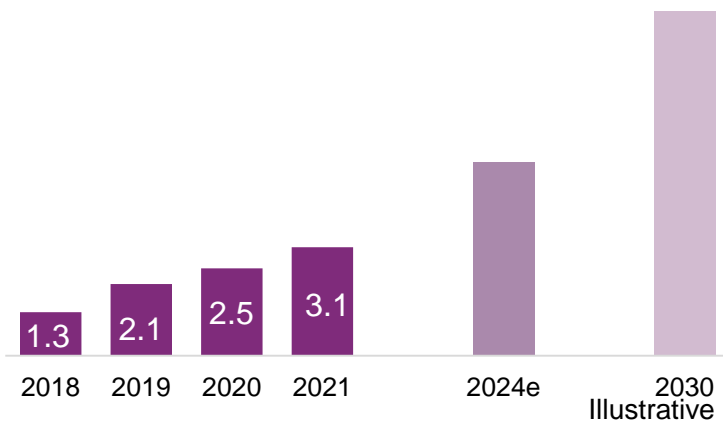
(2) AIB inclusion in the S&P Global Sustainability Yearbook 2022 which assessed >7,500 companies. In the 2021 Corporate Sustainability Assessment AIB scored 70/100 (2020: 61/100) placing it in the 87th percentile of banks (2020: 78th percentile) as at 12 Nov 2021



Early adopter and supporter of the ESG agenda

Growth in Energy, Climate Action & Infrastructure loan book

€bn

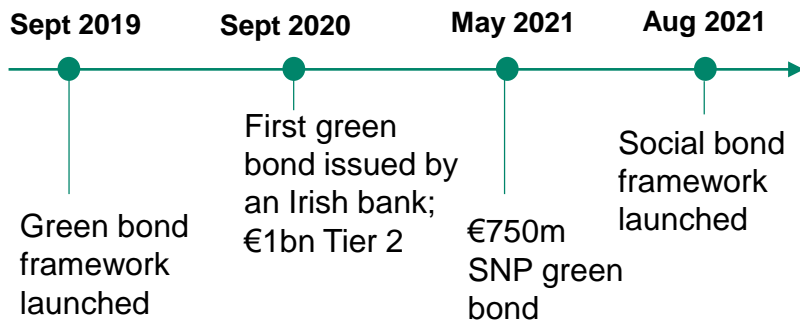


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Increase green and social issuances as we grow loan book



Focus area

2021 Progress

€10bn

new climate & environment lending by 2023

€4.7bn

green lending since 2019

70%

of new lending to be green by 2030

19%

of new lending in 2021

Net Zero ambition

Customer portfolio lending by 2040 (Agri 2050)

63%

lending portfolio analysed with internal science-based targets set (50-65% reduction)

10%

of bond portfolio allocated to Socially Responsible Investment in the medium term

7%

At end Dec 2021, up from 3% in Dec 2019

€800m

finance for social housing by 2023

€400m

approved since 2019

Social Bond Framework

€1.7bn

Pool assets; Pre-issuance impact report published

40-60% Gender balance
at Board and ExCo

45% female Board

44% female ExCo

Reporting and disclosures

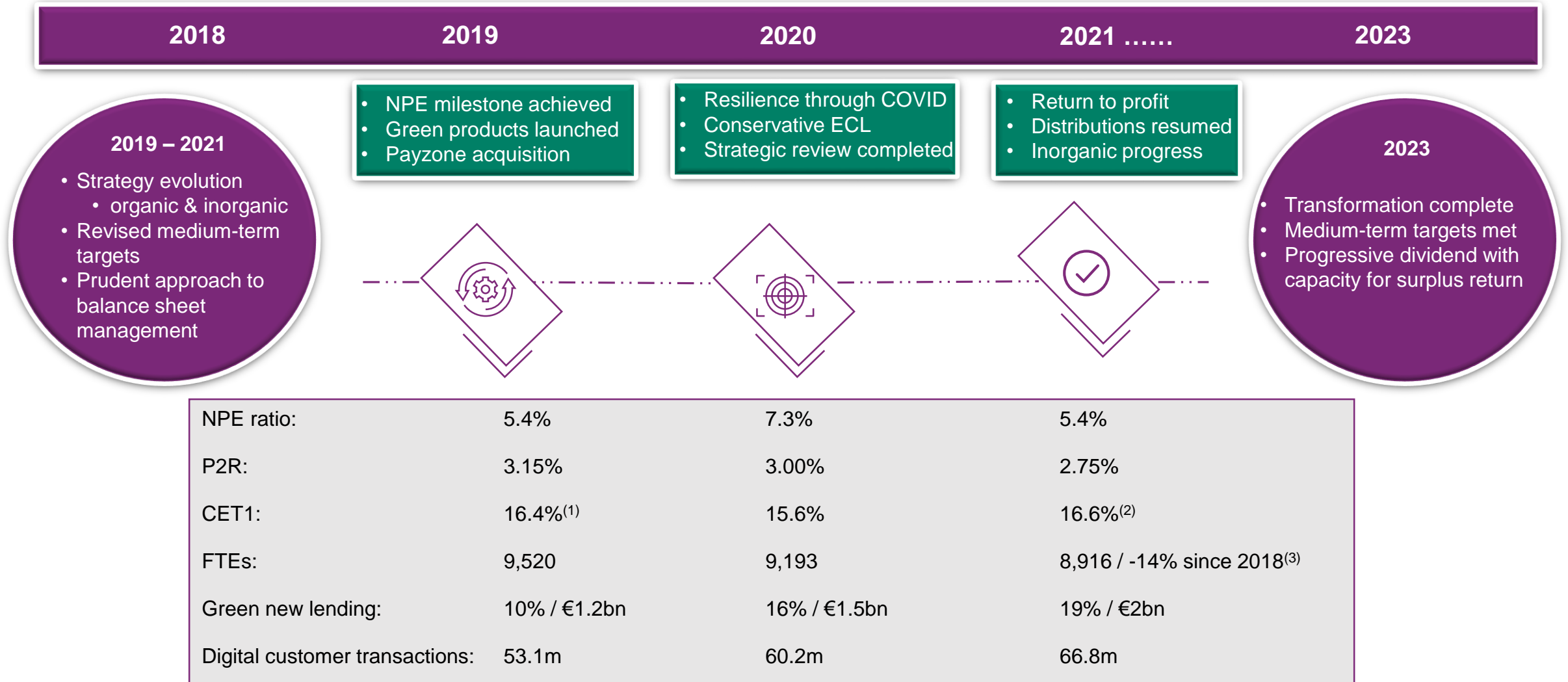
EU Taxonomy, WEF, UN Global Compact
2021
TCFD & PRB
2020

Board composition

New Chairman & iNEDs

strengthening Board diversity and specialist skills

Strong track record of delivery



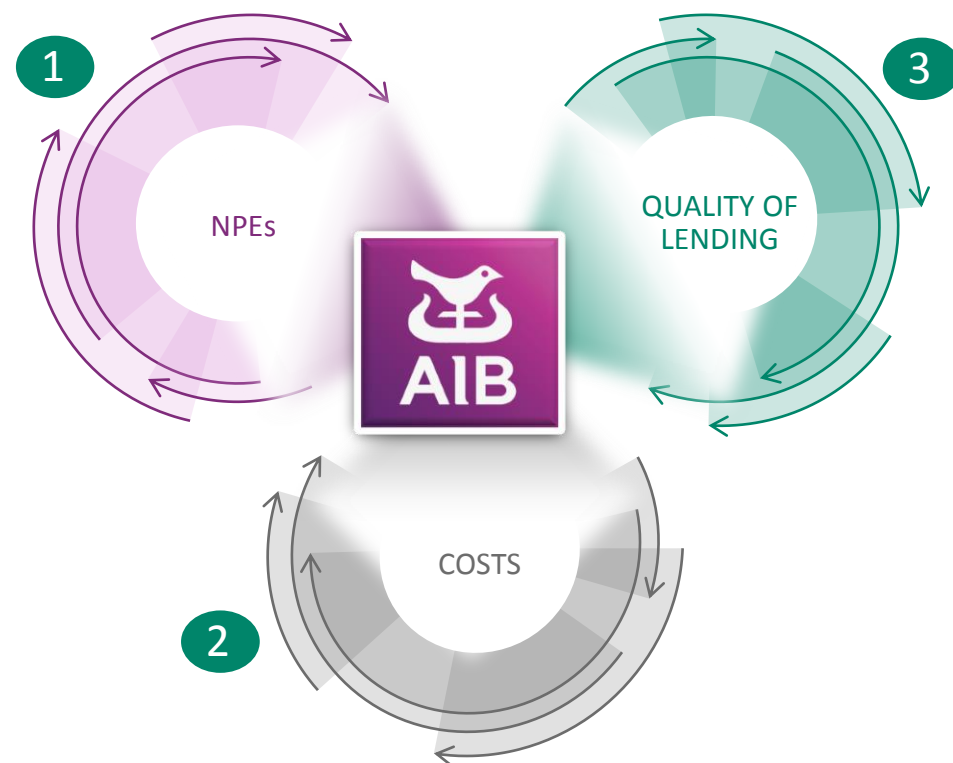
(1) Includes 90bps TRIM impact

(2) Proforma CET1 16.5% reflecting impact of proposed buyback

(3) On a like-for-like basis



Looking back to H1 2019: Controlling the controllables

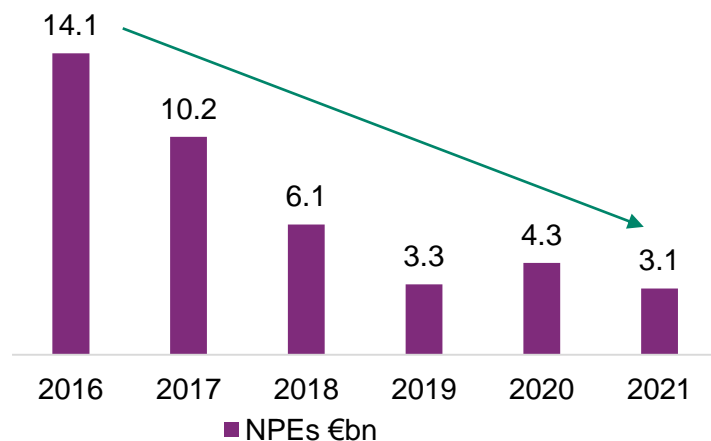


Identify and fill product gaps so that we meet our ambition of being at the heart of our customers' financial lives

Use the strength of our balance sheet for accretive, opportunistic M&A

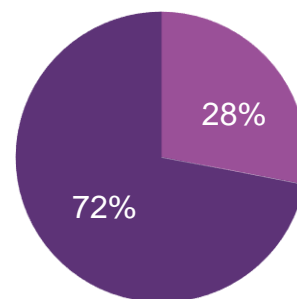
1 Track record of NPE reduction underpins c.3% target

80% reduction in NPEs in five years



Total NPE

5.4%

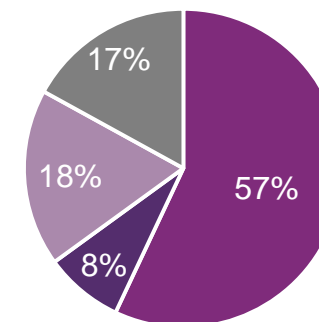


€3.1bn

■ Legacy ■ Non-legacy

Legacy NPE⁽¹⁾

1.5%

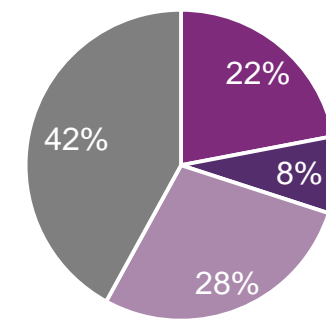


€0.9bn

■ Mortgages ■ Personal ■ Property ■ Corporate & SME

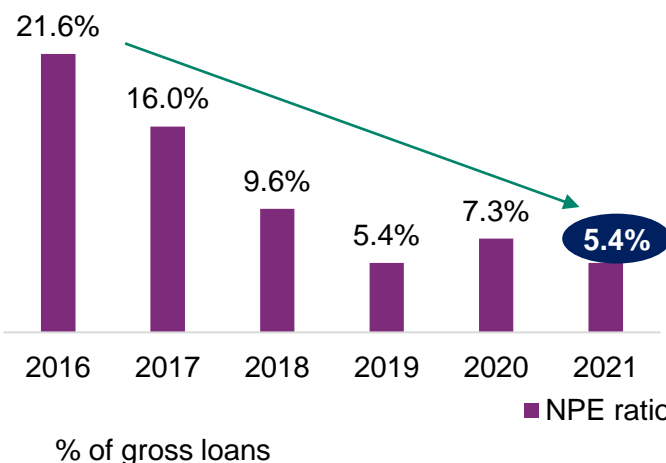
Non-legacy NPE

3.8%



€2.2bn

NPE ratio declining towards c.3% target



Continued focus on NPE reduction

Legacy NPEs:

- 3 portfolio sales of long-term default NPEs in 2021
- €0.9bn residual to be addressed in 2022

Non-legacy NPEs:







- Primarily impacted by COVID-19 restrictions
- Early evidence of self-cure and/or recovery

Target c.3% by 2023 delivering:

- Balance sheet resilience with lower risk profile
- Lever for cost reduction and lower calendar provisioning

(1) Exposures that entered into default prior to 31 December 2018 are classified as legacy

Delivering on Strategy 2023 to take out €230m cost

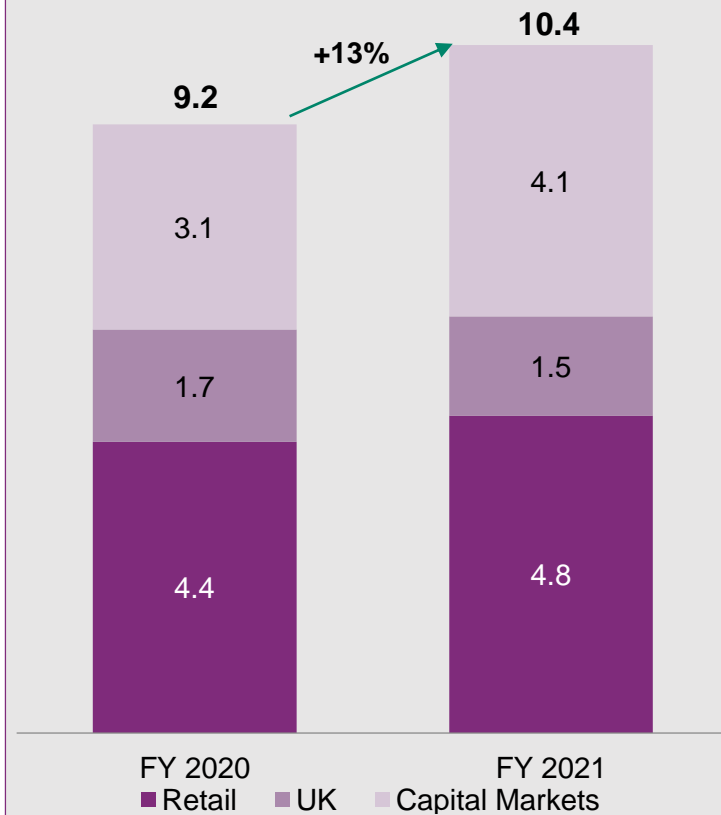
	Progress in 2021	Status	Savings by 2023
 Refocused branch network	AIB: 21 branch amalgamations completed, further 22 branches now Sales & Advisory An Post: Deepening our 20 year relationship with a broader range of services Digital: Enhanced digital services reducing dependency on manual and paper activities	●	€65m
 End-to-end credit	SME: Centralising, simplifying and automating credit management; 45 FTE reduction	●	€35m
 Future of work	Dublin Head Offices: Burlington Road exit completed, with further planned changes on track Hybrid working model: Moving to average 2-3 days remote working in 2022	●	€15m
 Change delivery	Insourcing: Over 240 digital, data and change specialist roles filled Competitive labour market	●	€15m
 AIB UK	GB SME: sale agreement completed, reduction of c. 300 FTEs and 13 business centres closed Northern Ireland: 8 branch closures completed	●	€35m
 Legacy / Simplification	Portfolio sales: 3 NPE portfolio sales completed; focused on c. 3% NPE ratio Zero Based Budgeting: New cost management methodology embedded during 2021	●	€65m

- ✓ c. €80m in annualised savings achieved by 2021 initiatives
- ✓ 35% of targeted savings complete

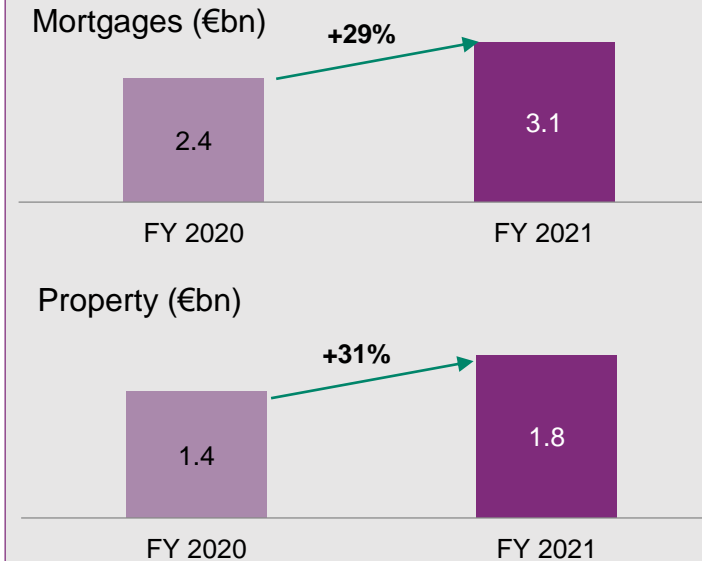
New lending in 2021

13% increase in new lending; leading market shares

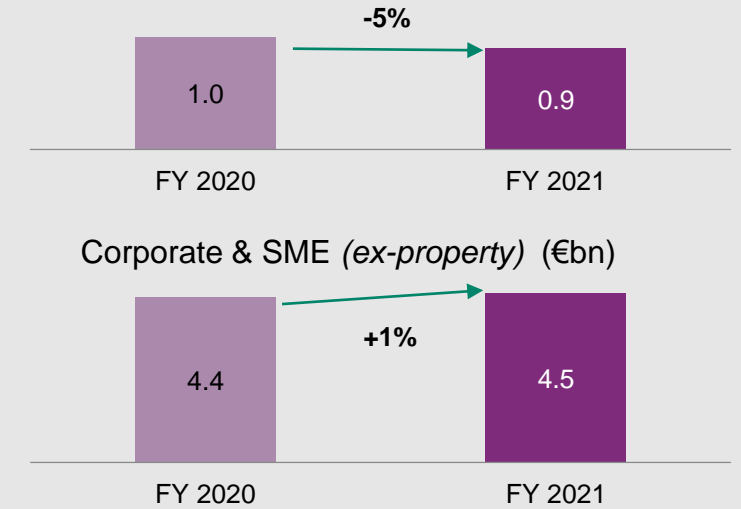
Continuing increase in new lending
Drawdowns (€bn)



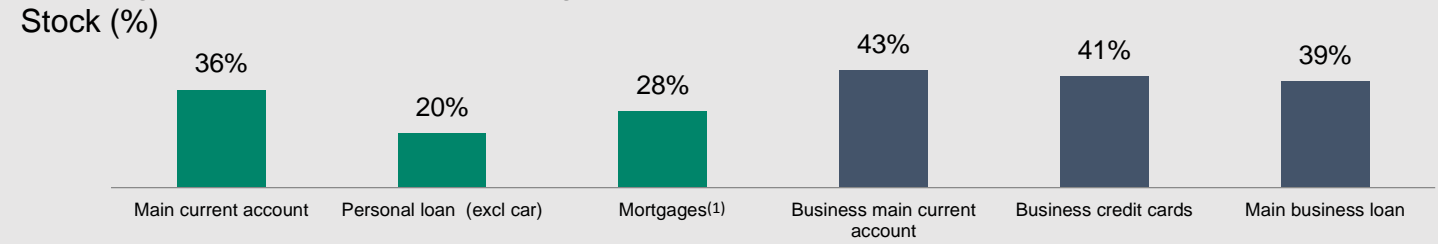
New lending across asset classes



Personal lending (€bn)



Leading market shares in key segments



(1) Mortgage new lending flow based on BPF industry drawdown data to end December 2021

Source: Ipsos MRBI Personal Finance Market Pulse Q4 2021 ; Ipsos MRBI Retail SME and Large Medium SMEs Financial Market Monitor on behalf of AIB

Well positioned to maximise growth potential in key sectors

Housing and mortgages



Leader in Irish housing finance

- ✓ Full value-chain presence
- ✓ Development finance
- ✓ Shared equity scheme
- ✓ Social housing

#1 mortgage provider

- ✓ Multi-brand propositions
- ✓ Competitive rates and consumer choice
- ✓ End-to-end digital mortgage journey
- ✓ Green propositions across all brands

Energy, Climate Action & Infrastructure

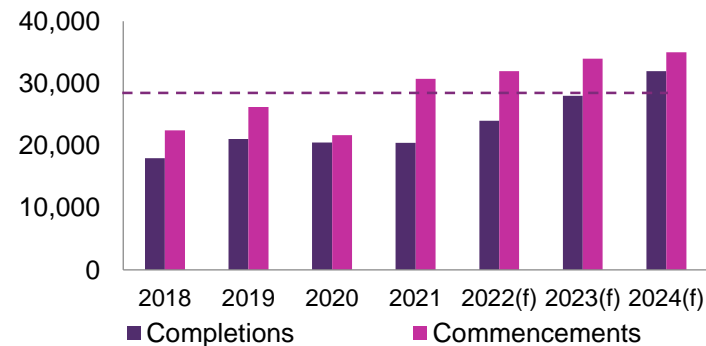


Building our position as a leading provider of green and social finance

- ✓ Proven track record of growth
- ✓ Growing in a risk-controlled manner
- ✓ Multi-disciplinary teams with product expertise
- ✓ Relationship/Sponsor-driven model
- ✓ Selective international expansion offering sector and geographic diversification

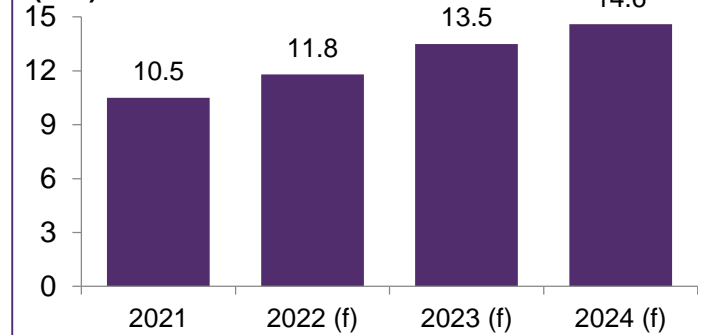
Significant market opportunity

Commencements jumps as construction sector re-opens



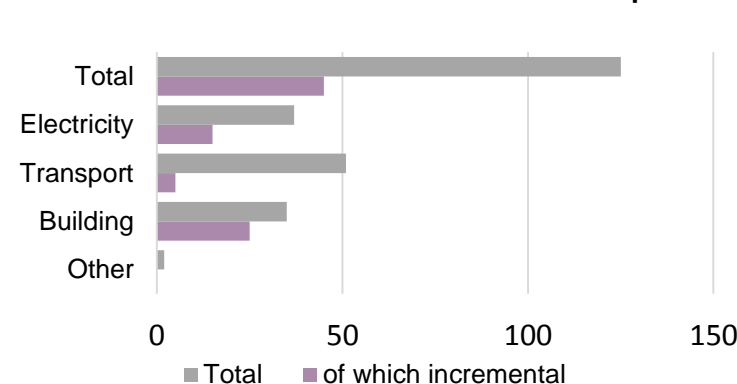
Source: CSO, Dept. of Housing, AIB ERU

Mortgage market expected to grow in the years ahead (€bn)



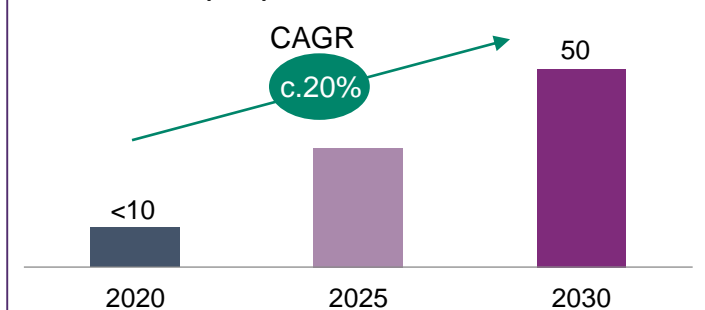
Source: BPFI, market consensus

Climate Action Plan 21: €125bn investment required



Source: Government of Ireland's Climate Action Plan

Annual UK requirement for sustainability-related investments (£bn)*



* UK Climate Change Committee (CCC) recommendations for the UK's sixth carbon budget



Significant progress made on inorganic opportunities in 2021

 **Ulster Bank***

- Positions AIB as #1 bank for corporate banking
- Underpins AIB growth plans and positions us to support the business community


Completed

- Integration going well
- Enhanced capital markets and wealth offering
- Provides revenue diversification


GREAT-WEST*
LIFECO INC.

- JV to significantly enhance our retail wealth proposition including life, pensions & savings solutions
- CBI licence process underway; CCPC approval received


Completed

- JV formed with 50% stake in Autolease Fleet Mgmt (trades as Nifti Business & Nifti Personal Leasing)
- Car leasing solutions supporting the drive to a lower carbon future

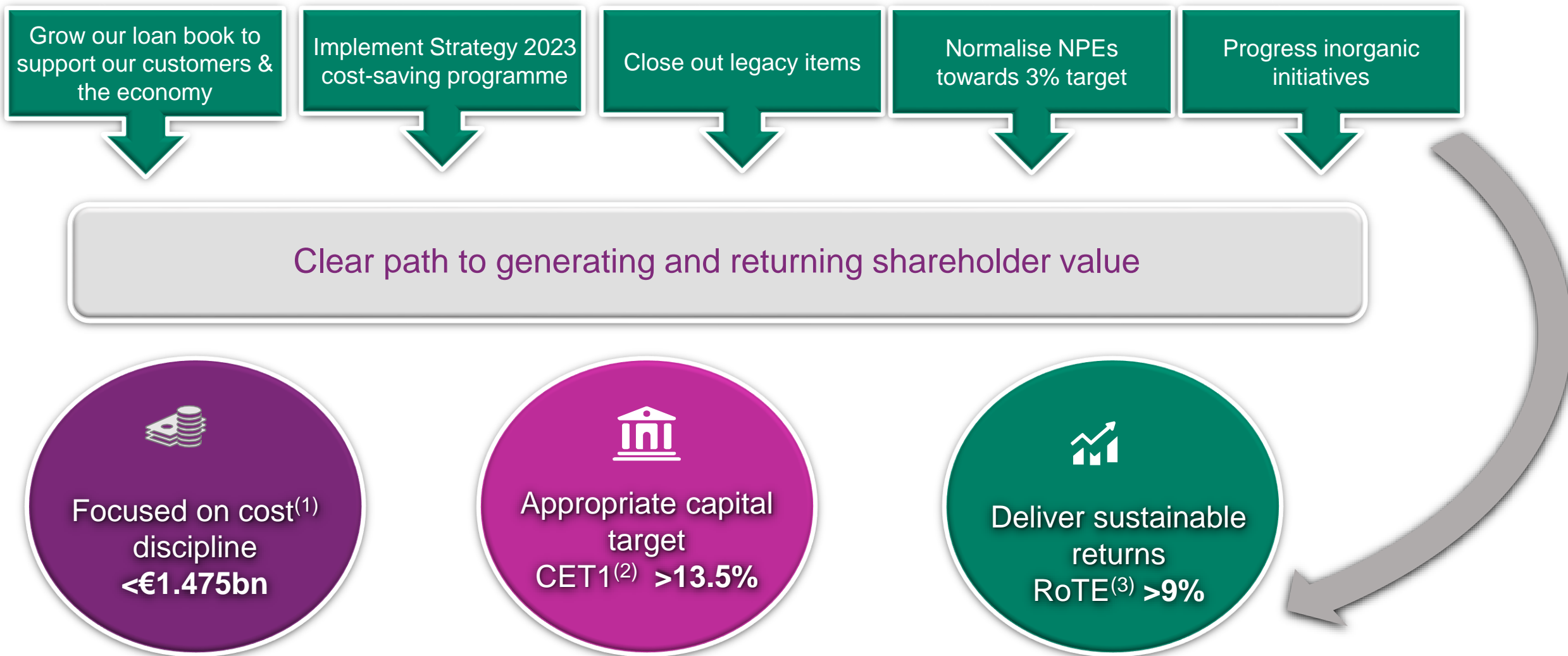
AIB Group plc



**Subject to regulatory approval
CBI: Central Bank of Ireland; CCPC: The Competition and Consumer Protection Commission*



2022 priorities provide pathway to medium-term targets



1) Costs before bank levies, regulatory fees and exceptional items

2) Fully loaded

3) $\text{RoTE} = (\text{PAT} - \text{AT1}) / (\text{CET1} @ 13.5\% \text{ of RWAs})$

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Financial performance



Financial performance FY 2021

Profit after tax of €645m

- Includes €238m ECL writeback

Total income €2,384m

- Net interest income €1,794m (-4%) and other income €590m (+18%)

Costs €1,534m⁽¹⁾ down 1% (excl. Goodbody) in line with guidance

- FTEs reduced 3% versus Dec 2020 to 8,916 at Dec 2021, 7% reduction excl. Goodbody

Performing loans €55.3bn up €0.2bn from Dec 20 €55.1bn

- New lending €10.4bn up 13% versus FY 2020, H2 2021 €5.8bn up +28% versus H1 2021

NPEs €3.1bn (5.4% of gross loans) decreased 28%

- Includes €1bn long-term default NPE portfolio sales

Strong funding position compounding excess liquidity

- Customer deposits €92.9bn increased 13% and €10bn TLTRO drawn down contribute to higher cash held at the CBI of €35.2bn

CET1⁽²⁾ fully loaded 16.6%; Transitional 19.2%

- Comfortably ahead of regulatory requirements
- Proposed distributions €213m or 7.8c per share; ordinary dividend €122m / 4.5c per share and approved buyback €91m

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

⁽²⁾ Proforma CET 1 reflects impact of proposed buyback - fully loaded 16.5% and transitional 19.0%

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Income Statement

Income statement – profit after tax €645m

Summary income statement (€m)

	FY 2021	FY 2020
Net interest income	1,794	1,872
Other income ⁽¹⁾	590	499
Total operating income	2,384	2,371
Total operating expenses ⁽¹⁾	(1,534)	(1,527)
Bank levies and regulatory fees	(162)	(115)
Operating profit before impairment and exceptional items	688	729
Net credit impairment writeback / (charge)	238	(1,460)
Associated undertakings	21	15
Profit / (Loss) before exceptionals	947	(716)
Exceptional items	(318)	(215)
Profit / (Loss) before tax	629	(931)
Income tax credit	16	190
Profit / (Loss) after tax	645	(741)

Metrics

	FY 2021	FY 2020
Net interest margin (NIM)	1.58%	1.94%
Cost income ratio (CIR) ⁽¹⁾	64%	64%
Return on tangible equity (RoTE) ⁽²⁾	8.2%	(11.2)%
Earnings per share (EPS)	21.4c	(30.0)c
Proposed distribution per share (DPS) ⁽³⁾	7.8c	-

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

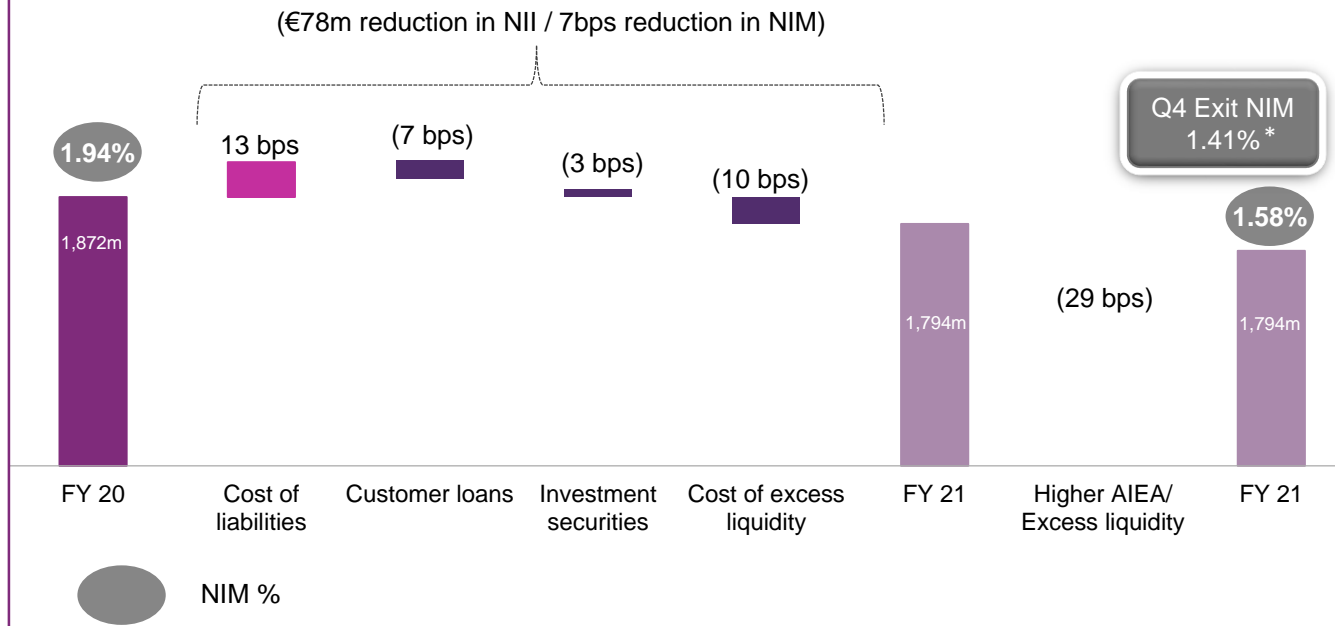
(2) RoTE using (PAT – AT1) / (CET1 @ 13.5%). Dec 20 RoTE based on prior CET1 target 14%

(3) Includes the impact of the proposed buyback €91m

- Net interest income reduced 4% impacted by lower average loan volumes and the negative interest rate environment
- Other income €590m – up 18%; net fee and commission income up 21%
- Total income €2,384m up 1%
- Operating expenses €1,534m – down 1% excluding Goodbody as guided
- Bank levies €162m increased mainly due to €31m Single Resolution Fund provision following a review of the liability due
- Net credit impairment writeback €238m
- Exceptional items €318m
- Tax credit €16m – primarily due to an increase in the UK deferred tax asset measurement

Net interest income down 4% in line with guidance

NII – material movements



- NII €1,794m down €78m / 4% from FY 2020 impacted by:
 - +€141m: lower cost of liabilities including:
 - +€58m customer accounts
 - +€65m net TLTRO benefit
 - +€18m lower volumes / rates of debt issued
 - -€119m: lower customer loan income from reduced average volumes and lower interest rate environment
 - -€47m: lower investment securities income as higher yielding assets rolling off and lower rate environment
 - -€51m: cost of excess liquidity (excl. TLTRO) placed with central banks and lower interest rate environment
- Excess liquidity management actions in place
 - expansion of negative rates strategy
 - grossing up impact of excess liquidity distorts NIM by 29bps
 - €1bn excess liquidity impacts NIM c. 2bps / NII c. €5m
- TLTRO €10bn drawdown

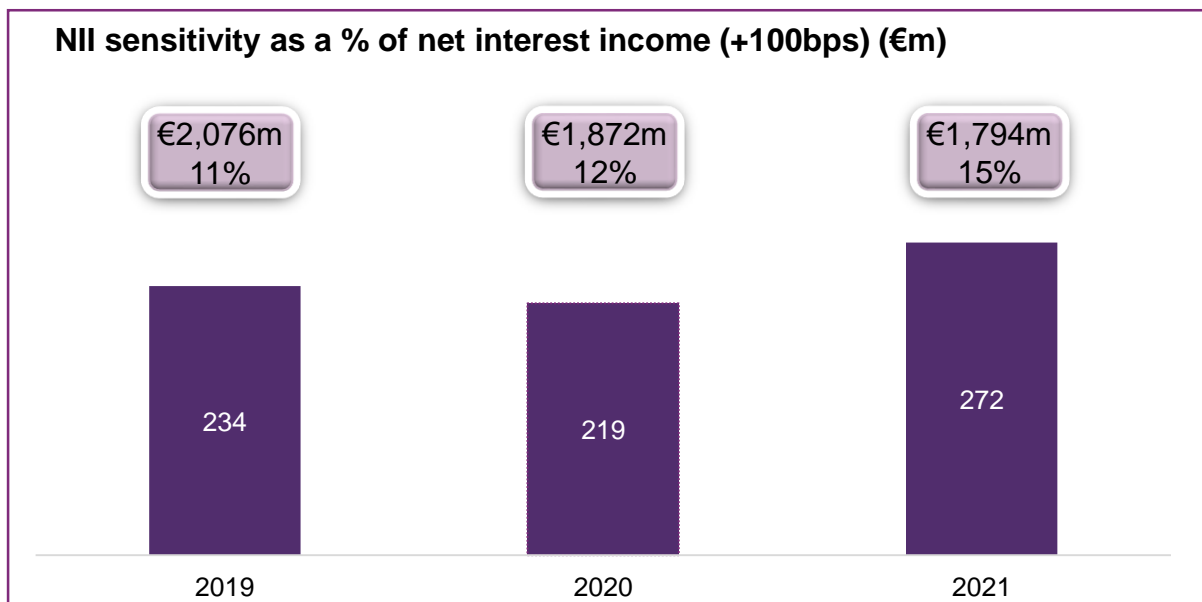
Various factors to impact – NII is expected to be stable in FY 2022⁽¹⁾

* Q4 Exit NIM excludes €50m of net TLTRO benefit

⁽¹⁾ on a pre-acquisition basis

NII sensitivity - positioned for rising rates

NII Sensitivity as at Dec 2021 (€m)	-100bps	+25bps	+50bps	+100bps
Euro	(193)	13	33	195
Sterling	(59)	14	29	57
Other (mainly US\$)	(20)	5	10	20
Total	(272)	32	72	272



NII sensitivity estimates are based on certain simplifying assumptions such as; a static/constant balance sheet, parallel rate movements.

- Total NII sensitivity at FY 21 shows a €272m benefit under the +100bps scenario over 12 months
- Euro NII sensitivity has been increasing steadily, primarily due to excess liquidity balances being placed with CBI
- As rates rise, non-linear dynamics become more pronounced and sensitivity to rising rates accelerates e.g. the impact of Euro zero rate floors on Euribor-priced lending diminishes
- AIB's NII sensitivity drivers tend to fall into one of three interest rate cohorts:
 - market rate portfolios (e.g. IBOR-priced lending);
 - official rate portfolios (e.g. balances placed with CBI)
 - managed rate portfolios (e.g. mortgages, negative interest rate strategy on customer liabilities)

Note: Reported sensitivities should not be considered a forecast of future performance in these rate scenarios

Other income +18%; fees & commission +21%

Net fees and commission income (€m)	FY 2021	FY 2020
Customer accounts	208	179
Credit related fees	50	40
Card	78	69
Wealth / insurance	38	38
Customer related FX	67	54
Payzone	15	15
Goodbody	24	-
Total net fees and commission income	480	395

Other income (€m) ⁽¹⁾	FY 2021	FY 2020
Net fee and commission income	480	395
Net income on equity investments	60	36
Realisation of cash flows on restructured loans	20	42
Other non-interest income	30	26
Total other income	590	499

- Other income €590m up 18%
 - Includes €24m for Goodbody for four months
- Fee and commission income €480m up €85m / +21%
 - Return to pre-pandemic activity levels with higher transaction volumes
 - Customer accounts up +15%
 - Credit related fees up +26%
 - Card income up +13%
 - Customer related FX up +23%

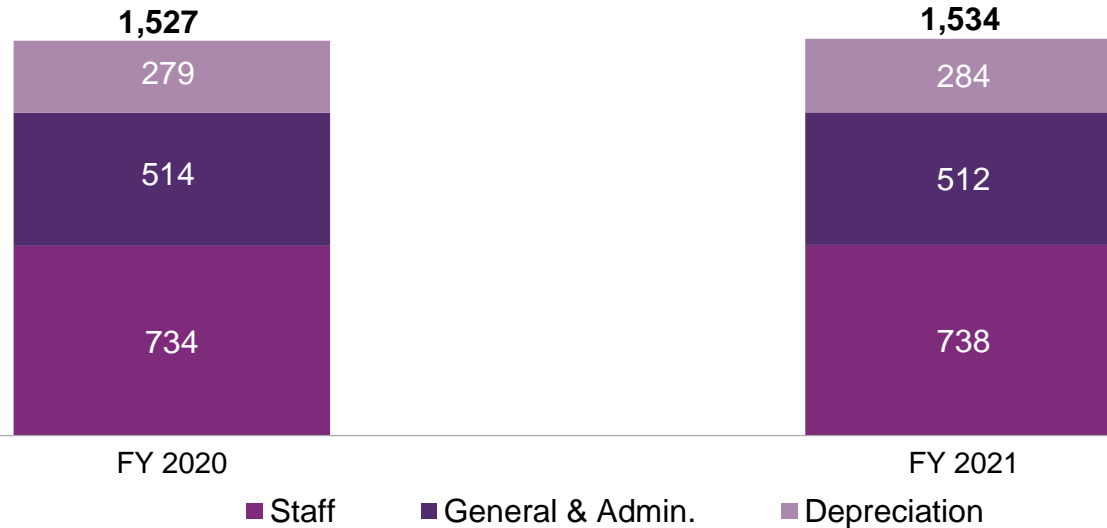
Expect c. €630m in FY 2022 ⁽²⁾

(1) Excludes exceptional items

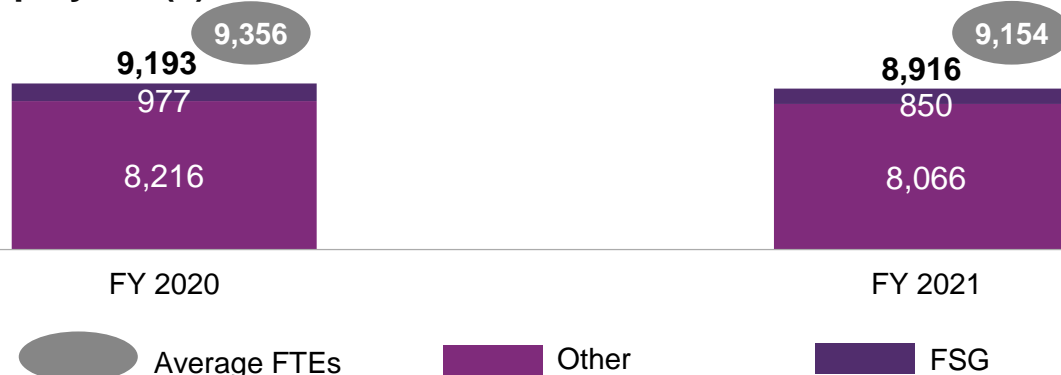
(2) On a pre-acquisition basis

Costs down 1% as guided

Operating expenses ⁽¹⁾ (€m)



FTEs ⁽²⁾ – employees (#)



- Costs €1,534m, down 1%
 - Includes €23m for Goodbody for four months
- Factors impacting costs:
 - lower FTEs partially offset by wage inflation
 - increased depreciation €5m
- FTEs reduced at the period end by 3% v FY 2020
- Exceptional items €318m primarily include:
 - €173m legacy restitution costs
 - €132m implementation of Strategy 2023
 - €21m acquisition costs of Ulster Bank loans and creation of JV with Great-West LifeCo

Expect flat costs FY 2022 v 2021⁽³⁾

(1) Excluding exceptional items, bank levies & regulatory fees

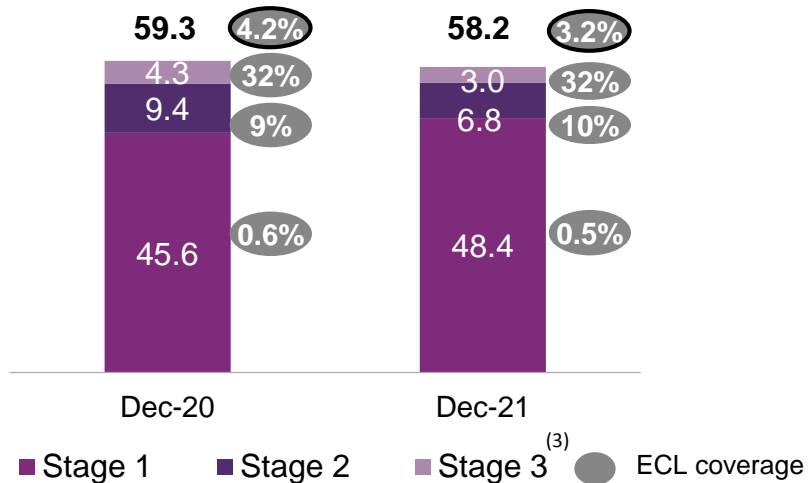
(2) Full time equivalent - period end

(3) On a pre-acquisition basis

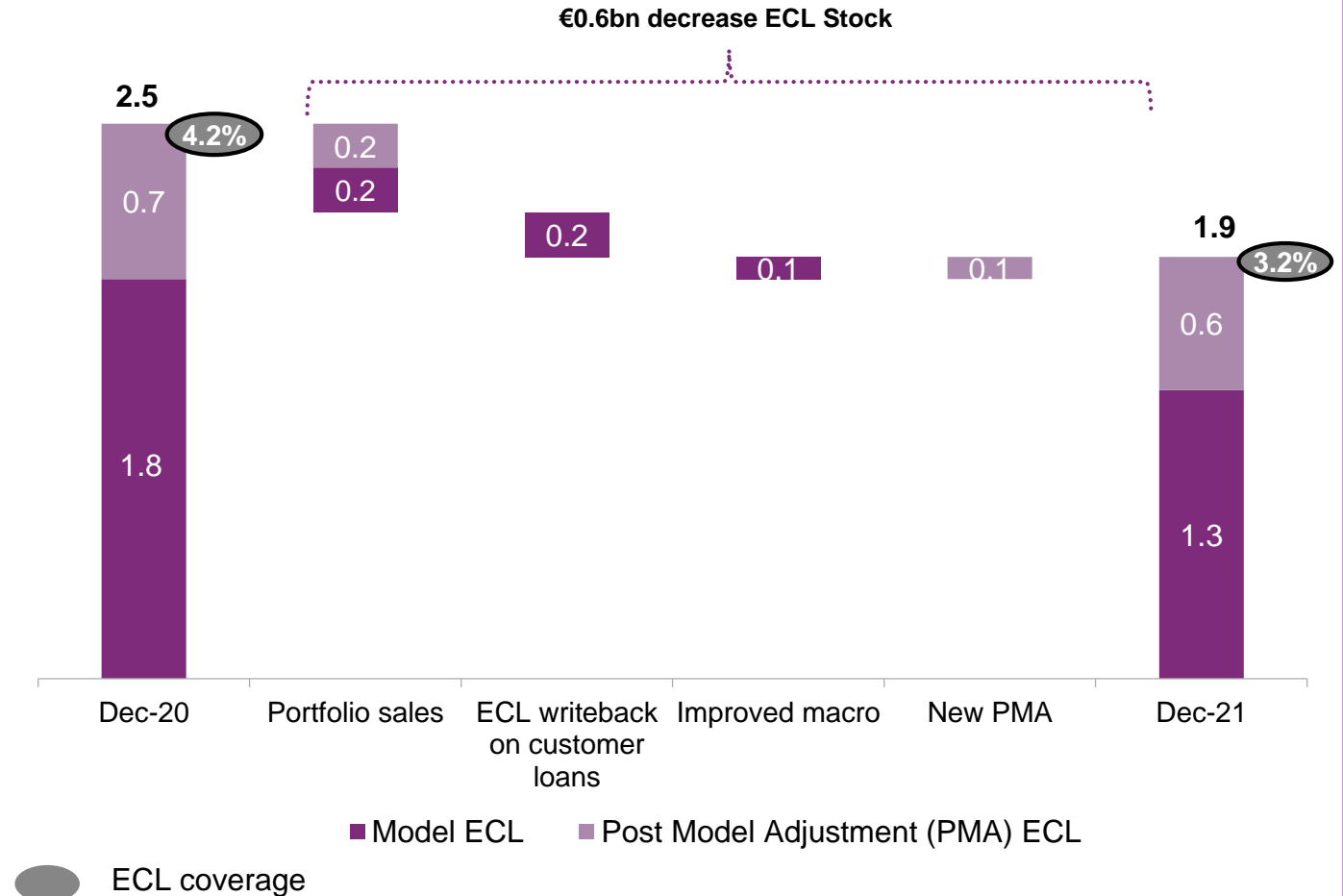
ECL writeback €238m / 40bps; coverage 3.2%

ECL writeback (€m)	FY 2021
Macroeconomic assumptions	132
Redemptions / repayments/ other ⁽¹⁾	241
Post model adjustments	(135)
Total ECL writeback	238

Loan book⁽²⁾ by Staging & Coverage (€bn)



ECL material stock movements (€bn)



(1) Includes recoveries of amounts previously written off
 (2) Loan book at amortised cost
 (3) Includes Purchased or Originated Credit Impaired Loans (POCI)
 (4) On a pre-acquisition basis

Maintain cautious approach; FY 2022 expect small charge⁽⁴⁾

BACKING OUR CUSTOMERS



Balance Sheet



Balance sheet – strong funding & liquidity to support economic recovery

Balance sheet (€bn)	Dec 2021	Dec 2020
Performing loans	55.3	55.1
Non-performing loans	3.1	4.3
Gross loans to customers	58.4	59.4
Expected credit loss allowance	(1.9)	(2.5)
Net loans to customers	56.5	56.9
Investment securities	17.0	19.5
Loans to central banks and banks	47.9	27.4
Other assets	6.5	6.6
Total assets	127.9	110.4
Customer accounts	92.9	82.0
Deposits by banks	10.4	4.7
Debt securities in issue	5.8	5.5
Other liabilities	5.1	4.8
Total liabilities	114.2	97.0
Equity	13.7	13.4
Total liabilities & equity	127.9	110.4

Assets

- Performing loans increased by €0.2bn
- New lending €10.4bn exceeded by redemptions €10.9bn
 - New lending up 13% v FY 2020
- Loans to banks €47.9bn increased due to excess liabilities from increased customer account balances and additional €6bn TLTRO drawn down in 2021
 - includes €35.2bn with the Central Bank of Ireland and €6.6bn with the Bank of England

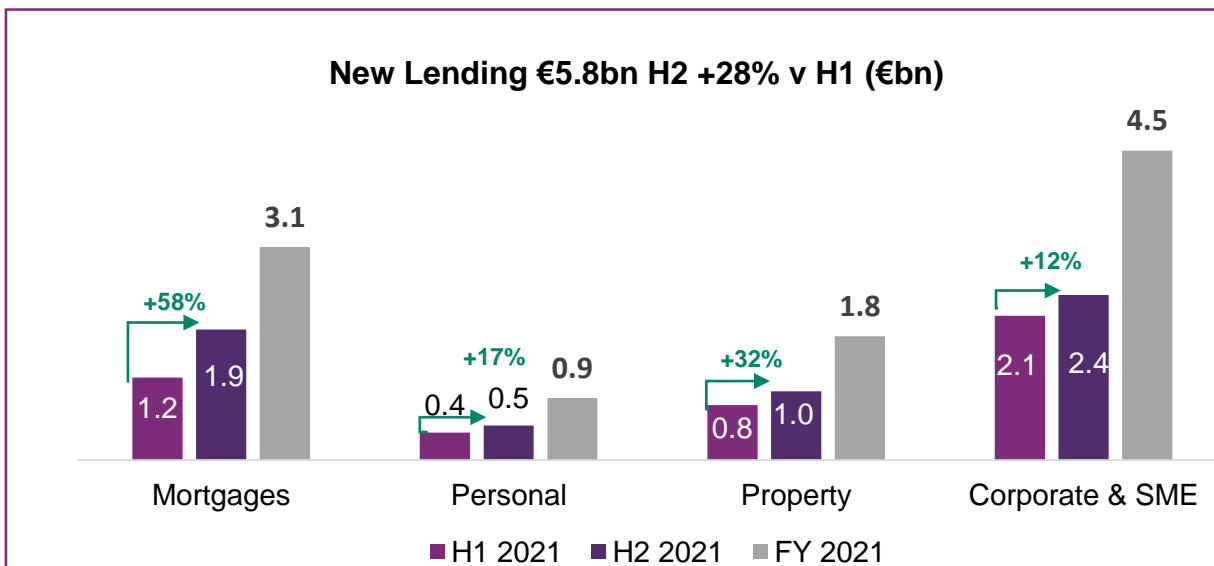
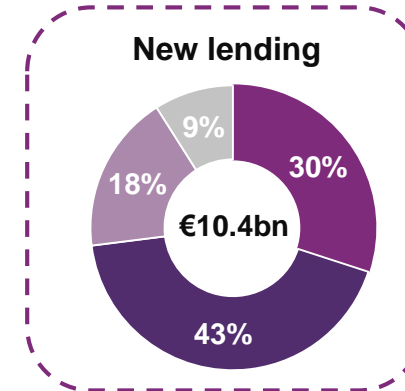
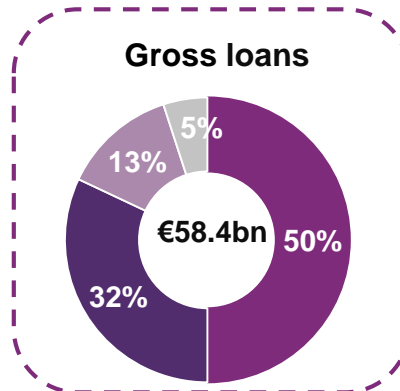
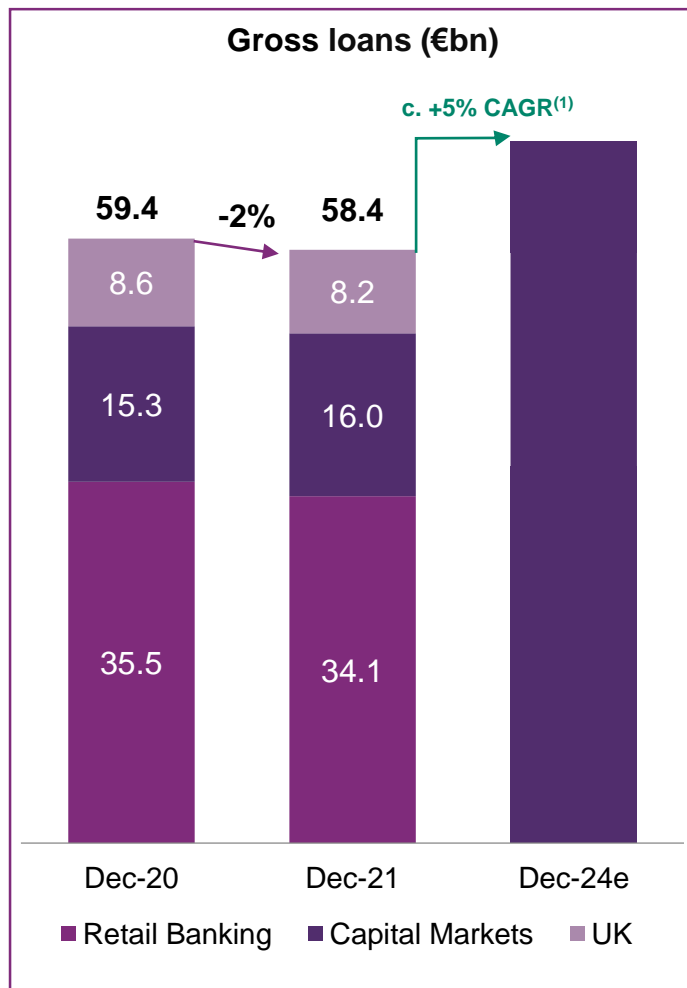
Liabilities

- Customer accounts €92.9bn increased €10.9bn reflecting higher rate of savings

Key capital metrics (%)	Dec 2021	Dec 2020
CET1 ratio (FL)*	16.6%	15.6%
CET1 ratio (transitional)*	19.2%	18.9%
Leverage ratio	7.6%	8.3%

* Proforma CET 1 reflects impact of proposed buyback - fully loaded 16.5% and transitional 19.0%

Gross loans of €58.4bn; New lending €10.4bn +13%

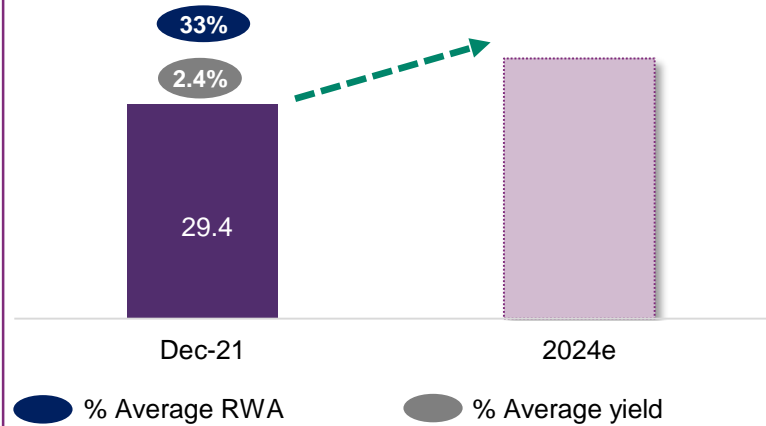


⁽¹⁾ On a pre-acquisition basis

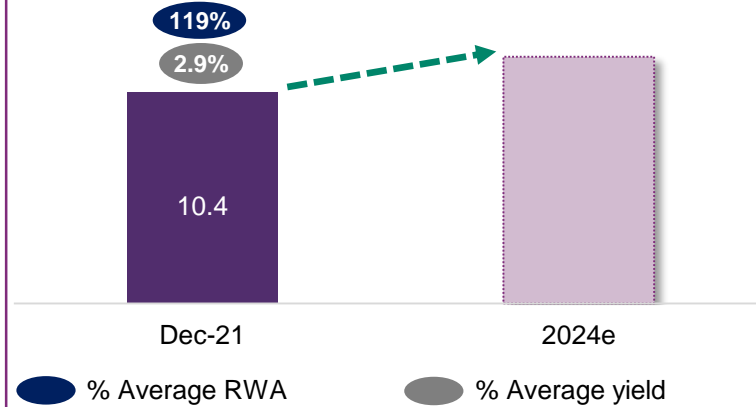


Loan book growth in all core business lines; 5% CAGR to 2024⁽¹⁾

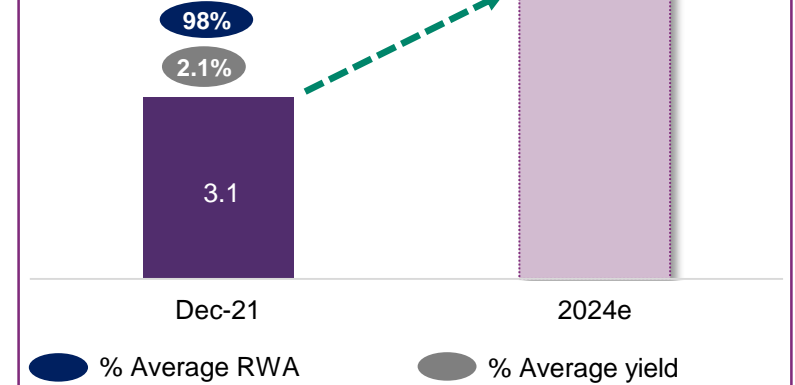
Mortgages €bn



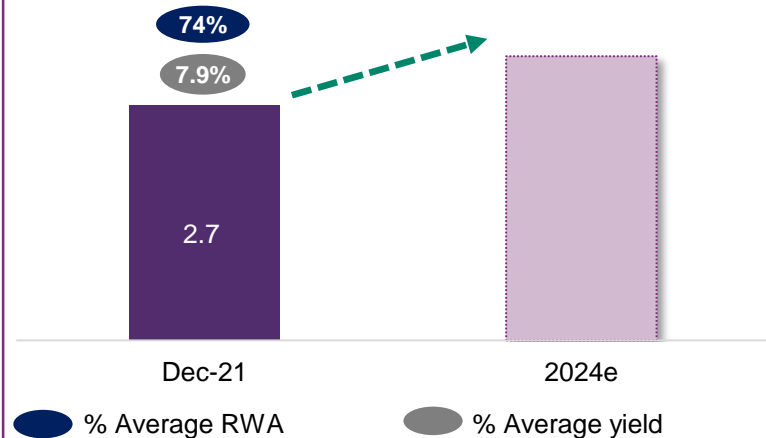
Corporate €bn



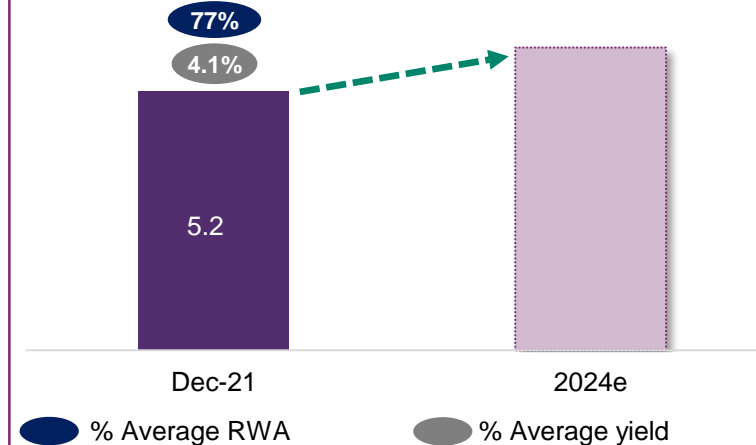
Energy, Climate Action & Infrastructure (ECAI) (€bn)



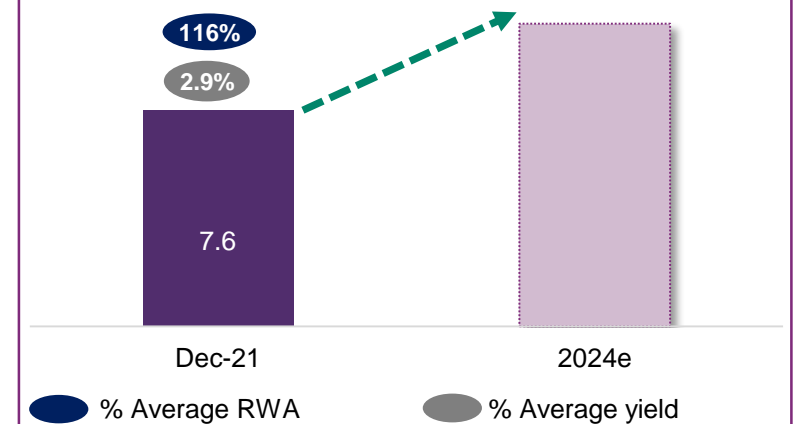
Personal €bn



Commercial / SME €bn

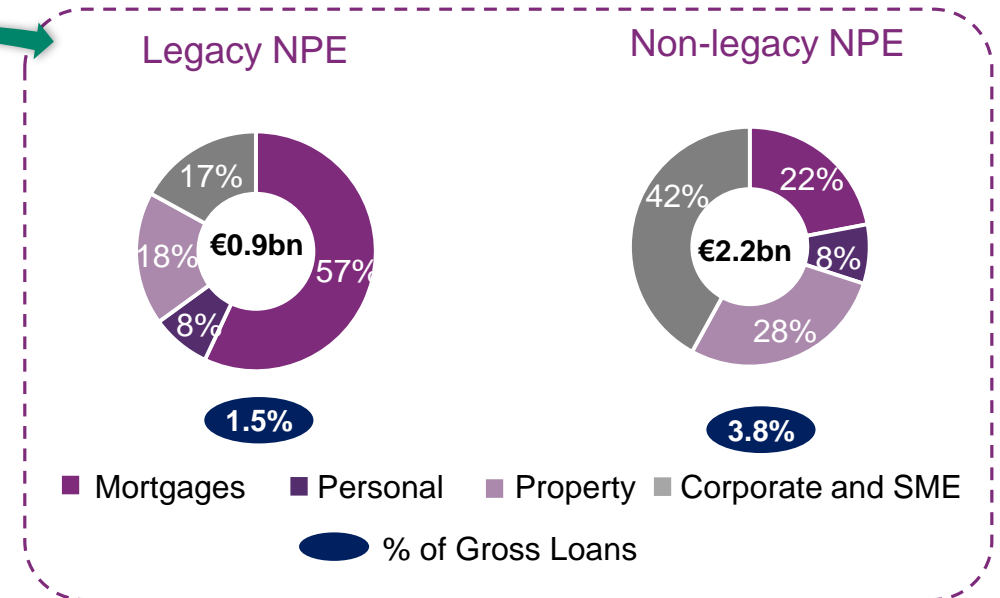
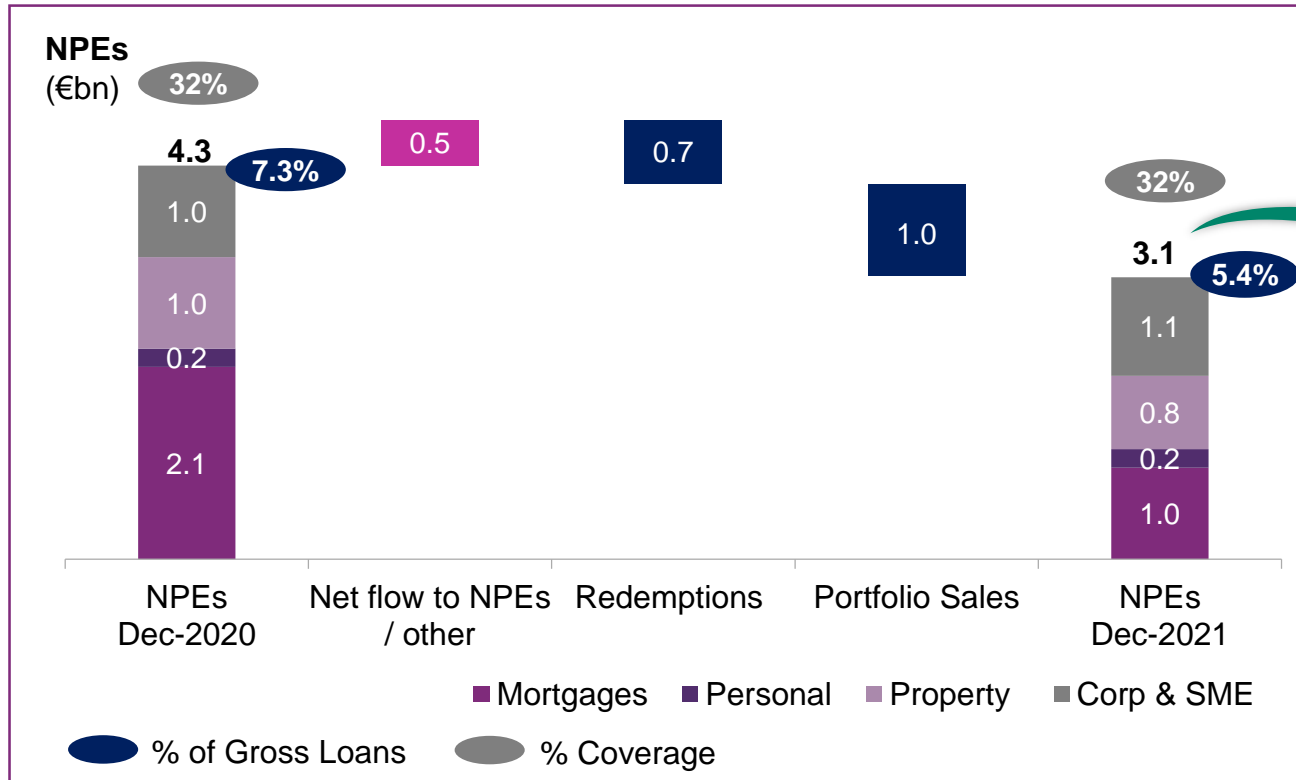


Property €bn



⁽¹⁾ On a pre-acquisition basis

NPEs at 5.4% declined 28%; target c. 3% by 2023



NPEs €3.1bn / 5.4% Dec 21

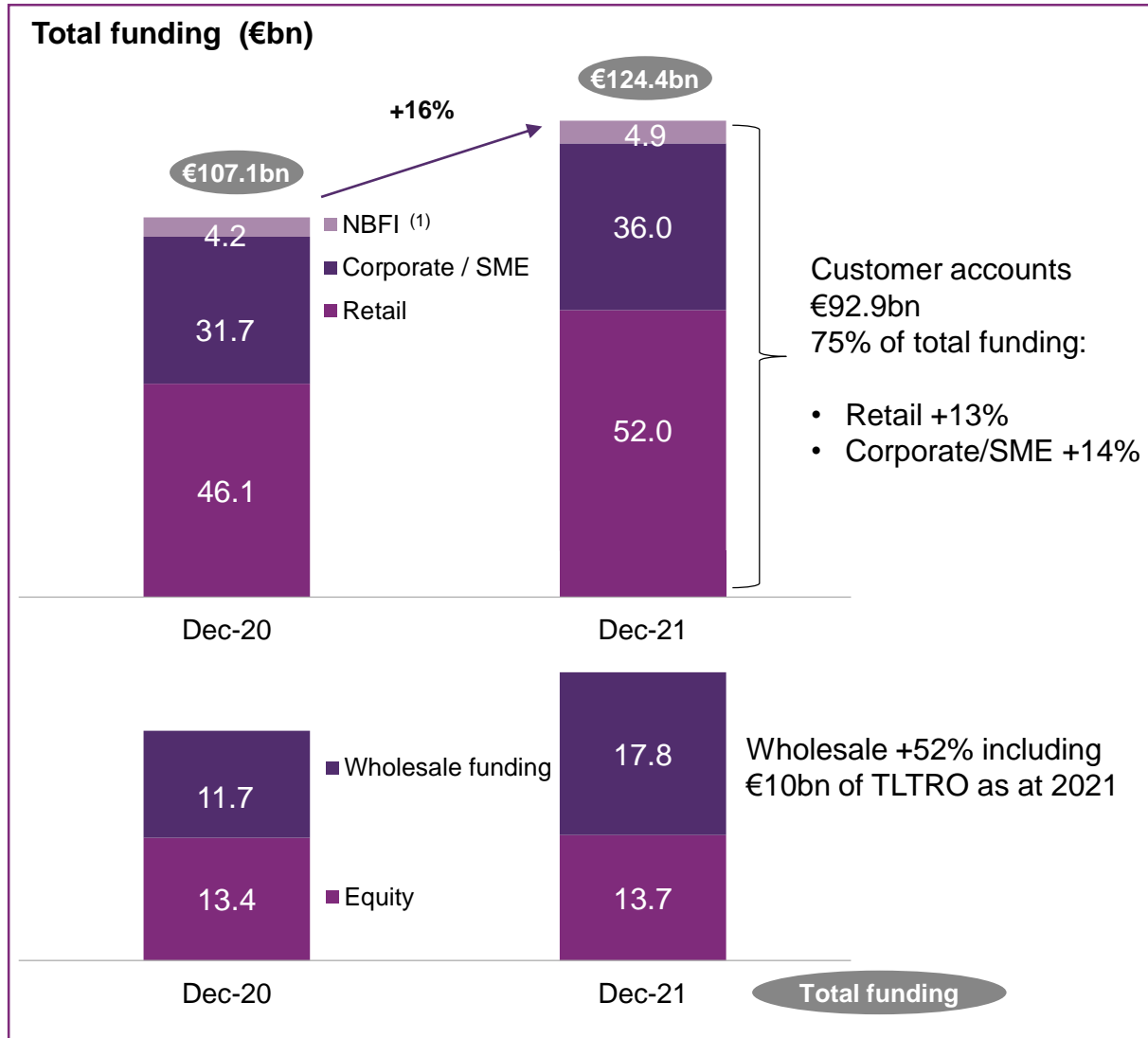
- €0.9bn / 1.5% legacy NPEs in default prior to Dec 2018 and which may form part of alternative recovery strategies including future loan sales
- €2.2bn / 3.8% non-legacy NPEs are mainly in sectors most impacted by COVID-19 restrictions
 - Corporate and SME €0.9bn / 42% includes accommodation, bars and restaurants
 - Property €0.6bn / 28% includes retail shopping centers
 - Non-legacy assets have a higher propensity to cure, particularly as the macroeconomic environment improves post COVID-19

BACKING OUR CUSTOMERS



Funding and capital

Strong funding driven by increased customer deposits



Liquidity metrics (%)	Dec 2021	Dec 2020
Loan to deposit ratio (LDR)	61	69
Liquidity coverage ratio (LCR)	203	193
Net stable funding ratio (NSFR)	160	148

MREL

- MREL target met
- €6.6bn MREL issued - €750m green bond issued in 2021
- On average expect 2-3 senior non-preferred issuances p.a.

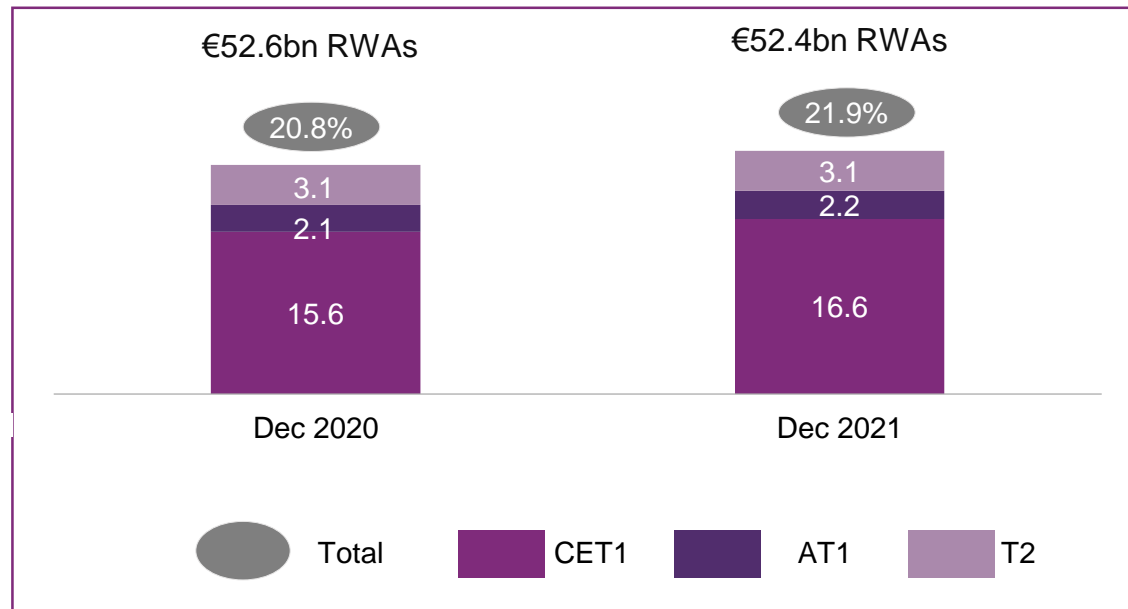
TLTRO

- TLTRO €10bn as at Dec 2021

(1) Includes Credit Unions & Government deposits

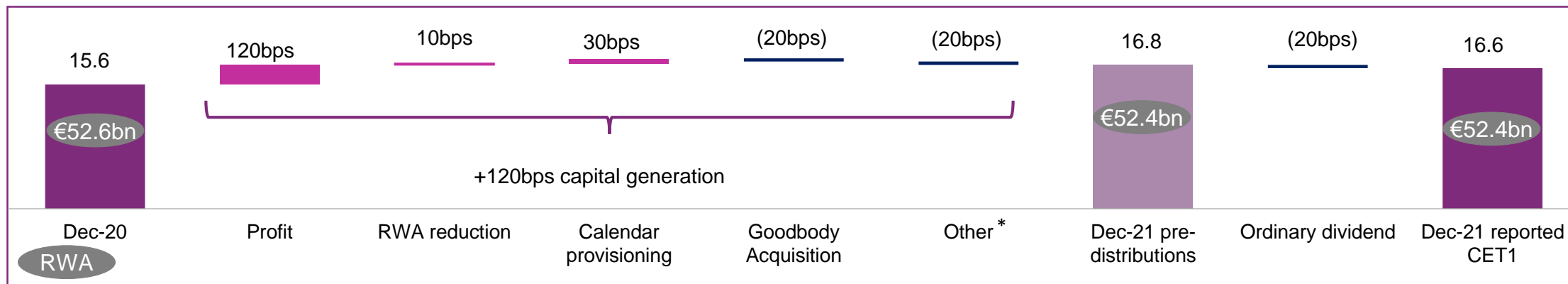
CET1 (FL)⁽¹⁾ 16.6% up 100bps; resumption of distributions

Capital ratios fully loaded (FL) (%)



- CET1 (FL) ratio 16.6% up 100bps from Dec 20
 - +120bps capital generation
 - -20bps ordinary dividend
- Proforma CET1 16.5% reflecting impact of proposed buyback
- Calendar provisioning +30bps mainly reflects portfolio sales
- Strong buffer to MDA / SREP of 10.20%
 - CET 1 (FL) 16.6%; 6.4% buffer
 - CET 1 Transitional 19.2%; 9% buffer

CET1 (FL) movements (%)



(1) Proforma CET1 16.5% reflecting impact of proposed buyback

* Other includes AT1 coupon paid, investment securities and other capital deductions

Capital: CET1 target of >13.5%

Capital requirements	Dec 2021	Dec 2022
Pillar 1	4.50%	4.50%
Pillar 2 requirement (P2R)	1.69%	1.55%
Capital Conservation Buffer (CCB)	2.50%	2.50%
O-SII Buffer	1.50%	1.50%
Countercyclical Buffer (CCyB)	0.01%	0.15%
Total CET1	10.20%	10.20%
AT1	2.06%	2.02%
Tier 2	2.75%	2.69%
Total capital	15.01%	14.90%

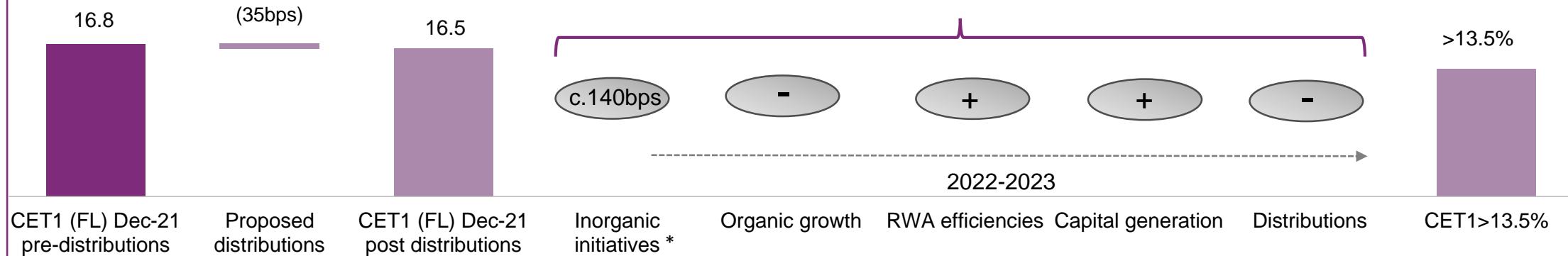
Appropriate CET1 target

- SREP P2R reduced by 25bps to 2.75% from 3.00%; CET1 portion reduced from 1.69% to 1.55%
- Optimised capital stack with AT1 and Tier 2 buckets filled
- >3% buffer from SREP to medium-term target of >13.5%
- More accurately reflects risk profile of Group
- Will explore further RWA efficiency measures

Distribution policy

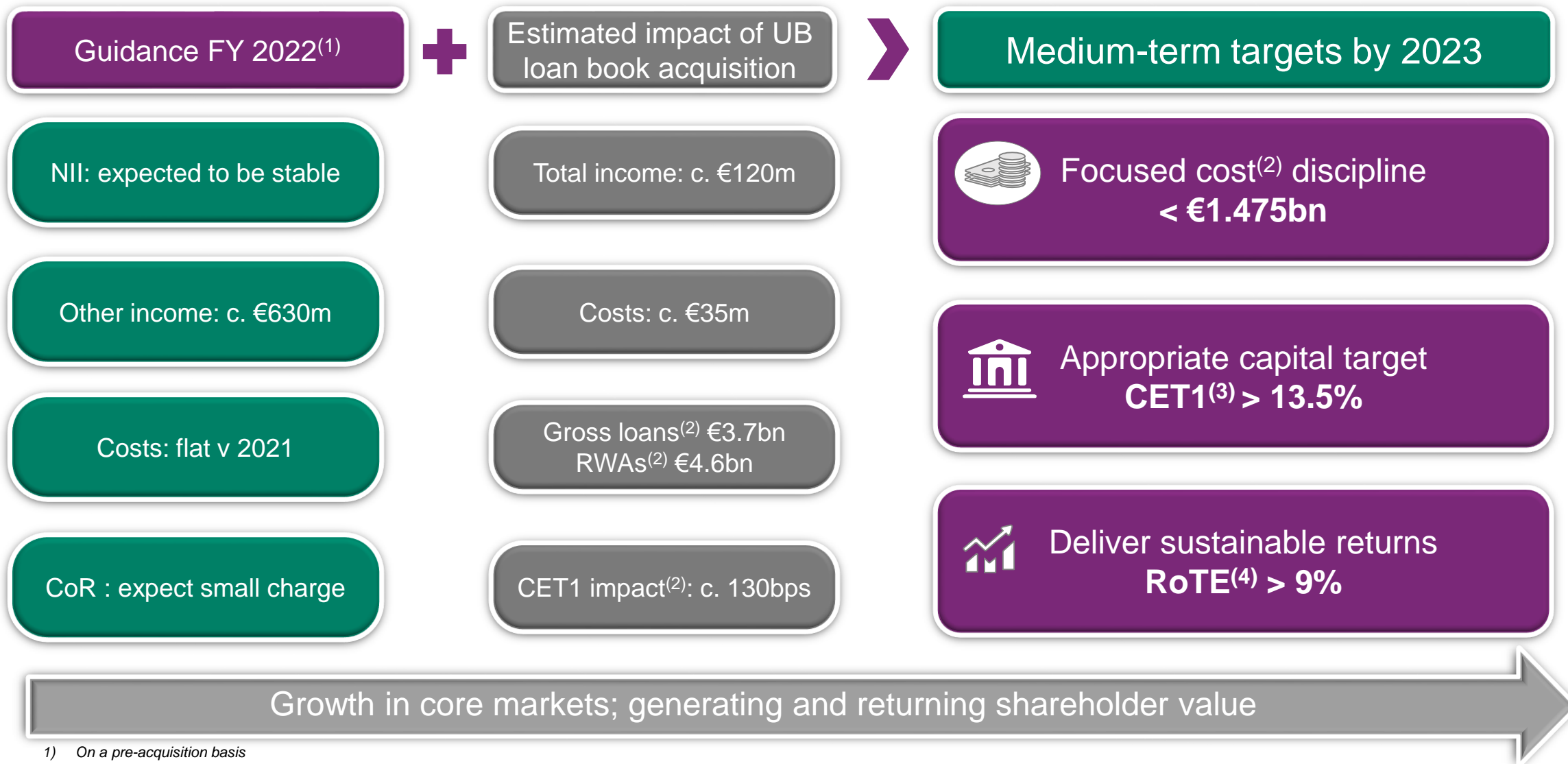
- Policy of 40-60% payout subject to regulatory approval
 - Assess balance between dividends and buybacks going forward

CET1 outlook (%)



* Includes 130bps for Ulster Bank loan book acquisition and c. 10bps for Great-West LifeCo JV

Medium term targets by 2023; Guidance 2022



1) On a pre-acquisition basis
 2) Estimates based on transaction had it completed on 31 December 2021
 3) Costs before bank levies and regulatory fees and exceptional items
 4) Fully loaded
 5) $RoTE = (PAT - AT1) / (CET1 \text{ @ } 13.5\% \text{ of RWAs})$

BACKING OUR CUSTOMERS



Appendices



Awards and Recognition



Appointment to 2021 CDP Supplier Engagement Leaderboard



Best Business Bank 2021



Rosie Lyon, AIB UK Global Young Banker of the Year.



Gold – Achievement in Customer Training



LEED Gold for commercial interiors in AIB Molesworth St.



First bank in Ireland to receive silver accreditation



Mentor Her – Winner in Excellence in Diversity & Inclusion



Best Use of Customer Insight and Feedback



Best Use of Technology – Transformation Programme



Customer Experience Team of the Year



Winner - Diversity Initiative 2021 supporting women returning to the workplace.



Most Popular Graduate Recruiter in Banking, Investment & Financial Services 2021

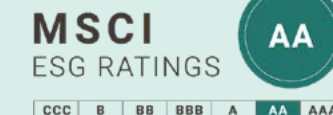
RATINGS



On 19 April 2021 AIB received an ESG Risk Rating of 14.5 and was assessed by Sustainalytics to be at Low Risk of experiencing material financial impacts from ESG factors. Our ESG Risk Rating placed AIB in the 6th percentile of the banks assessed by Sustainalytics. (1st = lowest ESG Risk)**

S&P Global

In the 2021 Corporate Sustainability Assessment AIB achieved an increased score of 70/100 (2020: 61/100) which, as at 12 November 2021, placed us in the 87th percentile of banks (2020: 78th percentile). AIB is also listed as a member of the Sustainability Yearbook 2022.



AIB was rated as AA (Leader) on 22 Jan 2021, up from A (Average) in 2019



FTSE4Good

Since July 2020, AIB is a member of the FTSE4Good Index Series which identifies companies that demonstrate strong environmental, social and governance practices.



The international environmental impact non-profit organisation CDP highlighted AIB as a global leader in corporate climate action. AIB has achieved the Leadership rating since 2016 and was the only bank in Ireland or the UK to make the Global A list in 2020

Average balance sheet

	FY 2021			FY 2020		
	Average Volume €m	Interest €m	Yield %	Average Volume €m	Interest €m	Yield %
Assets						
Customer loans	57,697	1,846	3.20	59,586	1,965	3.29
Investment securities	17,676	65	0.37	18,389	112	0.61
Loans to banks / other	38,028	(114)	(0.30)	18,062	(28)	(0.15)
Interest earning assets	113,401	1,797	1.58	96,037	2,049	2.13
Non interest earning assets	6,294			7,227		
Total Assets	119,695	1,797		103,264	2,049	
Liabilities & equity						
Customer accounts	48,439	(3)	(0.01)	40,766	54	0.13
Deposits by banks	7,722	(102)	(1.32)	1,870	(3)	(0.15)
Other debt issued	5,587	55	0.98	6,089	68	1.11
Subordinated liabilities	1,553	41	2.65	1,481	45	3.05
Lease liabilities	364	12	3.28	408	13	3.18
Interest earning liabilities	63,665	3	-	50,614	177	0.35
Non interest earning liabilities	42,518			38,682		
Equity	13,512			13,968		
Total liabilities & equity	119,695	3		103,264	177	
Net interest income / margin		1,794	1.58		1,872	1.94

Customer loans

€bn	Performing Loans	Non-Performing Loans	Customer Loans
Gross loans (1 Jan 2021)	55.1	4.3	59.4
New lending	10.4	-	10.4
Redemptions of existing loans	(10.2)	(0.7)	(10.9)
Portfolio sales	(0.3)	(1.0)	(1.3)
Net flow to NPE	(0.5)	0.5	-
Foreign exchange / other movements	0.8	-	0.7
Gross loans (31 Dec 2021)	55.3	3.1	58.4
ECL allowance	(1.0)	(0.9)	(1.9)
Net loans (31 Dec 2021)	54.3	2.2	56.5

Loan book* by staging and coverage

Dec 2021 Gross loan exposures (€bn)	Stage 1	Stage 2	Stage 3**	Total exposure
Mortgages	26.9	1.5	1.0	29.4
Personal	2.2	0.2	0.3	2.7
Property & Construction	5.4	1.4	0.6	7.4
Corporate & SME	13.9	3.7	1.1	18.7
Total	48.4	6.8	3.0	58.2
Stage composition	83%	12%	5%	100%
ECL	0.2	0.7	0.9	1.9
ECL coverage	0.5%	10%	32%	3.2%

Dec 2020 Gross loan exposures (€bn)	Stage 1	Stage 2	Stage 3**	Total exposure
Mortgages	26.5	2.0	2.1	30.7
Personal	2.2	0.3	0.2	2.8
Property & Construction	4.3	2.1	1.0	7.3
Corporate & SME	12.6	5.0	1.0	18.7
Total	45.7	9.4	4.3	59.3
Stage composition	77%	16%	7.2%	100%
ECL	0.3	0.8	1.4	2.5
ECL coverage	0.6%	9%	32%	4.2%

Movements in loan exposures & ECL (€bn)	Stage 1	Stage 2	Stage 3**	Total exposure
Mortgages	0.4	(0.6)	(1.1)	(1.2)
Personal	-	(0.1)	-	(0.1)
Property & Construction	1.0	(0.7)	(0.2)	0.1
Corporate & SME	1.3	(1.3)	0.1	0.1
Total	2.7	(2.6)	(1.3)	(1.1)
ECL movement	(0.1)	(0.1)	(0.5)	(0.6)

*Loan book at amortised cost

**includes Purchased or Originated Credit Impaired Loans (POCI)

***Fair value through Profit and Loss (FVTPL)

Loan book by staging – €58.2bn loan exposures

- Stage 1 loan exposures increased by €2.7bn to €48.4bn (83% of the loan book)
- Stage 2 loan exposures decreased by €2.6bn to €6.8bn (12% of the loan book)
 - Mortgages down €0.6bn
 - Property & Construction down €0.7bn
 - Corporate & SME down €1.3bn
- Stage 3 loan exposures decreased by €1.3bn to €3bn (5% of the loan book)
 - Mortgages down €1.1bn due to portfolio sales
 - Property & Construction down €0.2bn mainly due to €0.2bn of loans transferred to FVTPL*** (and classified as NPEs)
 - Corporate & SME increased €0.1bn reflecting downward staging migration of Hotels, Bars & Restaurants.

ECL stock €1.9bn / coverage 3.2% down from 4.2% in Dec 20

- Coverage in Stage 3 remained at 32%

Stage movements

Dec 2021				
Gross loan exposures (€bn) (excluding Mortgages & Personal)	Stage 1	Stage 2	Stage 3*	Total exposure
Property & Construction	5.3	1.4	0.6	7.4
Hotels, Bars & Restaurants	0.4	1.8	0.5	2.7
Retail /Wholesale	1.2	0.2	0.1	1.5
Manufacturing	1.3	0.3	0.1	1.6
Energy	2.1	0.1	-	2.2
Transport	1.3	0.3	-	1.6
Financial	0.3	-	-	0.3
Agriculture	1.4	0.2	0.1	1.7
Other Services	3.0	0.5	0.2	3.7
Syndicated & International Finance	2.9	0.4	-	3.3
Total	19.2	5.2	1.6	26.0

Movements				
Gross loan exposures (€bn) (excluding Mortgages & Personal)	Stage 1	Stage 2	Stage 3*	Total exposure
Property & Construction	1.0	(0.7)	(0.2)	0.1
Hotels, Bars & Restaurants	(0.2)	(0.1)	0.1	(0.2)
Retail /Wholesale	0.2	(0.3)	-	(0.1)
Manufacturing	0.3	(0.2)	-	0.1
Energy	0.4	0.1	-	0.5
Transport	0.4	(0.1)	-	0.3
Financial	-	-	-	-
Agriculture	0.2	(0.2)	-	-
Other Services	0.1	(0.3)	-	(0.2)
Syndicated & International Finance	-	(0.3)	-	(0.3)
Total	2.3	(2.0)	(0.1)	0.2

*includes Purchased or Originated Credit Impaired Loans (POCI)

**Fair value through Profit and Loss (FVTPL)

Stage movements (excluding Mortgages & Personal)

- Stage 1 loan exposures increased €2.3bn primarily due to new lending and upward staging movements
- Stage 2 loan exposures decreased by €2bn to €5.2bn primarily due to redemptions and some downward staging movements:
 - Property & Construction down €0.7bn
 - Corporate & SME sectors down €1.3bn
- Stage 3 exposures in line with Dec 20 at €1.6bn
 - Property & Construction** - €0.2bn decrease in Stage 3 loan exposures mainly due to loans reclassified to FVTPL** (and classified as NPEs)
 - Hotels, Bars & Restaurants** - There was €0.1bn flow to Stage 3 reflecting impact of Covid-19 restrictions
- Syndicated and International Finance (SIF)** – minimal movements observed in total exposures and within stages. Exposures in SIF are well diversified by name and sector with the top 20 names accounting for 24% of the total and 67% of the book is rated B+ or above

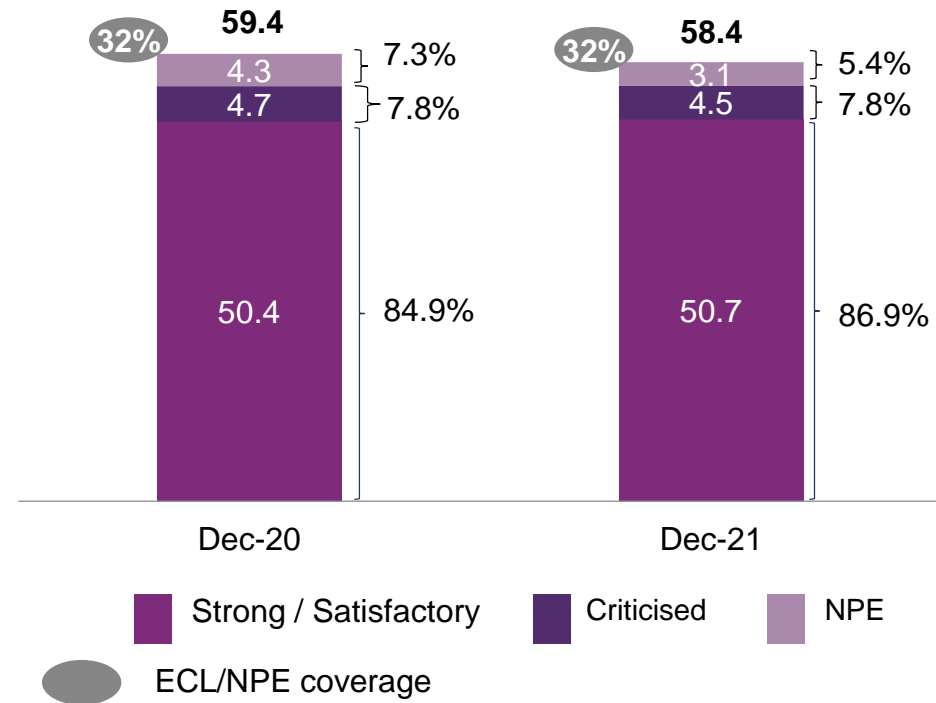
Asset quality by portfolio

€bn	Mortgages	Personal	Property	Corporate & SME	Total
Dec 2021					
Customer loans*	29.4	2.7	7.6	18.7	58.4
Total ECL cover (%)	1%	8%	4%	5%	3.2%
of which NPEs	1.0	0.2	0.8	1.1	3.1
of which legacy NPEs	0.5	0.1	0.2	0.2	0.9
of which non legacy NPEs	0.5	0.1	0.6	0.9	2.2
ECL on NPE	0.3	0.2	0.2	0.3	1.0
ECL / NPE coverage** %	30%	64%	28%	29%	32%
Dec 2020					
Customer loans	30.6	2.8	7.4	18.6	59.4
Total ECL cover (%)	3%	8%	5%	6%	4%
of which NPEs	2.1	0.2	1.0	1.0	4.3
ECL on NPE	0.7	0.2	0.2	0.3	1.4
ECL / NPE coverage %	34%	61%	22%	32%	32%

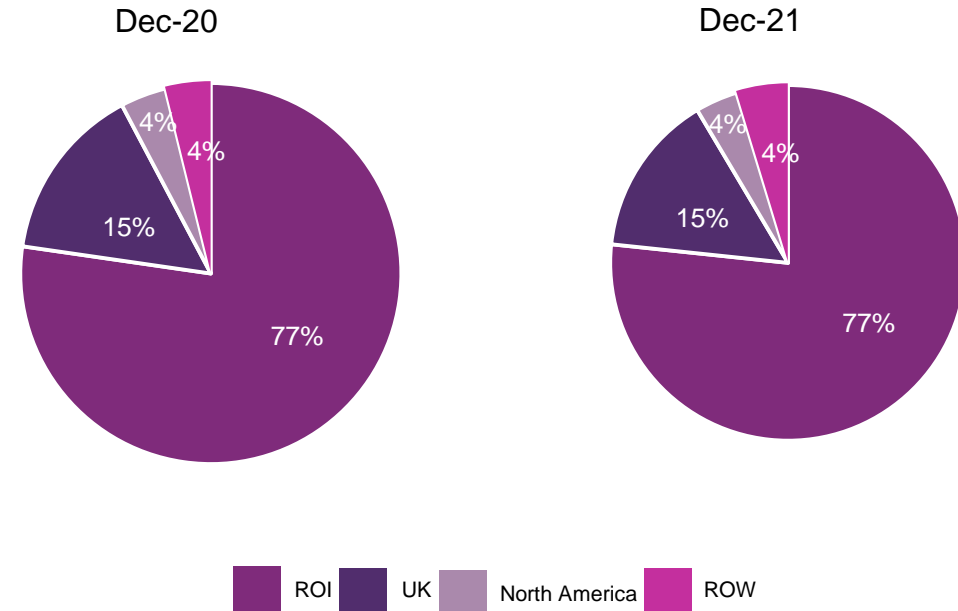
- * includes €0.3bn customer loans at FVTPL
- ** ECL allowance as a % of total loans and advances to customers carried at amortised cost

Asset quality – total portfolio

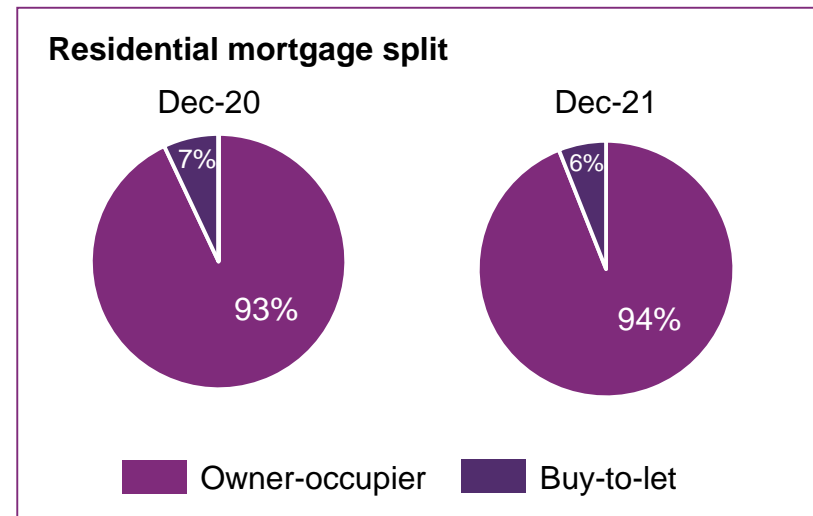
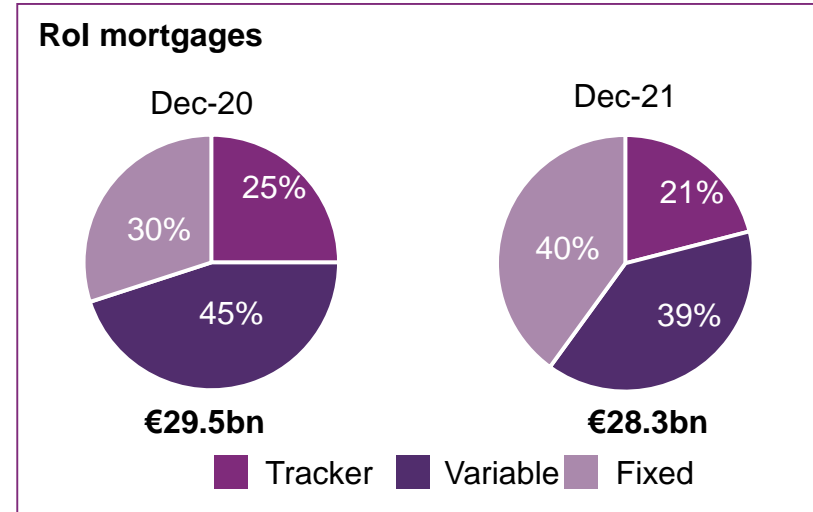
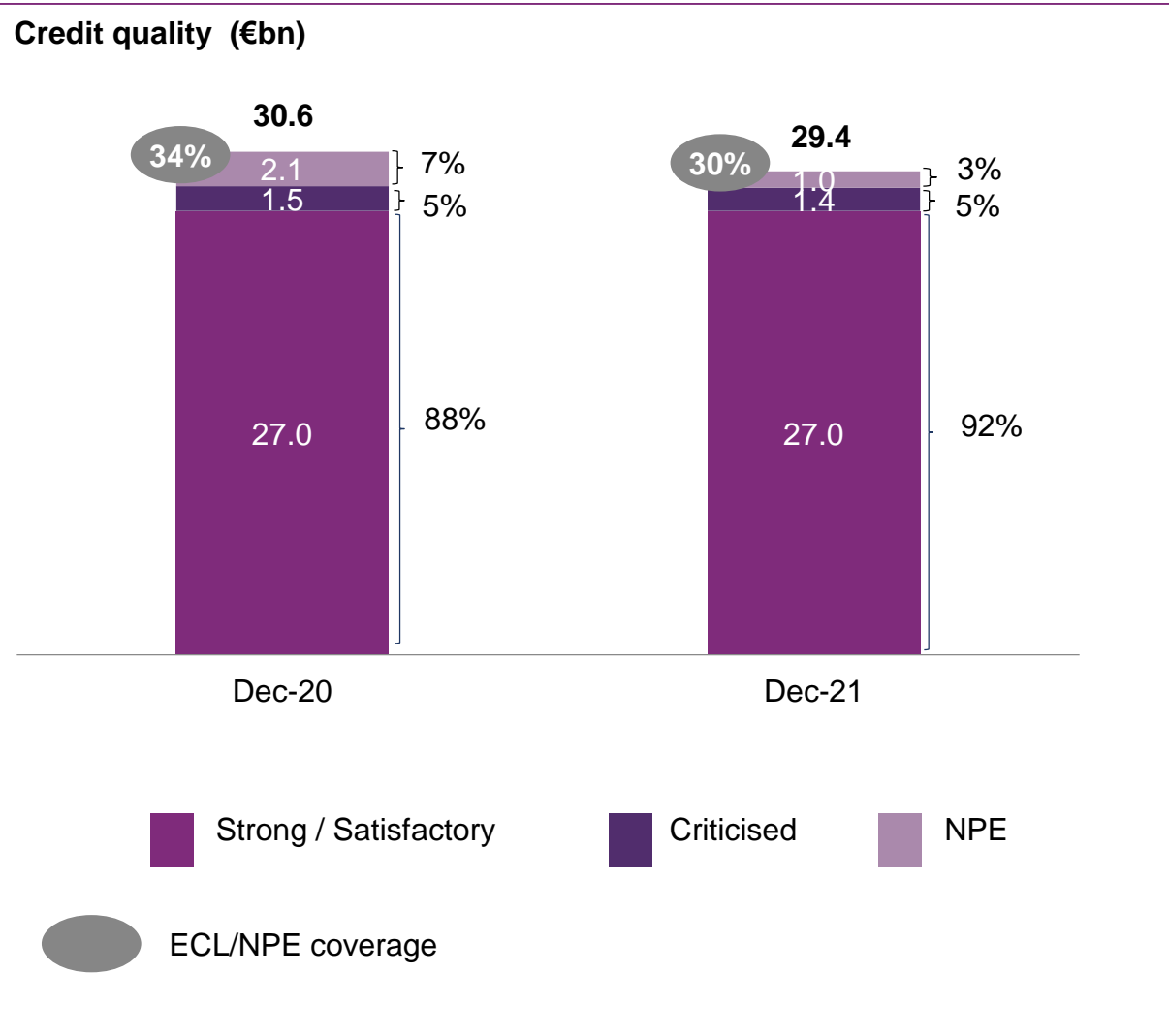
Total portfolio (€bn)



Performing loans by geography

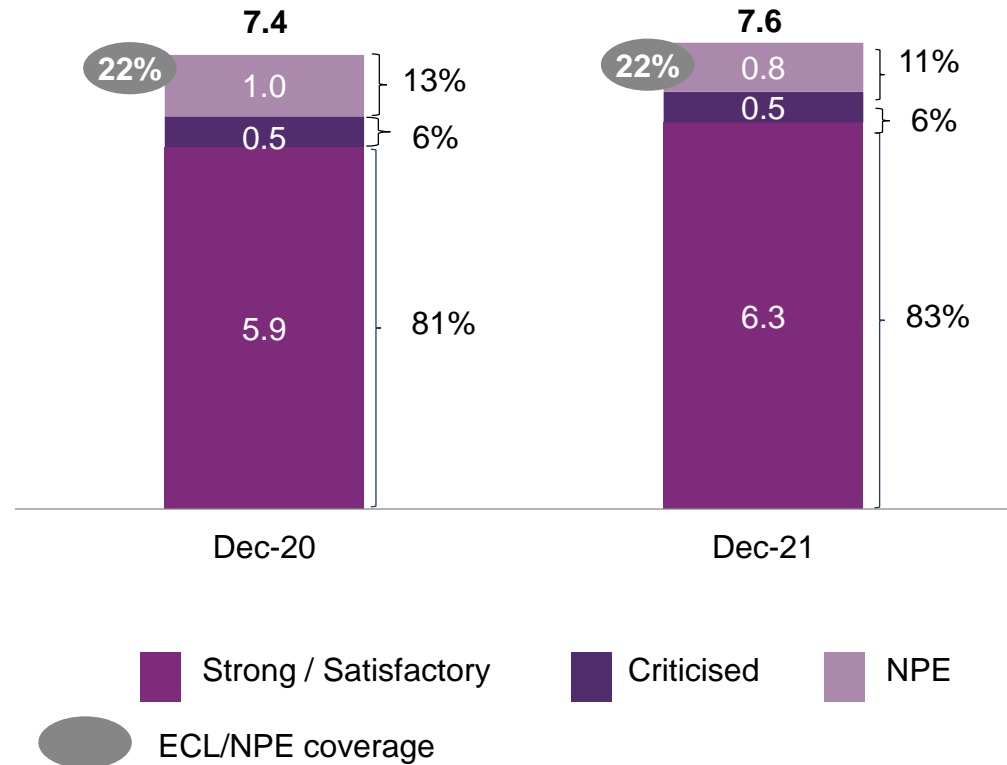


Asset quality - mortgages

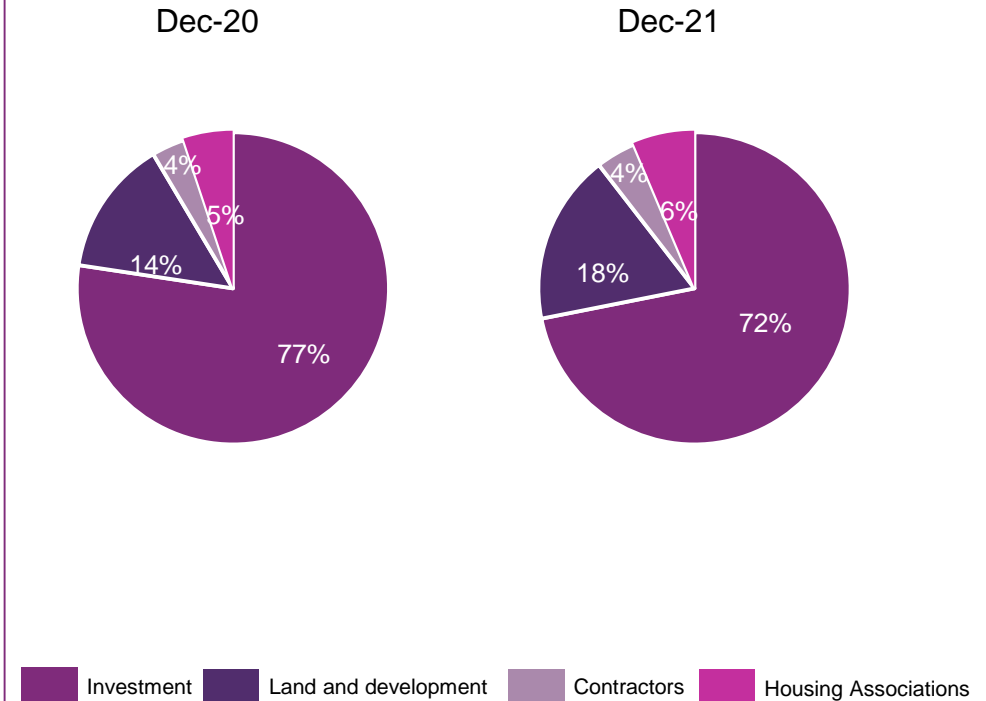


Asset quality – property & construction

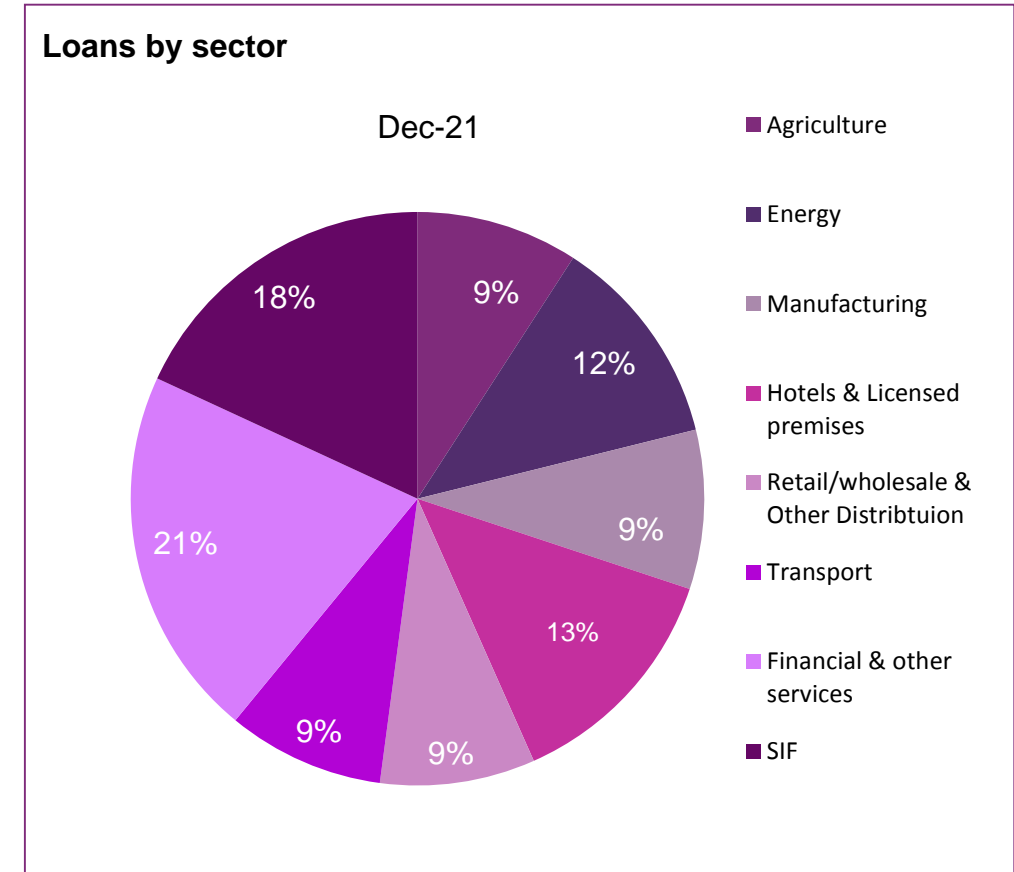
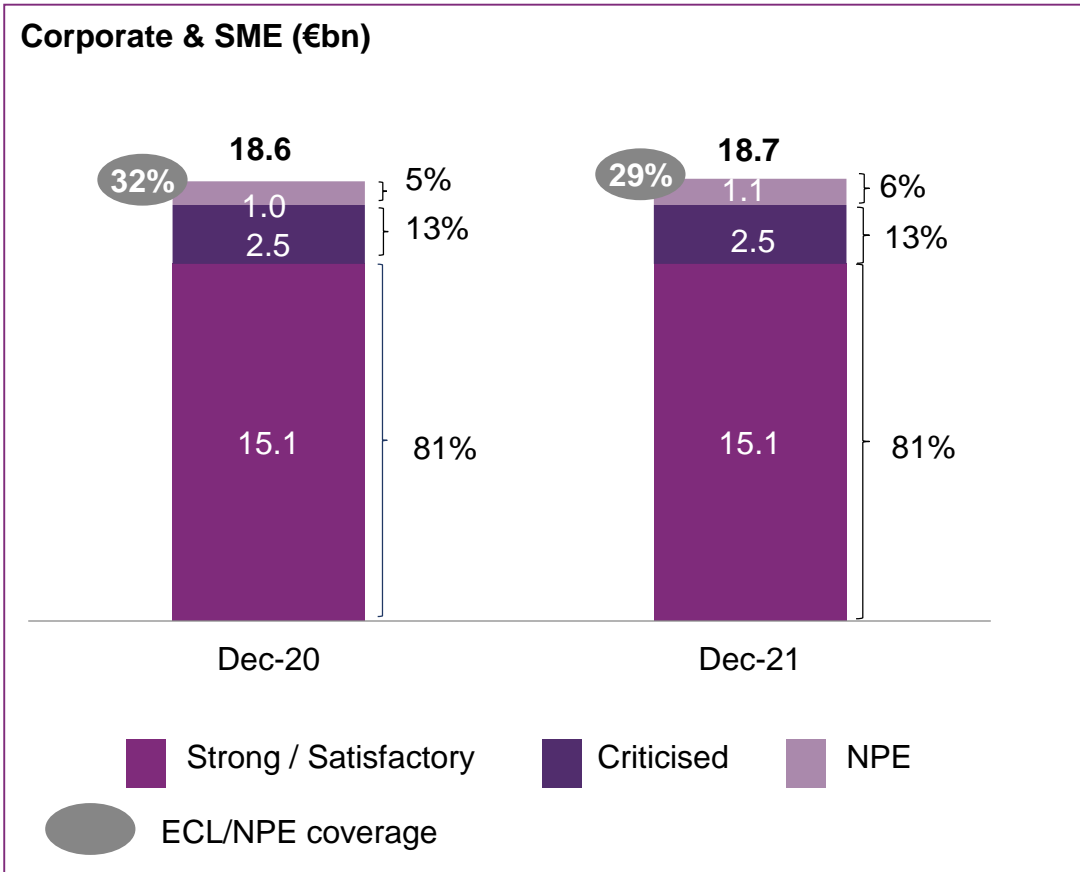
Property & construction (€bn)



Loans at amortised cost by segment

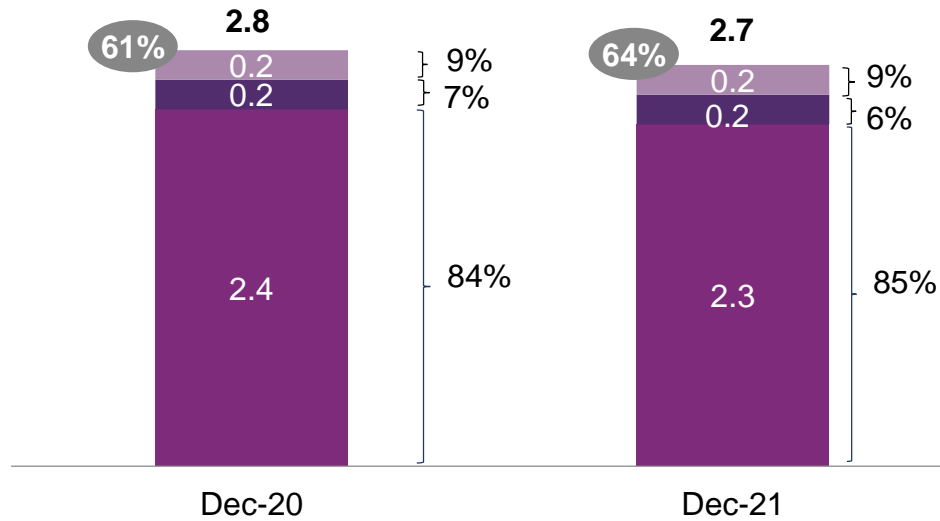


Asset quality – Corporate & SME



Asset quality – Personal portfolio

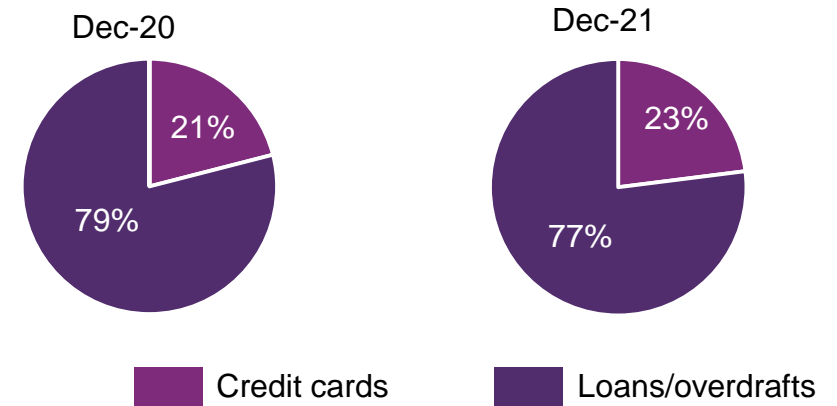
Personal (€bn)



Strong / Satisfactory
 Criticised
 NPE

ECL/NPE coverage

Lending split



Asset quality – internal credit grade by ECL staging*

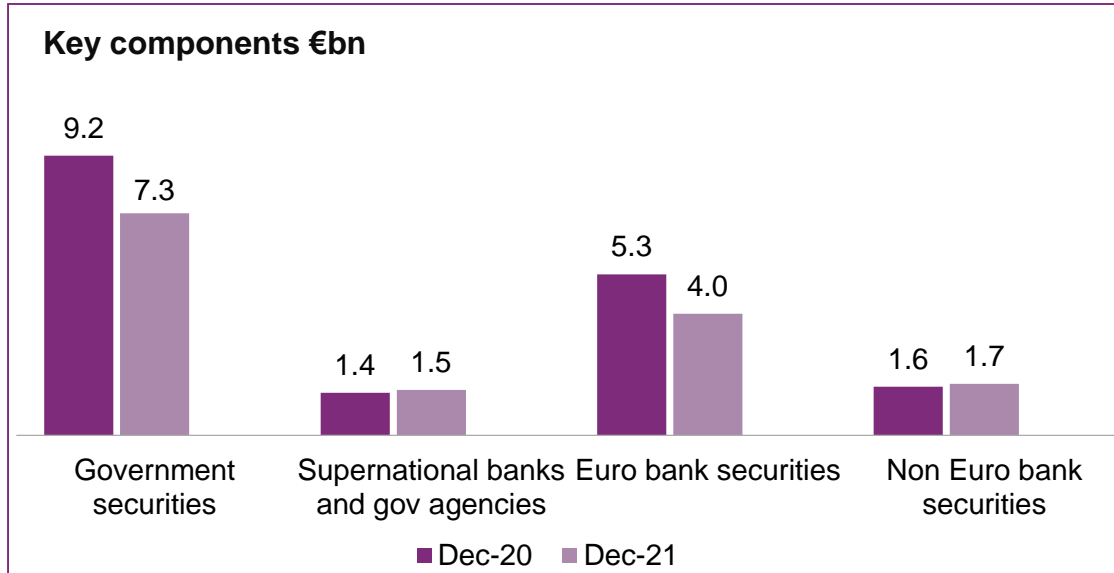
Dec 2021						Dec 2020				
€m	Stage 1	Stage 2	Stage 3	POCI**	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	36,521	895	-	4	37,420	35,341	1,257	-	5	36,603
Satisfactory	11,023	2,220	-	3	13,246	9,307	4,384	-	1	13,692
Total strong / satisfactory	47,544	3,115	-	7	50,666	44,648	5,641	-	6	50,295
Criticised watch	755	1,377	-	2	2,134	834	2,814	-	2	3,650
Criticised recovery	93	2,276	-	25	2,394	27	953	-	2	982
Total criticised	848	3,653	-	27	4,528	861	3,767	-	4	4,632
NPE	2	-	2,885	69	2,956	100	-	4,075	174	4,349
Total customer loans	48,394	6,768	2,885	103	58,150	45,609	9,408	4,075	184	59,276

*Dec 2021 excludes €243m loans FVTPL of which €169m are NPEs (Dec 20 €75m; Nil)

** Purchased or Originated Credit Impaired Loans (POCI)

- Stage 1 loans €48.4bn increased €2.8bn from Dec 20, 98% are strong / satisfactory
- Stage 2 loans €6.8bn decreased €2.6bn from Dec 20, 46% are strong / satisfactory
- Stage 3 loans €2.9bn decreased €1.2bn from Dec 20 mainly due to €1bn portfolio sales and €0.2bn transfer to FVTPL partially offset by €0.1bn increase in Hotels, bars and restaurants

Investment securities – debt securities €16.7bn



- €16.7bn down from €19.2bn mainly due to €1.8bn decrease in Irish Government securities and €1.3bn Euro bank securities
- Average yield of 0.37% in FY 2021 is down from 0.61% in FY 2020
 - yield reducing as higher yielding assets mature

Reported capital ratios*

Transitional capital ratios

	Dec 21	Dec 20
Total risk weighted assets (€m)	52,637	53,036
Capital (€m)		
Shareholders equity excl AT1 and dividend	12,427	12,307
Regulatory adjustments / foreseeable charge	(2,325)	(2,260)
Common equity tier 1 capital	10,102	10,047
Qualifying tier 1 capital	1,115	1,115
Qualifying tier 2 capital	1,524	1,519
Total capital	12,741	12,681
Transitional capital ratios (%)		
CET1	19.2	18.9
AT1	2.1	2.1
T2	2.9	2.9
Total capital	24.2	23.9

RWA (Transitional)

Risk weighted assets (€m)	Dec 21	Dec 20	Mvmt
Credit risk	47,646	47,807	(161)
Market risk	446	429	17
Operational risk	4,435	4,686	(251)
CVA	110	114	(4)
Total risk weighted assets	52,637	53,036	(399)

Fully loaded capital ratios

	Dec 21	Dec 20
Total risk weighted assets (€m)	52,358	52,579
Capital (€m)		
Shareholders equity excl AT1 and dividend	12,427	12,307
Regulatory adjustments / foreseeable charge	(3,714)	(4,123)
Common equity tier 1 capital	8,713	8,184
Qualifying tier 1 capital	1,115	1,115
Qualifying tier 2 capital	1,661	1,655
Total capital	11,489	10,954
Fully loaded capital ratios (%)		
CET1	16.6	15.6
AT1	2.2	2.1
T2	3.1	3.1
Total capital	21.9	20.8

Shareholders' Equity (€m)

Equity – Dec 2020	13,422
Profit 2021	645
Investment securities & cash flow hedging reserves	(445)
Other	42
Equity – Dec 2021	13,664
less: AT1	(1,115)
less: Proposed dividend	(122)
Shareholders' equity excl AT1 and dividend	12,427

*Does not include impact of proposed buyback

Loan book analysis and ECL sensitivities

Concentration by sector (%)	FY 2021
Agriculture	3
Energy	4
Manufacturing	4
Property & construction	13
Distribution	8
Transport	4
Financial	1
Other services	8
Resi mortgages	50
Personal	5
Total	100

ECL sensitivities* Customer loans					
FY 2021 €m	Reported	Base 100%	Downside scenario 1 100%	Downside scenario 2 100%	Upside scenario 100%
ECL allowance	1,885	1,797	2,081	2,400	1,744
Delta to Reported		(88)	196	515	(141)
Delta to Base			284	603	(53)

*FY 2021 macroeconomic scenarios and weightings: Base scenario (50%); Downside scenario 1 'Lower growth in 2022' (25%); Downside scenario 2 'Persistent high inflation' (5%); Upside scenario 'Quick economic recovery' (20%)



Credit ratings

As at 31 Dec 2021

MOODY'S

FitchRatings

STANDARD
& POOR'S

AIB Group plc (HoldCo)

Long term issuer rating

Baa1

BBB

BBB-

Outlook

Stable

Stable

Negative

Investment grade



AIB p.l.c. (OpCo)

Long term issuer rating

A2

BBB+

A-

Outlook

Stable

Stable

Negative

Investment grade





Contact details

Our Investor Relations Department are happy to facilitate your requests for any further information

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