



# BACKING OUR CUSTOMERS

AIB Group plc  
Half-Yearly Financial Results  
For the six months ended 30 June 2023



## Forward looking statements

*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 23 to 25 in the Annual Financial Report 2022 and updated on page 33 of the Half-Yearly Financial Report 2023. In addition to matters relating to the Group's business, future performance will be impacted by the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, the impact of higher inflation on customer sentiment and by Irish, UK and wider European and global economic and financial market considerations. Future performance will further be impacted by the direct and indirect consequences of the Russia-Ukraine war on European and global macroeconomic conditions and any enduring effects of the COVID-19 pandemic. 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 23 to 25 of the Annual Financial Report 2022 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 may differ to the Half-Yearly Financial Report 2023.





# H1 2023 Highlights

## **Irish economy well-positioned to withstand inflationary impact and rising rates' pressure**

- Economic growth expected with supportive fiscal policy and healthy corporate and household balance sheets
- New lending up 2% to €5.6bn, customer accounts up €1.3bn in H1 to €103.7bn

## **Very strong first half profitability with momentum for full year**

- Profit after tax of €854m driven by increased income
- Upgrading 2023 NII guidance to >€3.6bn from >€3.3bn; ROTE c. 20% materially ahead of >13% medium-term target

## **Loan book conservatively managed and funded by a strong and stable liability base**

- Conservative and forward-looking approach to credit management; NPE reduction to 3.3% of gross loans
- Strong funding and capital with CET1 of 15.7% and a granular, stable deposit base positions us to support our customers

## **Transformed larger Group as we approach Dec 2023 and the end of our current strategic cycle**

- Enhanced product suite with launch of AIB life in H1 and Ulster Bank loan book acquisitions substantially complete
- Growth in customer numbers; 635,000 new accounts since Jan 2022 supported by our leading digital capability

## **Strong progress across our ESG agenda**

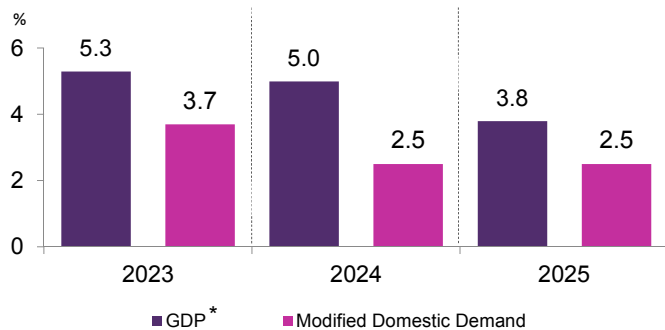
- €1.1bn green lending, 20% of total new lending; issued €750m social bond in H1
- Group returned to majority private ownership in H1; State shareholding reduced to 46.9%



# Open and resilient Irish economy

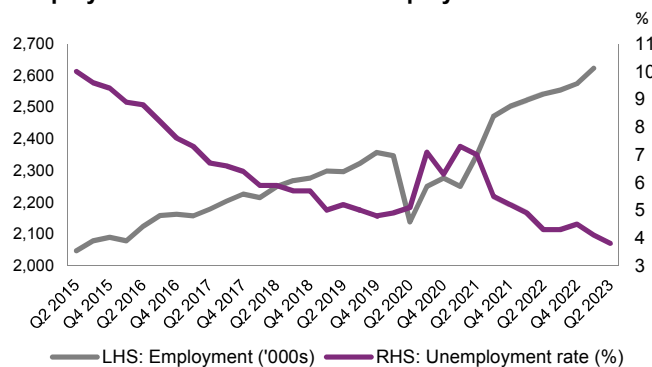
## Solid Irish economic growth still expected despite headwinds

Good growth forecast for 2023-25 despite headwinds



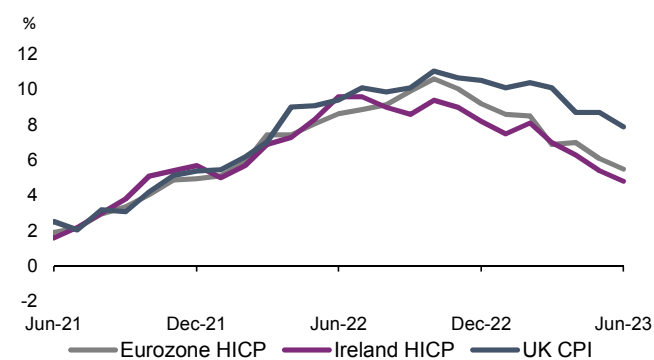
Source: CBI 'Quarterly Bulletin Q2 2023'

Employment levels rise while unemployment remains low



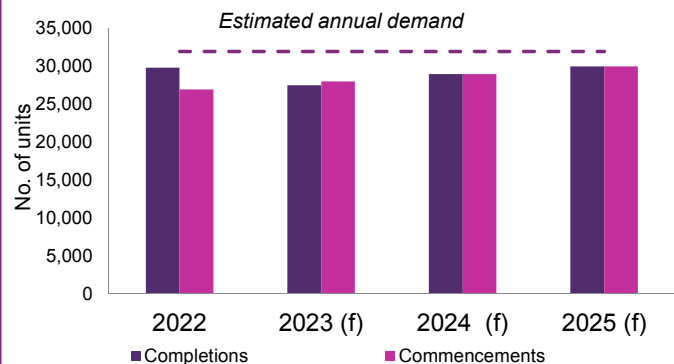
Source: CSO

Irish headline inflation rate in marked decline



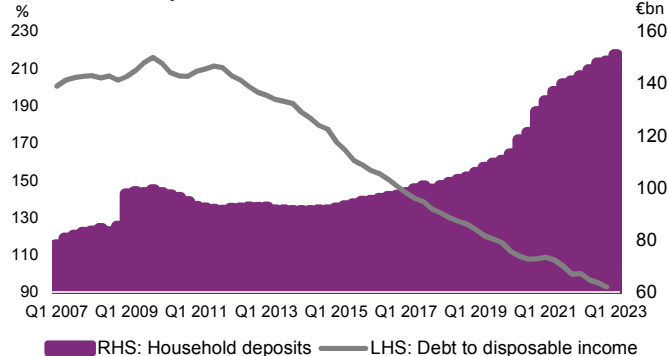
Source: CSO, ONS, EuroStat

Completions expected to run at close to 30k per annum



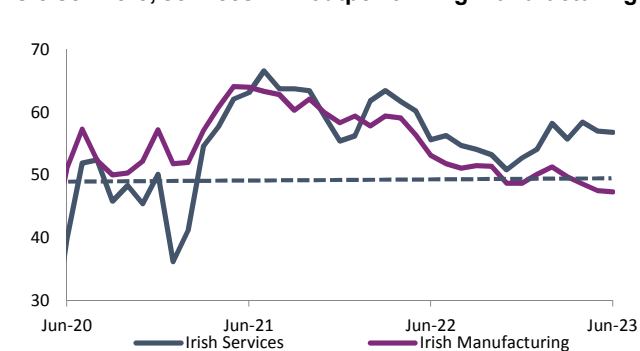
Source: CSO, CBI, Dept. of Housing, AIB ERU

Household deposits remain elevated, indebtedness falls



Source: CSO, Central Bank, AIB ERU

As elsewhere, services PMI outperforming manufacturing



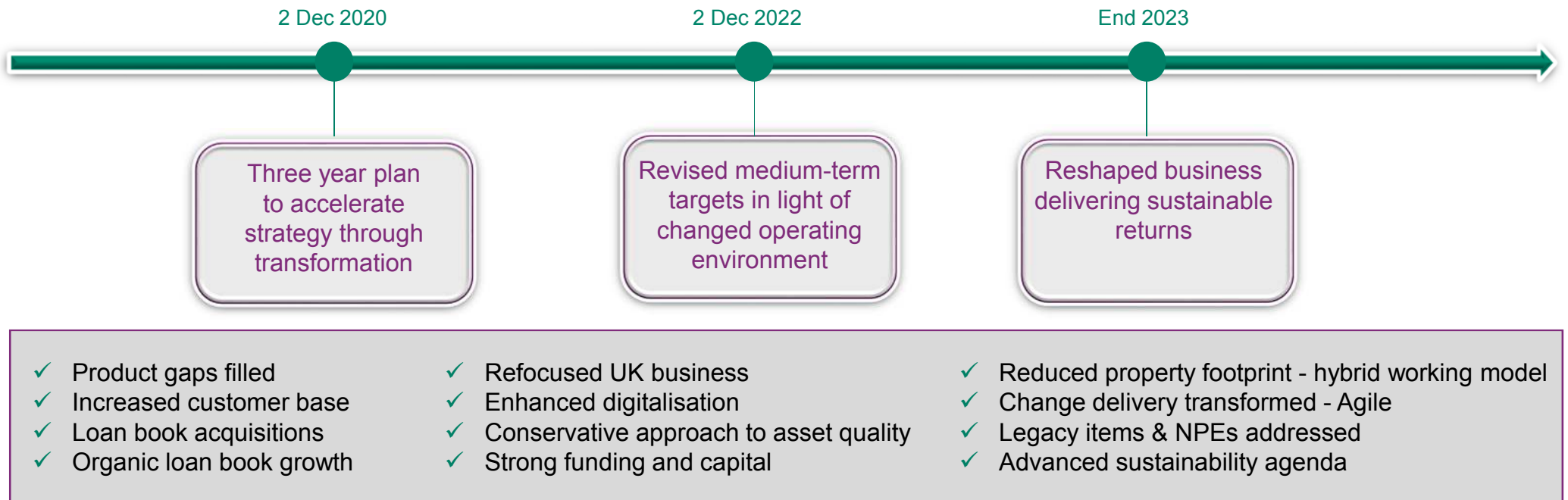
Source: S&P Global via Refinitiv Datastream

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



## Delivering on our strategy and adapting to changed environment

### *Closing out Strategy 2023*



Transformed Group with enhanced digitalisation, changed ways of working & guided by Sustainability agenda  
Focus on strength, stability and sustainable returns



## Filled product gaps and services

*Diversifying revenue, increasing efficiency and enhancing customer experience*



✓ AIB life launched  
closes strategic gap



✓ Goodbody-Private launched  
enhances wealth  
proposition



✓ New iBB mobile app launched  
to support business customers

- **AIB life**, JV with Great-West Lifeco, launched with unique digital capability
- Innovative proposition allows scale via digital E2E lifecycle management capability, increased flexibility with automated underwriting decisioning
- ESG credentials; Article 8 & 9 fund classifications available
- Activity levels growing; positive customer reaction

- Launch of **Goodbody-Private** partnership bringing Goodbody wealth products/services to AIB customers
- AIB Private Banking Investment and Pensions clients & assets successfully migrated to Goodbody
- Growth in Goodbody Wealth AUM to c. €11bn
- Goodbody Asset Mgmt - Article 8 classification for UCITs<sup>(1)</sup> fund range
- Recognised primary dealer for Irish Government bonds by the NTMA

- Launched the new mobile **AIB Business (iBB)** app; c. 6,000 downloads & >12,000 payments to date
- Customers can check balances and transactions and make and authorise payments
- Prompt, convenient & secure banking on the go
- **Customer Credit Transformation Programme (CCTP)** continues to improve the credit journey for our business customers

(1) Undertakings for collective investment in transferable securities



## Acquisition-led loan book growth

*Transfers from Ulster Bank now substantially complete*

### Ulster Bank corporate & commercial loans



- Final tranche of loans migrated in July 2023
- €3.1bn loan book, c. 3,500 customers
- 227 staff transfers complete
- Greater geographical and sector exposure
- Larger corporate customer base provides opportunity for further products and services
- Priced at discount of 97.63% of par value

### Ulster Bank tracker mortgage portfolio



- Agreed €5.7bn loan book acquisition
- Transfer of economic interest in Sept 2022
  - €126m income recognised in H1
- Expect c. €5bn to transfer on completion
  - c. 42,000 mortgage accounts
  - c. 80% migrated in July
- Cost-effective, third party servicing
- Priced at discount of 95.15% of par value

Leading corporate bank and mortgage provider in Ireland



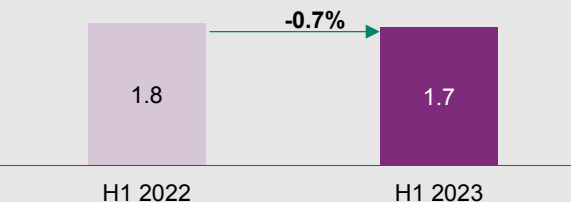
# Organic growth - new lending of €5.6bn in H1 2023

2% increase in new lending

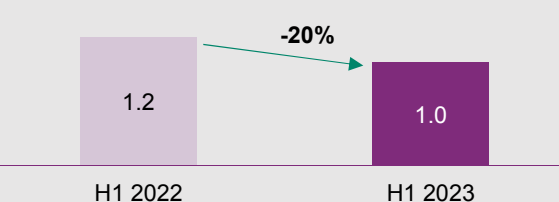


## New lending across asset classes

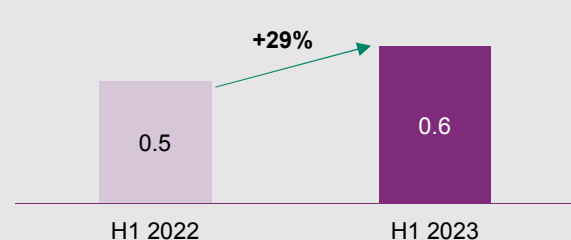
### Mortgages (€bn)



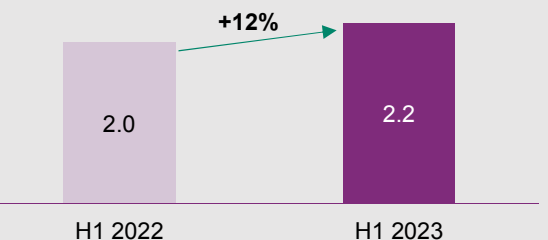
### Property (€bn)



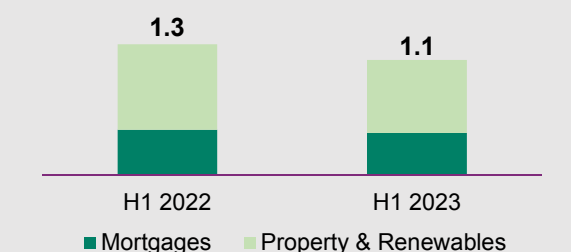
### Personal lending (€bn)



### Corporate & SME (€bn)



### Green lending (€bn)



- Disciplined approach and risk-based pricing
- Mortgage market share 30.7%<sup>(1)</sup>
- 88% online applications for personal loans
- Selective approach to property sector
- Corporate & SME growth driven by ECAI<sup>(2)</sup> +20%
- Green lending; 20% of total new lending
  - 24% of new mortgages<sup>(3)</sup>

(1) Mortgage new lending flow based on BPFI industry drawdown data to June 2023

(2) Energy, Climate Action & Infrastructure

(3) Based on green mortgage products. Actual % of new mortgage lending to energy efficient homes was 44% based on AIB brand in H1 2023

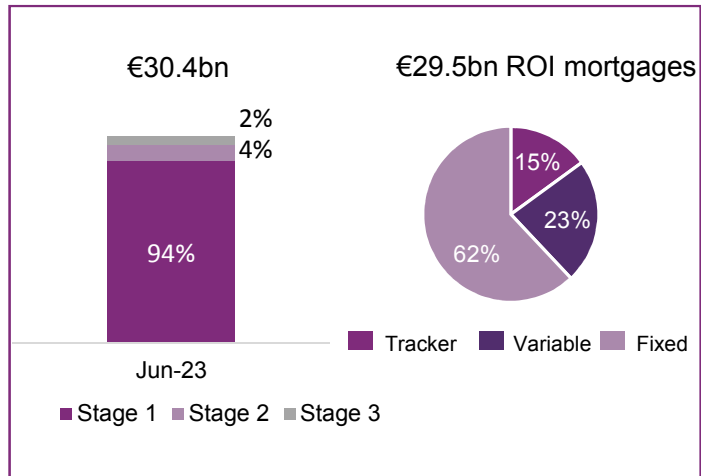




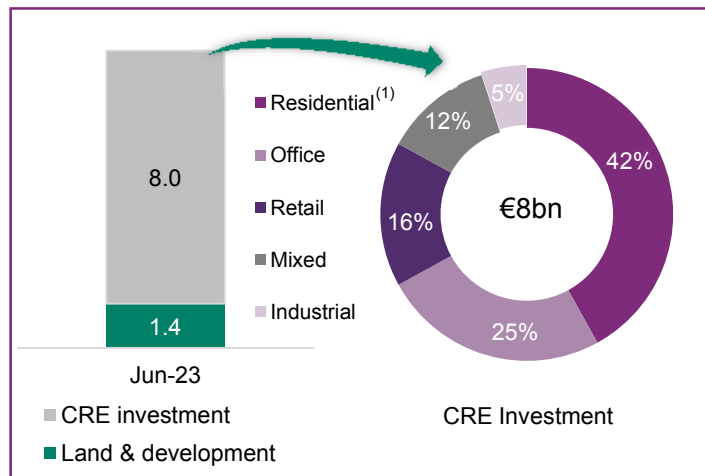
## Robust asset quality

### Transformed and resilient balance sheet

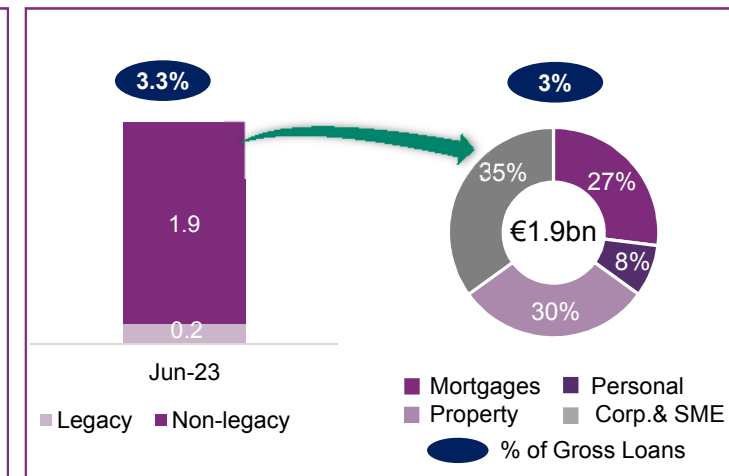
#### Mortgages €30.4bn



#### Property €9.4bn; CRE investment €8bn



#### NPEs €2.1bn, decreased 3% YTD



- €30.4bn mortgages; 48% of loan exposures
- New mortgage lending broadly flat v Jun 22
- Customer preference to fix; 62% of portfolio
- Weighted average low LTVs for ROI mortgages
  - New business 67%; Stock 50%
- c. 60% ROI mortgages written since 2015 macro prudential rules



#### €8.0bn CRE investment

- Well diversified by sector: 75% ROI; 25% UK
  - Conservative underwriting; average ROI portfolio LTV c. 54%<sup>(2)</sup>
  - Maintaining our prudent approach
- €1.4bn land & development
- Majority is residential development including social housing



- NPEs €2.1bn; 3.3% of gross loans
  - Decreased 37% since 2019
- Legacy NPEs largely resolved
  - 0.3% of gross loans
- On track to meet c. 3% by end 2023



(1) Residential includes student housing and housing associations  
 (2) LTVs estimated using moves in MSCI and IPD indices over 12 months to Q1 2023



# Strong delivery across the ESG agenda

*Proven multi-annual track record of delivery against ambitious sustainability strategy and targets*

## Focus area

## H1 2023 Progress

E

**€10bn green lending by 2023**

€9bn green lending since 2019, €1.1bn in H1 with continued focus across renewables and energy efficient buildings

**70% of new lending to be green / transition by 2030**

20% of new lending green in H1 2023

**Net Zero ambition for customer portfolio lending by 2040 (Agri 2050)**

1<sup>st</sup> bank globally to achieve SBTi approved maintenance target for electricity generation portfolio

**Reduction in emissions from own operations**

Corporate power purchase agreement (CPPA) with NTR plc progressing – 1<sup>st</sup> solar farm expected Go Live September

**Leading Irish bank in green bond issuance**

€3.25bn total raised over four issuances  
c. €4.7bn eligible assets

S

**€800m in funding to support social housing by 2024**

€461m funding provided to date

**Leading Irish bank in social bond issuance**

€750m social bond issued in H1; €1.75bn issued to date; first Irish bank to issue social bond  
€2.4bn eligible assets

G

**Return to majority private ownership  
Enhanced liquidity; 53.1% free-float**

State shareholding reduced to 46.9% in June 2023 following a directed buyback, a share placing in an accelerated book build with institutional investors and disposals as part of a trading plan

**Progress on alignment of interests**  
following the relaxation of some restrictions on staff pay and incentives in the Retail Banking Review

Updated remuneration policy to reflect our intention to provide healthcare benefits from 2024; a variable remuneration scheme based on performance in 2023, payable in 2024

## #1 Sustainable Irish bank



**CPPA with NTR plc**

Construction of two solar farms; Expect energisation in H2



**Global first 'maintenance' validated SBTi target**

1<sup>st</sup> bank globally to receive a validated electricity generation maintenance target



**Leading Irish bank in ESG bonds**

€5bn ESG bonds issued to date including €750m Jan 2023 social bond

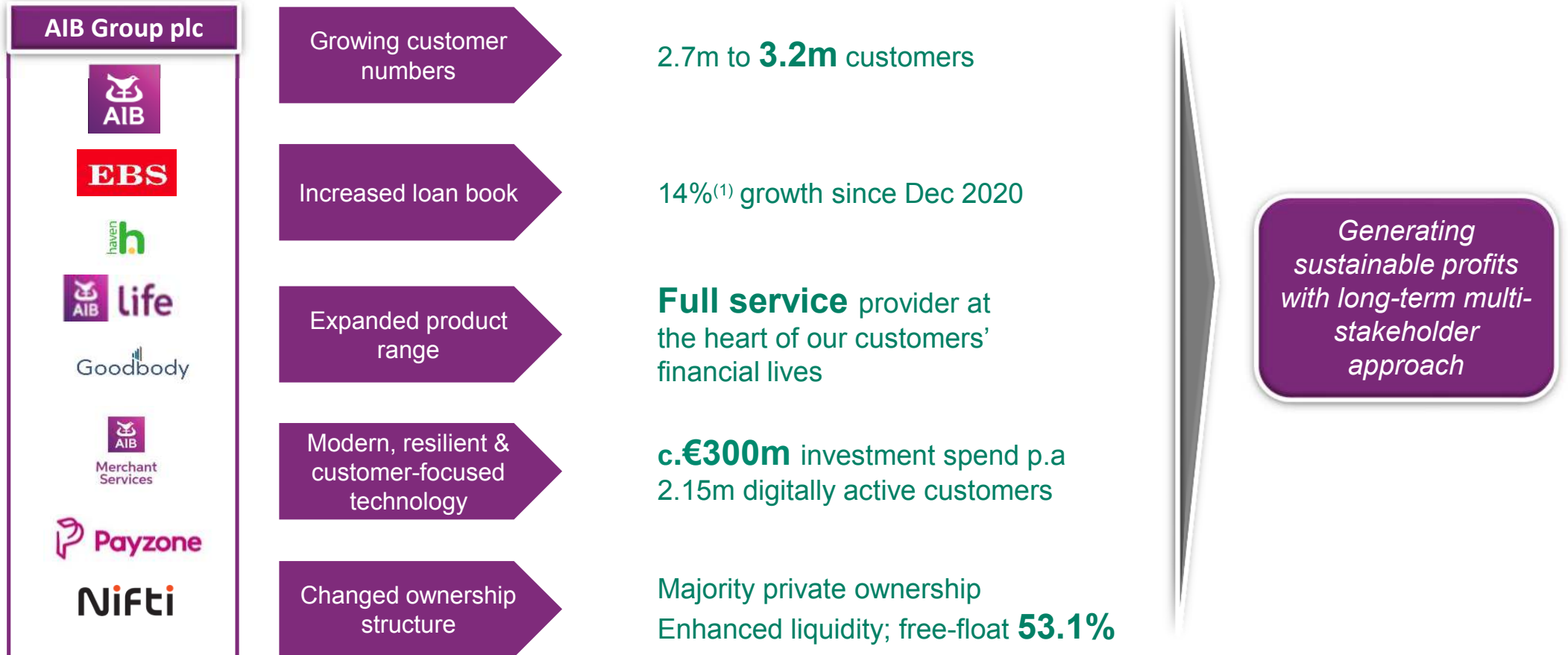


**Sustainalytics 2023 industry and region top rated awards**

S&P Global Sustainability Yearbook inclusion



# Reshaped and larger AIB Group well-positioned for the future *Leading financial services provider*



Underpinned by our long-standing commitment to Sustainability

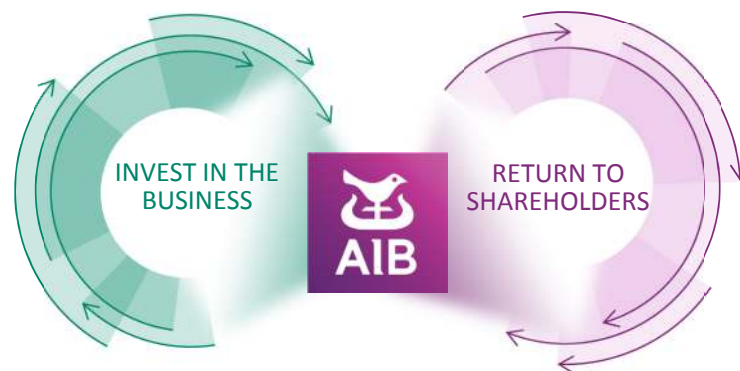
(1) Assumes completion of both Ulster Bank loan book acquisitions



## Strategic progress has delivered a strong platform for the future *Enhancing customer experience, operational efficiency and capital generation*

Following very strong H1 with RoTE of 21.5% and momentum in the business, we are confident for the remainder of the year as we close out Strategy 2023 ...

*Creating shareholder value ...*



*...and delivering sustainable returns*

...And move to our next strategic cycle with confidence - we will review medium-term targets and update in due course





## Financial Performance

AIB Group plc



## Financial performance H1 2023

### Profit after tax €854m

- 73% increase in total income

### Total income €2,209m

- Net interest income €1,772m (+98%) and other income €437m (+15%)

### Costs €897m<sup>(1)</sup> up 15%, FTEs 10,133 at June 2023

- Cost income ratio 41%

### Gross loans €62.8bn<sup>(2)</sup> increased 3% from Dec 2022 €61.2bn

- Organic: €5.6bn new lending up 2% versus H1 2022, exceeded redemptions of €4.9bn
- Inorganic: €0.7bn Ulster Bank corporate and commercial loans migrated in H1
  - In July completed the migration of the corporate and commercial loans to bring total to €3.1bn and substantially migrated the tracker mortgage portfolio (€4bn of c. €5bn expected)

### Asset quality remains resilient, ECL coverage of 2.6%

- NPEs €2.1bn (3.3% of gross loans) decreased 3%; On track to reach c. 3% target

### Strong funding position

- Customer accounts €103.7bn increased €1.3bn and contributed to cash held at the CBI of €31.2bn
- €750m MREL issued, MREL ratio 31.4% in excess of 29.4% target<sup>(3)</sup>

### CET1 fully loaded 15.7%; Transitional 16.5%

- Comfortably ahead of regulatory requirements

<sup>(1)</sup> Excludes exceptional items, bank levies and regulatory fees

<sup>(2)</sup> Does not include c. €4bn Ulster Bank tracker mortgages which transferred in July 2023

<sup>(3)</sup> MREL requirement 29.4% by 1 Jan 2024





## Income Statement

AIB Group plc



## Income statement – profit after tax €854m

Summary income statement (€m)	H1 2023	H1 2022
Net interest income	1,772	895
Other income <sup>(1)</sup>	437	379
<b>Total operating income</b>	<b>2,209</b>	<b>1,274</b>
Total operating expenses <sup>(1)</sup>	(897)	(782)
Bank levies and regulatory fees	(107)	(101)
<b>Operating profit before impairment and exceptional items</b>	<b>1,205</b>	<b>391</b>
Net credit impairment (charge) / writeback	(91)	309
Equity accounted investments	3	5
<b>Profit before exceptionals</b>	<b>1,117</b>	<b>705</b>
Exceptional items	(130)	(168)
<b>Profit before tax</b>	<b>987</b>	<b>537</b>
Income tax charge	(133)	(60)
<b>Profit after tax</b>	<b>854</b>	<b>477</b>

Metrics	H1 2023	H1 2022
Net interest margin (NIM)	2.94%	1.48%
Cost income ratio (CIR) <sup>(1)</sup>	41%	61%
Return on tangible equity (RoTE) <sup>(2)</sup>	21.5%	12.3%
Earnings per share (EPS)	31.0c	16.5c

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

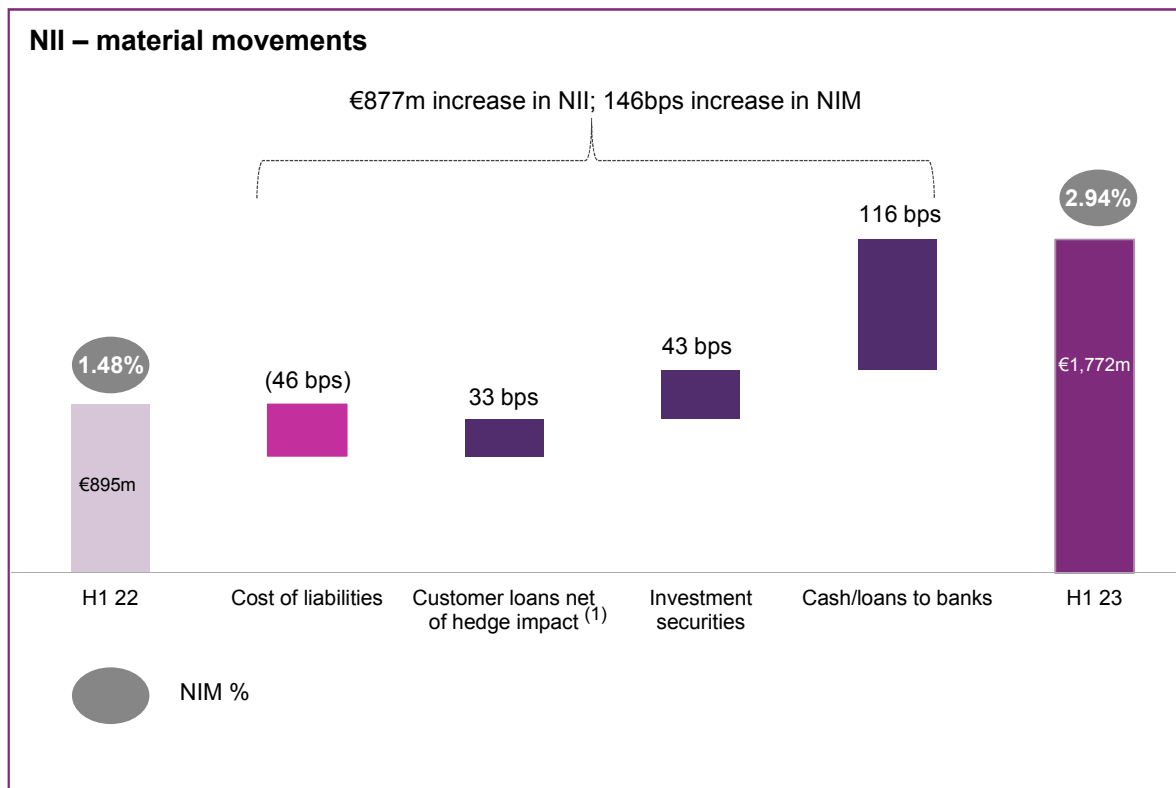
(2) RoTE using (PAT – AT1) / (CET1 @ 13.5% of RWAs) on annualised basis

- Net interest income increased by 98% reflecting changed interest rate environment
- Other income €437m up 15%; net fee and commission income up 7%
- Total operating income €2,209m up 73%
- Operating expenses €897m up 15%
  - CIR 41%, down from 61%
- Bank levies and regulatory fees €107m increased due to higher Deposit Guarantee Scheme fees offset by lower Single Resolution Fund fees
- Net credit impairment charge €91m
- RoTE 21.5% with 88% growth in EPS





## Net interest income €1,772m; up 98%

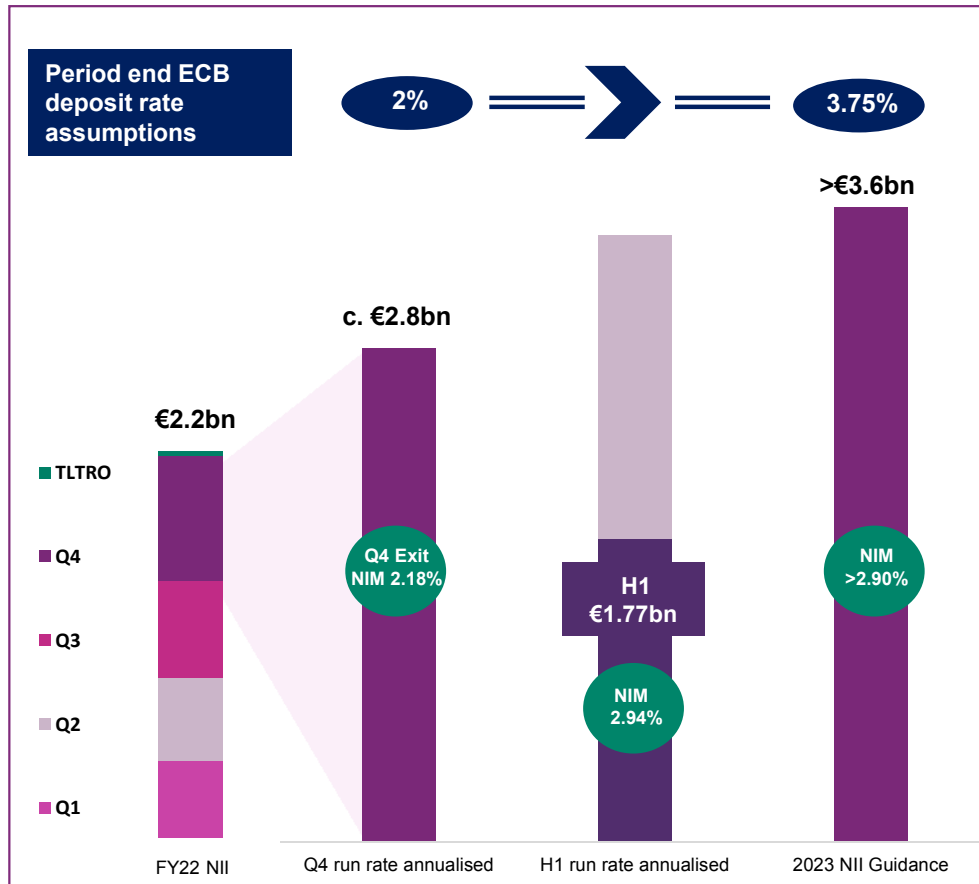


NII €1,772m up €877m (+98%) from H1 2022 impacted by:

- -€273m higher cost of liabilities including:
  - -€77m customer accounts reflecting higher interest expense
  - -€196m other liabilities (excl. TLTRO) reflecting interest rate impacts and higher MREL costs
- +€196m customer loans from higher interest rate environment and an increase in average loan volumes
- +€258m investment securities primarily driven by higher interest rate environment
- +€695m cash/loans to banks (excl. TLTRO) driven by higher interest rate environment

(1) Customer loans excluding hedge impact: 81bps

# 2023 NII guidance upgraded to >€3.6bn and NIM >2.90%

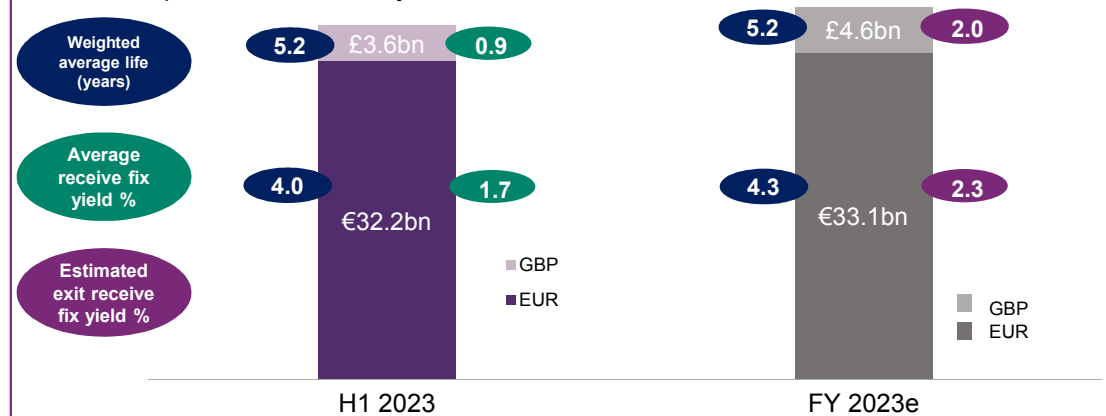


## NII outlook

- 2023 guidance NII >€3.6bn & NIM >2.90% in 2023, assuming period end ECB deposit rate of 3.75% (previous assumption 3.5%)
- Asset income driven by higher rate expectations
- Volumes driven by inorganic acquisitions and asset growth
- Low deposit beta<sup>(1)</sup> to date, to evolve throughout 2023-2025
- Increased structural hedge reduces NII sensitivity and volatility

## Structural hedge programme (SHP)<sup>(2)</sup>

Downside protection in outer years



FY 2023 NII is expected to be >€3.6bn & NIM of >2.90%

(1) Deposit beta covers all customer accounts including interest and non-interest bearing accounts

(2) SHP includes derivatives only. Does not include fixed rate exposures of which ROI fixed rate mortgages are c. €18bn



## Strong other income; net fee and commission income up 7%

Net fee and commission income (€m)	H1 2023	H1 2022
Customer accounts	119	111
Lending related fees	26	25
Card	69	49
Stockbroking client fees and commissions	23	25
Customer related FX	40	40
Wealth / insurance / other	29	36
<b>Total net fee and commission income</b>	<b>306</b>	<b>286</b>

Other income (€m) <sup>(1)</sup>	H1 2023	H1 2022
Net fee and commission income	306	286
Net income on equity investments	2	27
Realisation of cash flows on restructured loans	6	15
Other non-interest income	123	51
<b>Total other income</b>	<b>437</b>	<b>379</b>

- Other income €437m up 15%
- Net fee and commission income €306m up €20m (+7%)
  - Increase reflected higher transaction volumes, the onboarding of customers from banks exiting and higher card interchange fees
    - Customer accounts up +7%
    - Card income up +40%
- Other non-interest income €123m includes:
  - €138m forward contracts (H1 2022 €26m) for Ulster Bank loans acquisition of which €126m relates to tracker mortgages
- c. 635k new accounts opened since Jan 2022 (49% share) supporting future fee and commission growth

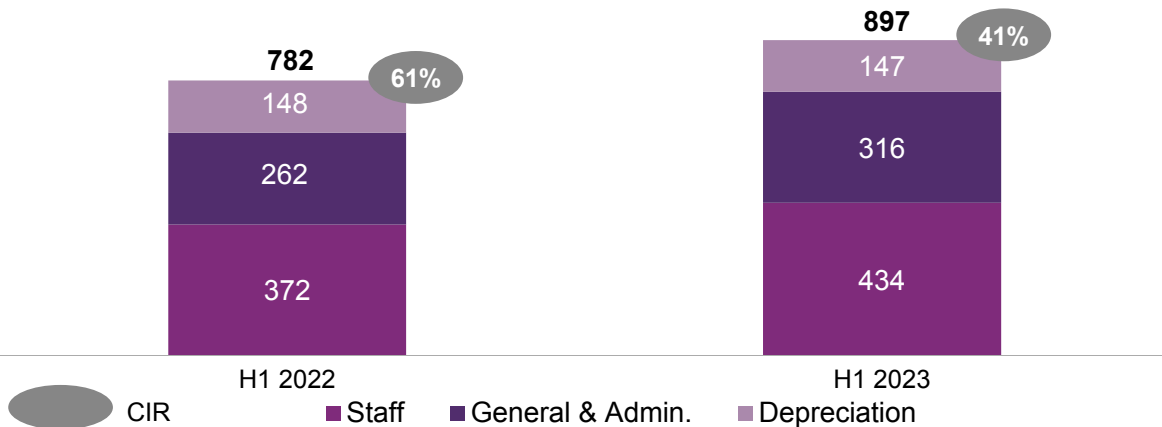
FY 2023 other income expected to be c. €780m

(1) Excludes exceptional items

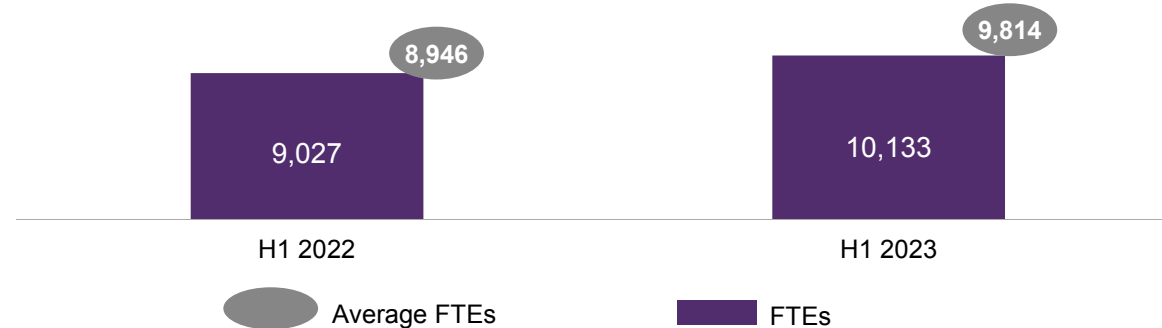


## Costs €897m; 15% increase due to inflation and enlarged Group

### Operating expenses<sup>(1)</sup> (€m)



### FTEs<sup>(2)</sup> – employees (#)



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

(2) Full time equivalent - period end

- Costs €897m, up 15% driven by:
  - Staff: Salary inflation, increase in FTEs and allowance for variable pay
  - General & Admin: Inflation, cost to service enlarged Group and newly onboarded customers
- Cost income ratio (CIR) 41%, down from 61%
- FTEs 10,133 up 12%
  - reflecting higher business volumes, insourcing and transfer of Ulster Bank staff
- Exceptional items €130m primarily includes:
  - €76m legacy items
  - €54m strategic items
- Headwinds/tailwinds impacting costs:
  - Larger customer base and inorganic initiatives
  - Introduction of employee benefits and variable pay
  - Inflationary pressures
  - + Transformation programme benefits continue to accrue

FY 2023 costs expected to be c. €1.8bn with CIR in the low-40%s

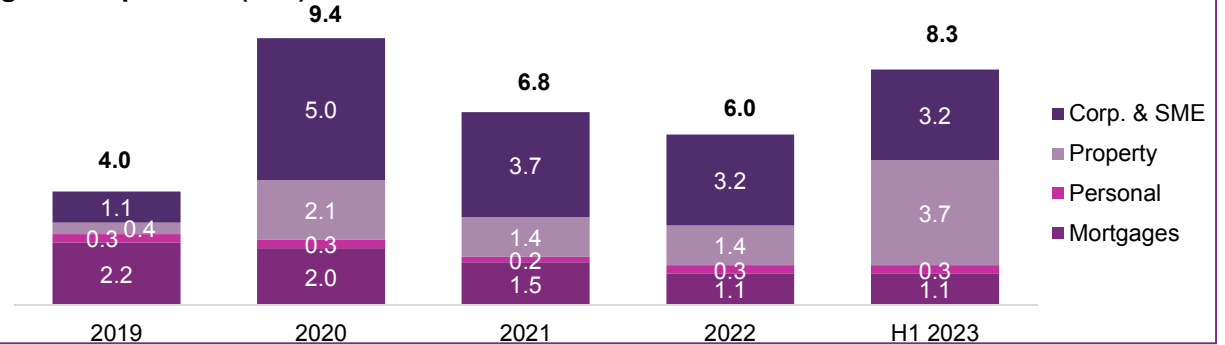




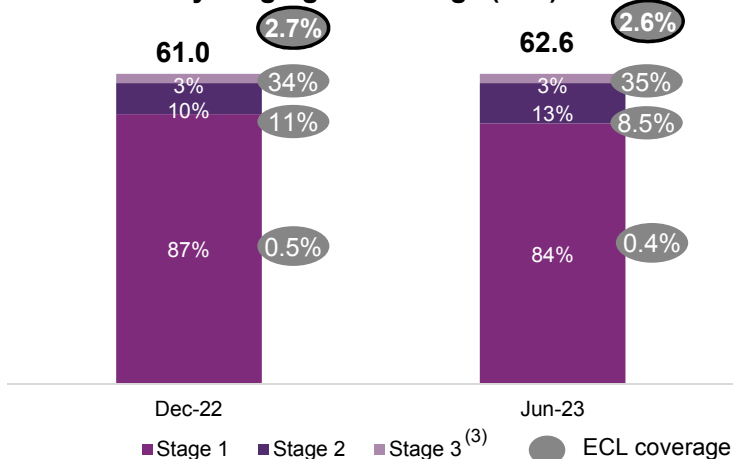
## ECL charge €91m (30bps); Stage 2 increased €2.2bn to €8.3bn

ECL (charge) / writeback (€m)	H1 2023
Macroeconomic assumptions	16
Other <sup>(1)</sup>	(45)
Post-model adjustments (PMA)	(62)
<b>Total ECL (charge) / writeback</b>	<b>(91)</b>

Stage 2 composition (€bn)



Loan book<sup>(2)</sup> by Staging & Coverage (€bn)



- Strong ECL cover 2.6%; ECL stock €1.6bn including PMAs €0.7bn representing 41%
- Retail/consumer segments resilient with few signs of deterioration
- COVID-impacted business sectors performing well
- Specific areas of CRE impacted by rate/yield effects - office and residential investment
  - €2.3bn moved to Stage 2 due to potential adverse impacts from tighter ICRs and lower valuations
  - Prudent approach to underwriting; average ROI CRE investment portfolio LTV of c. 54%<sup>(4)</sup>

(1) Other includes new loans, remeasurements, redemptions and recoveries  
 (2) Loan book at amortised cost  
 (3) Includes Purchased or Originated Credit Impaired Loans (POCI)  
 (4) LTVs estimated using moves in MSCI and IPD indices over 12 months to Q1 2023

FY 2023 expect CoR at the lower end of our through-the-cycle range of 30-40bps



## Balance Sheet

AIB Group plc



## Balance sheet – strong funding & liquidity to support our customers

Balance sheet (€bn)	Jun 2023	Dec 2022
Performing loans	60.7	59.0
Non-performing loans	2.1	2.2
<b>Gross loans to customers</b>	<b>62.8</b>	<b>61.2</b>
Expected credit loss allowance	(1.6)	(1.6)
<b>Net loans to customers</b>	<b>61.2</b>	<b>59.6</b>
Investment securities	16.5	16.3
Loans to central banks and banks <sup>(1)</sup>	45.5	46.0
Other assets	8.1	7.9
<b>Total assets</b>	<b>131.3</b>	<b>129.8</b>
Customer accounts	103.7	102.4
Deposits by banks	0.4	0.5
Debt securities in issue	6.7	7.2
Other liabilities <sup>(1)</sup>	7.7	7.4
<b>Total liabilities</b>	<b>118.5</b>	<b>117.5</b>
Equity	12.8	12.3
<b>Total liabilities &amp; equity</b>	<b>131.3</b>	<b>129.8</b>

(1) Includes securities financing

### Assets

- Gross loans increased 3% to €62.8bn including €0.7bn Ulster Bank corporate and commercial loans migrated in H1
- New lending €5.6bn exceeding redemptions of €4.9bn
  - New lending up 2% v H1 2022
- Investment securities held primarily for liquidity purposes and hedged for interest rate risk
- Loans to banks €45.5bn includes €31.2bn with the CBI and €4.0bn with the BoE

### Liabilities

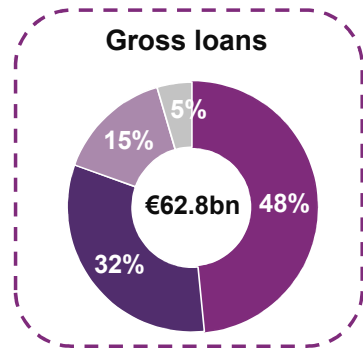
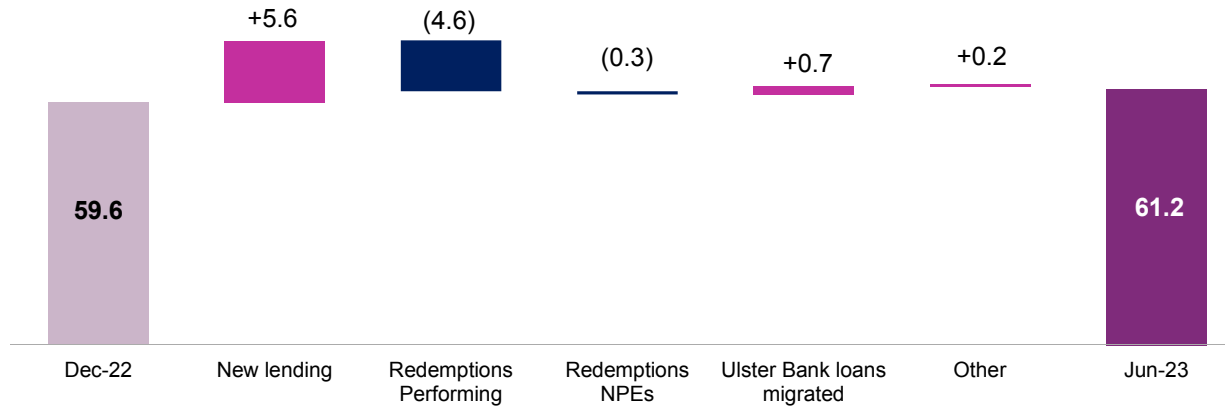
- Customer accounts increased 1% to €103.7bn including inflows from banks exiting the Irish market

Key capital metrics (%)	Jun 2023	Dec 2022
CET1 ratio (FL)	15.7%	16.3%
CET1 ratio (transitional)	16.5%	17.9%

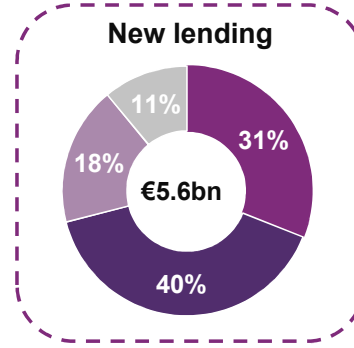


## Loan book movement in H1 2023

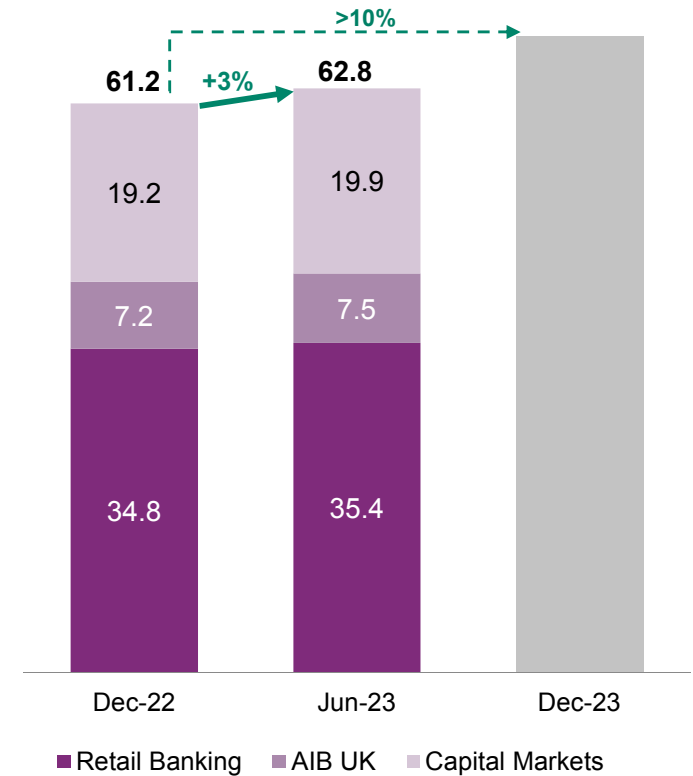
Net loans movement: €1.6bn increase to €61.2bn  
(€bn)



- Mortgages
- Corporate & SME
- Property
- Personal



Gross loans (€bn)



Note rounding may apply

Expect loan growth of >10% in FY 2023





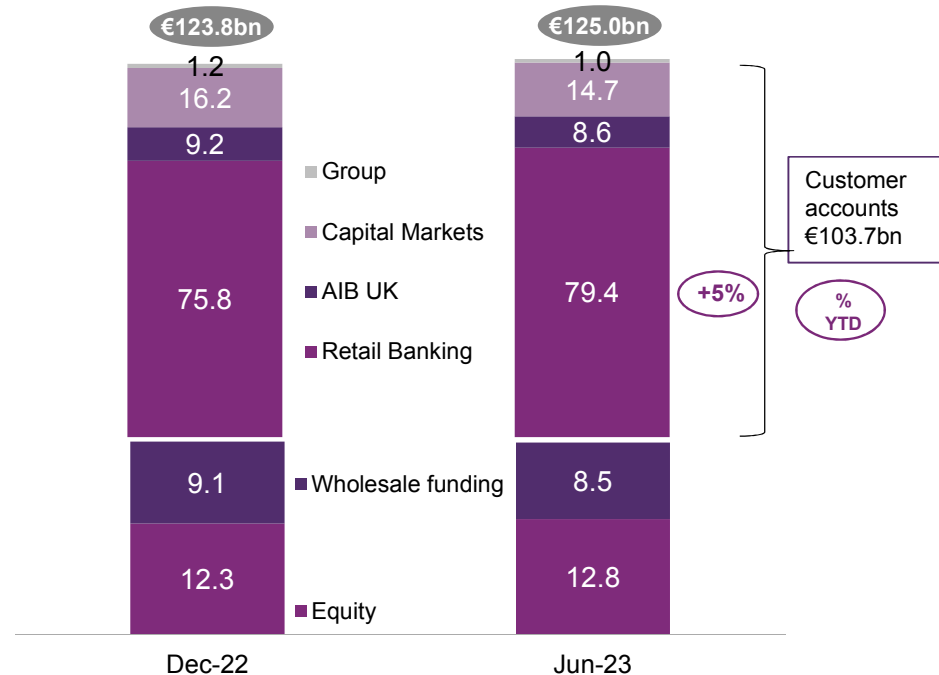
## Funding and Capital

AIB Group plc



## Strong funding and liquidity ratios

### Total funding composition with focus on stable funding sources



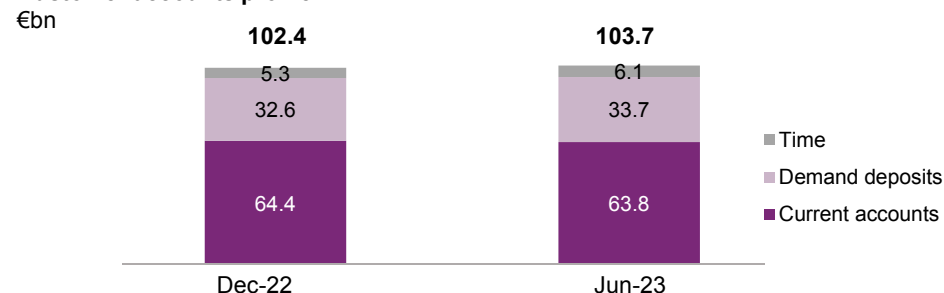
- Customer accounts represent the largest source of funding at 83%; 53% of deposits insured
- €8.8bn eligible MREL issued to date across senior unsecured (€6.1bn) and hybrid capital issuances (€2.7bn)
- MREL ratio 31.4% in excess of 29.4%<sup>(1)</sup> requirement
- On average expect 2-3 issuances p.a.

(1) MREL requirement 29.4% by 1 Jan 2024

### Strong liquidity ratios with surplus over requirement

Liquidity metrics (%)	Jun 2023	Dec 2022
Loan to deposit ratio (LDR)	59	58
Liquidity coverage ratio (LCR)	164	192
Net stable funding ratio (NSFR)	158	164

### Customer accounts profile

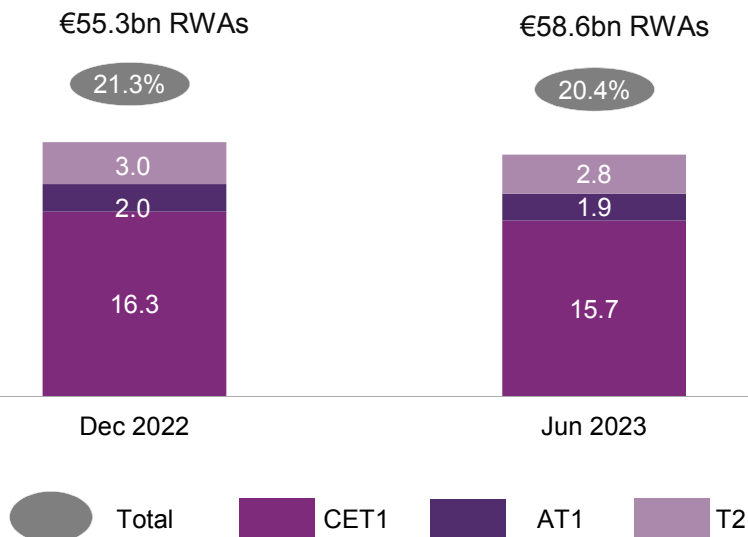


- LCR and NSFR ratios well in excess of regulatory requirements
- LCR reduction is due to the expected cash outflow of the consideration for the acquisition of Ulster Bank tracker mortgage portfolio; post-settlement LCR was 177%
  - The liquidity buffer is primarily made up of cash at central banks



## CET1 (FL) 15.7% well ahead of regulatory requirements

### Capital ratios fully loaded (FL) (%)



#### ■ CET1 (FL) 15.7% ahead of SREP 10.6%

- 5.1% buffer to CET1 (FL) 15.7%
- 5.9% buffer to transitional 16.5%

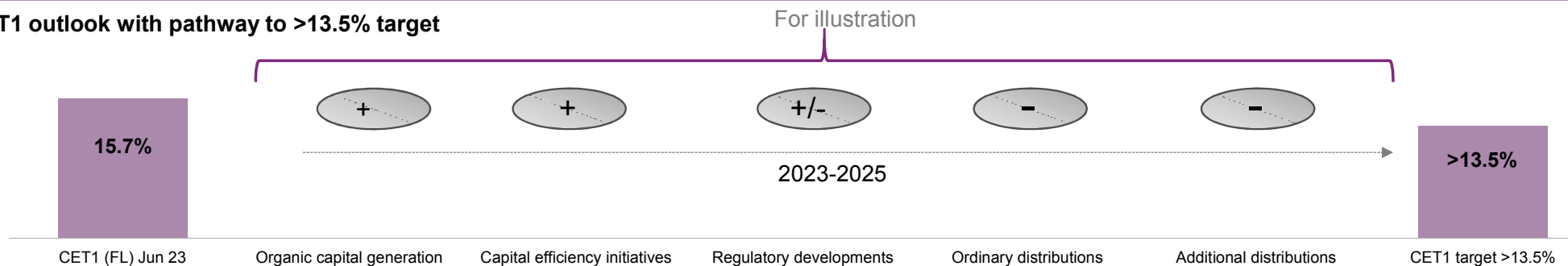
#### ■ CET1 15.7% decreased by 60bps reflecting:

- + 150bps capital generation
- 40bps share buyback completed in April 23
- 50bps RWA increase for Ulster Bank tracker mortgage acquisition
- 100bps foreseeable charge in respect of dividend
- 40bps RWA increase for the redeveloped mortgage and corporate IRB models
- + 20bps other capital adjustments including RWA-related efficiency measures

#### ■ Headwinds/tailwinds impacting CET1

- Capital efficiency initiatives e.g. SRT likely H1 2024
- Basel III finalisation – impact not expected to be material
- SME model submitted for review

### CET1 outlook with pathway to >13.5% target





## 2023 Guidance and outlook

### Guidance FY 2023

NII: >€3.6bn  
NIM: >2.90%

Other income: c. €780m

Costs: c. €1.8bn

CoR: lower end of 30-40bps  
through-the-cycle range

RoTE: c. 20%

### Distributions outlook <sup>(1)</sup>

FY 2023 – FY 2025

CET1 15.7% H1 2023

- + Organic capital generation
- + Capital efficiency initiatives
- +/- Regulatory developments
- Ordinary distributions
- Additional distributions

CET1 >13.5%

### Medium-term targets



RoTE  
>13%  
in 2024



CET1  
>13.5%



Cost  
<€1.75bn  
in 2024  
with CIR c. 50%

As we move to our next strategic cycle - with a continued focus on creating shareholder value and sustainable returns- we will review medium-term targets and update in due course

(1) Subject to a supportive economic environment and annual Board and required regulatory approvals, in the coming years AIB will seek to move towards the CET1 target by prudently increasing levels of distributions, supplementing cash dividends with share buybacks where appropriate.





## Appendices

AIB Group plc

# Market leading ESG Customer propositions and commitments

## Propositions



**Green Mortgage** for energy efficient homes across AIB, Haven, EBS brands & UK



Widescale lending for projects in **Renewables, Housing, Healthcare, Education**



**Green Personal Loan** for retrofitting homes and Electric Vehicles



**Sustainability Linked Loans** for Corporate customers who commit to ESG targets



**Green & Social bonds** to fund domestic and international projects aimed at emission reduction & social improvement



**1st CPPA with NTR plc** places AIB as a corporate leader in Ireland to leverage decarbonisation capabilities & expertise



**NiftiBusiness & Nifti Personal Leasing** provides car leasing including sustainable options to businesses and personal customers



**SBCI SME Sustainability focused loans**



**ESG Advisory & thought leadership**

## Commitments



**Task Force on Climate-Related Financial Disclosures**



**UNEP FI – Principles for Responsible Banking**



**UN Global Compact**



**NZBA - Net Zero Banking Alliance**



**WEF Stakeholder Capitalism Metrics**



**Equator Principles**





## Average balance sheet

	H1 2023			H1 2022		
	Average Volume €m	Interest €m	Yield %	Average Volume €m	Interest €m	Yield %
<b>Assets</b>						
Customer loans	61,219	1,116	3.68	57,713	920	3.21
Investment securities	16,255	303	3.77	16,743	45	0.54
Loans to banks / other	44,203	660	3.01	47,210	(56)	(0.24)
Interest earning assets	121,677	2,079	3.45	121,666	909	1.51
Non interest earning assets	8,181			6,963		
<b>Total Assets</b>	<b>129,858</b>	<b>2,079</b>		<b>128,629</b>	<b>909</b>	
<b>Liabilities &amp; equity</b>						
Customer accounts	43,887	55	0.25	51,655	(22)	(0.09)
Deposits by banks	913	16	3.52	11,264	(24)	(0.43)
Other debt issued	6,989	186	5.38	5,690	33	1.19
Subordinated liabilities	1,417	45	6.33	1,557	21	2.66
Lease liabilities	252	5	4.11	336	6	3.35
<b>Interest earning liabilities</b>	<b>53,458</b>	<b>307</b>	<b>1.16</b>	<b>70,502</b>	<b>14</b>	<b>0.04</b>
Non interest earning liabilities	63,710			44,821		
Equity	12,690			13,306		
<b>Total liabilities &amp; equity</b>	<b>129,858</b>	<b>307</b>		<b>128,629</b>	<b>14</b>	
<b>Net interest income / margin</b>		<b>1,772</b>	<b>2.94</b>		<b>895</b>	<b>1.48</b>



## Customer loans

€bn	Performing Loans	Non-Performing Loans	Customer Loans
<b>Gross loans (1 Jan 2023)</b>	<b>59.0</b>	<b>2.2</b>	<b>61.2</b>
New lending	5.6	-	5.6
Redemptions of existing loans	(4.6)	(0.3)	(4.9)
Portfolio acquisition	0.7	-	0.7
Net flow to NPE	(0.3)	0.3	-
Foreign exchange / other movements	0.3	(0.1)	0.2
<b>Gross loans (30 Jun 2023)</b>	<b>60.7</b>	<b>2.1</b>	<b>62.8</b>
ECL allowance	(0.9)	(0.7)	(1.6)
<b>Net loans (30 Jun 2023)</b>	<b>59.8</b>	<b>1.4</b>	<b>61.2</b>



## Loan book\* by staging and coverage

Jun 2023 Gross loan exposures (€bn)	Stage 1	Stage 2	Stage 3**	Total exposure
Mortgages	28.7	1.1	0.7	30.4
Personal	2.4	0.3	0.2	2.8
Property & Construction	5.1	3.7	0.5	9.3
Corporate & SME	16.2	3.2	0.7	20.1
<b>Total</b>	<b>52.4</b>	<b>8.3</b>	<b>2.0</b>	<b>62.6</b>
<b>Stage composition</b>	<b>84%</b>	<b>13%</b>	<b>3%</b>	<b>100%</b>
<b>ECL</b>	<b>0.2</b>	<b>0.7</b>	<b>0.7</b>	<b>1.6</b>
<b>ECL coverage</b>	<b>0.4%</b>	<b>8%</b>	<b>35%</b>	<b>2.6%</b>

Dec 2022 Gross loan exposures (€bn)	Stage 1	Stage 2	Stage 3**	Total exposure
Mortgages	28.4	1.2	0.7	30.3
Personal	2.3	0.3	0.2	2.7
Property & Construction	6.8	1.4	0.4	8.6
Corporate & SME	15.4	3.2	0.8	19.4
<b>Total</b>	<b>52.9</b>	<b>6.0</b>	<b>2.1</b>	<b>61.0</b>
<b>Stage composition</b>	<b>87%</b>	<b>10%</b>	<b>3%</b>	<b>100%</b>
<b>ECL</b>	<b>0.3</b>	<b>0.6</b>	<b>0.7</b>	<b>1.6</b>
<b>ECL coverage</b>	<b>0.5%</b>	<b>11%</b>	<b>34%</b>	<b>2.7%</b>

Movements in loan exposures & ECL (€bn)	Stage 1	Stage 2	Stage 3**	Total exposure
Mortgages	0.3	(0.1)	-	0.2
Personal	0.1	-	-	0.1
Property & Construction	(1.7)	2.3	0.1	0.6
Corporate & SME	0.8	-	(0.1)	0.7
<b>Total</b>	<b>(0.5)</b>	<b>2.2</b>	<b>(0.1)</b>	<b>1.6</b>
<b>ECL movement</b>	<b>(0.1)</b>	<b>0.1</b>	<b>-</b>	<b>-</b>

\* Loan book at amortised cost

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

### Loan book by staging – €62.6bn loan exposures

- Stage 1 loans decreased by €0.5bn to €52.4bn primarily due to stage migration (mainly property) and redemptions offset by new lending
- Stage 2 loans increased by €2.2bn to €8.3bn primarily due to €2.3bn of property
- Stage 3 loans decreased by €0.1bn to €2.0bn

### ECL stock €1.6bn / coverage 2.6%

- Post model adjustments represent 41% of €1.6bn ECL stock
- Stage 2 ECL cover 8%; Stage 3 ECL cover 35%

Note rounding may apply



## Loan book by sector

### Concentration by sector (%)

Jun 2023

Agriculture	3
Energy	5
Manufacturing	5
Property & construction	15
Distribution	7
Transport	4
Financial	1
Other services	8
Resi mortgages	48
Personal	4
<b>Total</b>	<b>100</b>

### Concentration by geography (%)

Jun 2023

Republic of Ireland	79
United Kingdom	14
North America	3
Rest of World	4
<b>Total</b>	<b>100</b>

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

### Stage movements by sector

Jun 2023

Gross loan (€bn) At amortised Cost	Stage 1	Stage 2	Stage 3*	Total exposure
Mortgages	28.7	1.1	0.7	30.4
Personal	2.4	0.3	0.2	2.8
Property & Construction	5.1	3.7	0.5	9.3
Hotels, Bars & Restaurants	0.8	1.1	0.3	2.2
Retail /Wholesale	1.3	0.2	0.1	1.6
Manufacturing	1.9	0.2	0.1	2.1
Energy	2.9	0.2	-	3.1
Transport	2.0	0.3	-	2.2
Financial	0.2	-	-	0.2
Agriculture	1.5	0.2	0.1	1.8
Other Services	3.2	0.7	0.1	4.0
Syndicated & International				
Finance	2.3	0.5	-	2.8
<b>Total</b>	<b>52.4</b>	<b>8.3</b>	<b>2.0</b>	<b>62.6</b>

### Movements in H1 2023

	Stage 1	Stage 2	Stage 3*	Total
Mortgages	0.3	(0.1)	-	0.2
Personal	0.1	-	-	0.1
Property & Construction	(1.7)	2.3	-	0.6
Hotels, Bars & Restaurants	0.3	(0.2)	-	0.1
Retail /Wholesale	0.1	-	-	-
Manufacturing	0.1	-	-	0.1
Energy	0.3	-	-	0.3
Transport	0.2	-	-	0.2
Financial	-	-	-	-
Agriculture	0.1	-	-	0.2
Other Services	(0.1)	0.3	-	0.2
Syndicated & International				
Finance	(0.1)	(0.1)	-	(0.2)
<b>Total</b>	<b>(0.5)</b>	<b>2.2</b>	<b>(0.1)</b>	<b>1.7</b>

Note rounding may apply



## ECL coverage by stage

Jun 2023				
ECL Coverage	Stage 1	Stage 2	Stage 3*	Total exposure
Mortgages	0.1%	3.6%	28.1%	<b>0.9%</b>
Personal	1.2%	14.9%	67.3%	<b>6.3%</b>
Property & Construction	0.9%	5.6%	33.7%	<b>4.4%</b>
Hotels, Bars & Restaurants	0.8%	15.0%	26.3%	<b>11.1%</b>
Retail /Wholesale	0.8%	11.2%	44.3%	<b>3.9%</b>
Manufacturing	0.5%	7.8%	32.1%	<b>1.9%</b>
Energy	0.4%	13.1%	-	<b>1.2%</b>
Transport	0.6%	8.4%	64.0%	<b>2.1%</b>
Financial	0.9%	-	-	<b>0.9%</b>
Agriculture	0.9%	6.2%	38.0%	<b>3.4%</b>
Other Services	0.6%	9.0%	47.4%	<b>3.6%</b>
Syndicated & International Finance	1.0%	20.7%	59.1%	<b>4.7%</b>
<b>Total</b>	<b>0.4%</b>	<b>8.5%</b>	<b>35.5%</b>	<b>2.6%</b>

Dec 2022				
ECL Coverage	Stage 1	Stage 2	Stage 3*	Total exposure
Mortgages	0.1%	3.2%	28.3%	<b>0.9%</b>
Personal	1.1%	13.7%	64.8%	<b>6.5%</b>
Property & Construction	1.2%	8.4%	29.3%	<b>3.7%</b>
Hotels, Bars & Restaurants	3.0%	14.4%	23.7%	<b>12.9%</b>
Retail /Wholesale	0.8%	11.3%	42.9%	<b>4.3%</b>
Manufacturing	0.7%	11.9%	35.8%	<b>2.5%</b>
Energy	0.5%	13.2%	-	<b>2.0%</b>
Transport	0.4%	9.4%	67.9%	<b>2.4%</b>
Financial	0.9%	-	-	<b>0.9%</b>
Agriculture	0.7%	7.9%	35.8%	<b>3.2%</b>
Other Services	0.7%	10.3%	39.3%	<b>3.2%</b>
Syndicated & International Finance	0.8%	23.1%	36.1%	<b>5.3%</b>
<b>Total</b>	<b>0.5%</b>	<b>10.7%</b>	<b>34.0%</b>	<b>2.7%</b>

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



## Asset quality by portfolio

	At amortised cost					At FVTPL	
€bn	Mortgages	Personal	Property	Corporate & SME	Total	Total	Total
Jun-23							
Customer loans	30.4	2.8	9.3	20.1	62.6	0.2	62.8
Total ECL cover (%)	1%	6%	4%	4%	2.6%		
of which NPEs	0.6	0.2	0.5	0.7	2.0	0.1	2.1
of which legacy NPEs*	0.1	0	0	0	0.2		0.2
of which non legacy NPEs*	0.5	0.2	0.4	0.7	1.8	0.1	1.9
ECL on NPE	0.2	0.1	0.2	0.3	0.8		
ECL / NPE coverage** %	31%	67%	34%	37%	37%		
Dec-22							
Customer loans	30.3	2.7	8.6	19.4	61.0	0.2	61.2
Total ECL cover (%)	1%	7%	4%	4%	2.7%		
of which NPEs	0.6	0.2	0.4	0.8	2.0	0.2	2.2
ECL on NPE	0.2	0.1	0.2	0.3	0.8		
ECL / NPE coverage** %	31%	64%	29%	35%	35%		

\* Includes customer loans at FVTPL

\*\* ECL allowance as a % of total loans and advances to customers carried at amortised cost

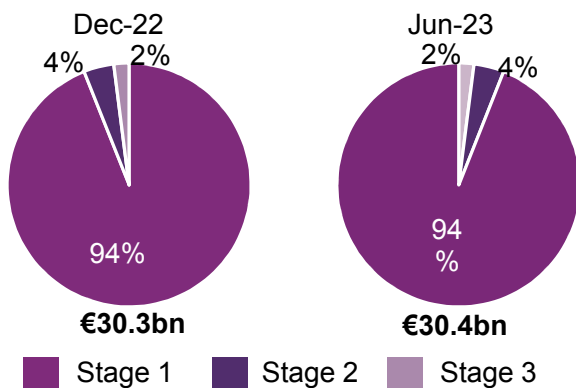
Note rounding may apply



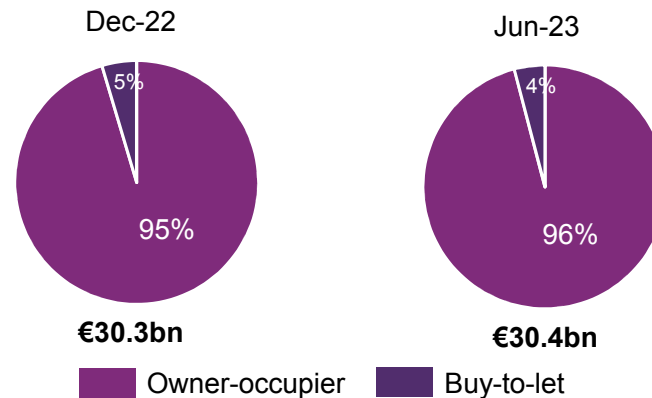


## Mortgages & Personal lending

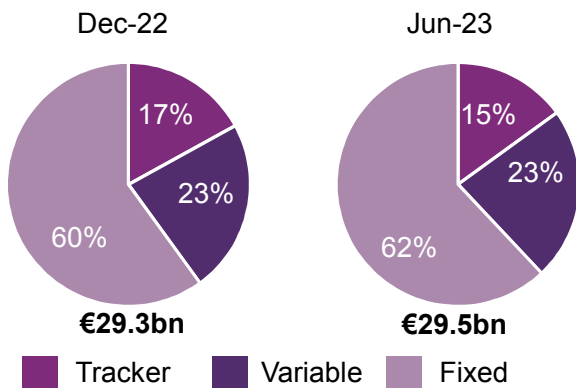
**Total Mortgages**



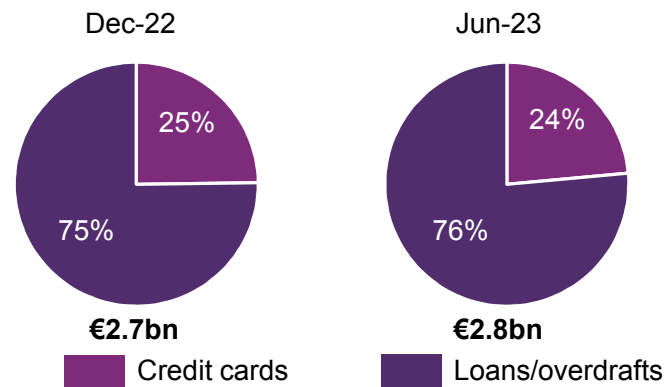
**Total Mortgages**



**ROI Mortgages**



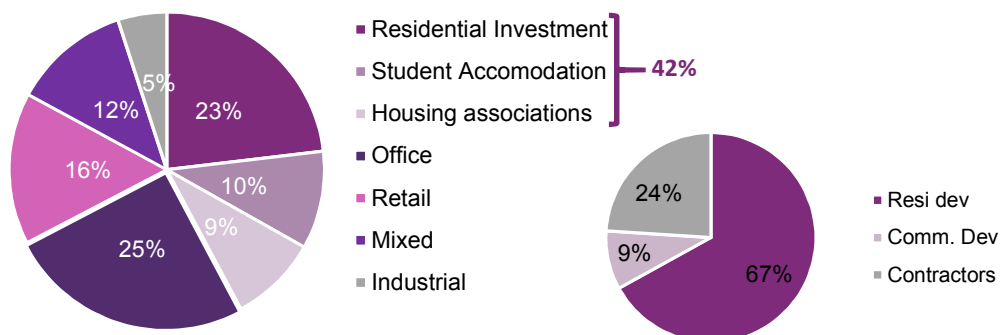
**Personal lending**



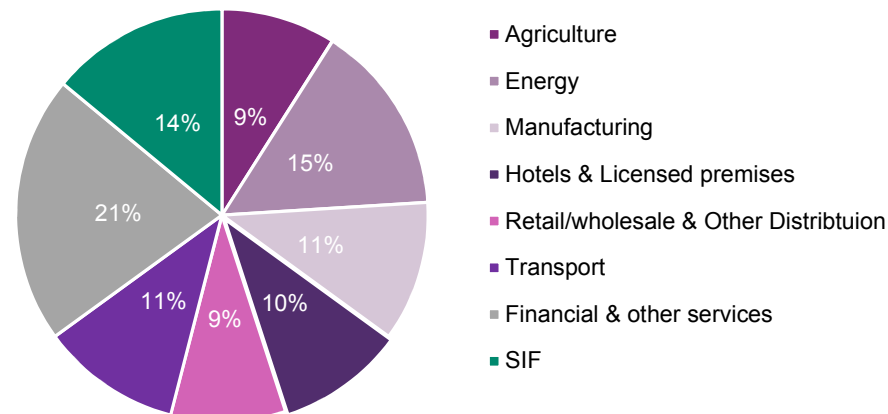


## Property and Corporate/SME

### Property €9.4bn



### Corporate/SME €20.1bn



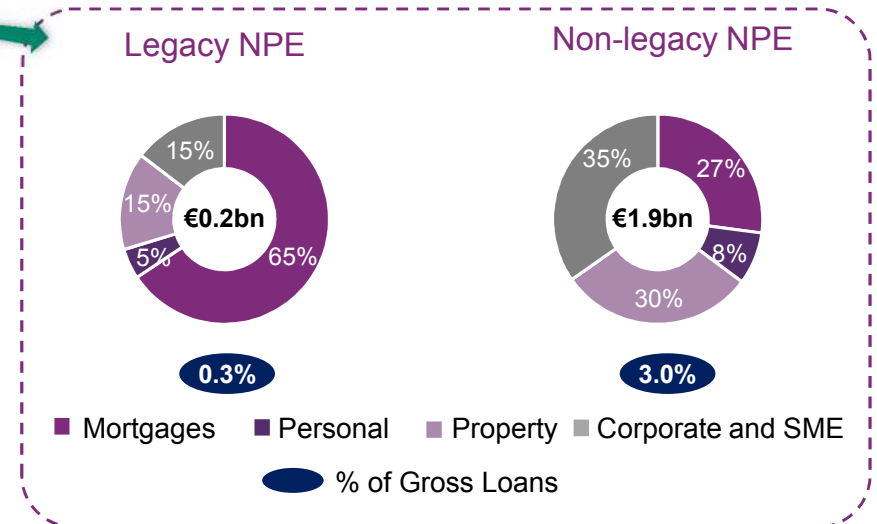
- Strong ECL cover on the overall property portfolio of 4.4% and 5.6% for Stage 2
- CRE investment
  - Well-diversified portfolio split ROI 75% and UK 25%
  - Conservative underwriting standards in place with an average LTV of c. 54%<sup>(1)</sup> across ROI commercial investment portfolio
  - Rental income and occupancy rates remain robust
  - Stage 2 loans increased €2.3bn to €3.7bn in H1 due to potential adverse impacts from tighter ICRs & lower valuation
    - €1.6bn PMA reflecting a proactive and forward looking credit management approach
- Land and development
  - No speculative lending; strong counterparties; pre-lets in place

- Well-diversified portfolio includes SMEs and exposures to larger corporates
- €0.7bn increase in H1 of which €0.6bn due to migration of Ulster Bank loans
- Syndicated and International Finance (SIF) decreased by €0.2bn to €2.8bn
  - Portfolio is well-diversified by name and sector
  - Top 20 names accounted for 30% of exposures
  - 89% are rated by S&P with 69% rated B+ or above
  - Geographical split; 60% US, 34% ROW (primarily Europe) and 6% UK

(1) LTVs estimated using moved in MSCI and IPD indices over 12 months to Q1 2023



## NPEs at 3.3%; target c.3% by end 2023



### NPEs €2.1bn; NPE ratio 3.3% at Jun 23

- €0.2bn or 0.3% legacy NPEs are those in default prior to Dec 2018 and which may form part of alternative recovery strategies
- €1.9bn or 3.0% non-legacy NPEs are mainly in sectors most impacted by COVID-19 restrictions
  - Corporate and SME €0.7bn or 35% includes accommodation, bars and restaurants
  - Property €0.6bn or 30% includes retail shopping centres
  - Non-legacy assets have a higher propensity to cure
- Weighted average LTV for Irish mortgages; new business: 67% (Dec 22: 64%); stock: 50% (Dec 22: 48%); Stage 3: 46% (Dec 22: 46%)

*Note rounding may apply*



## Asset quality – internal credit grade by ECL staging\*

€m	Jun 2023					Dec 2022				
	Stage 1	Stage 2	Stage 3	POCI**	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	40,139	3,198	-	4	43,341	40,708	1,159	-	3	41,870
Satisfactory	11,484	2,270	-	3	13,757	11,365	1,772	-	3	13,140
Total strong / satisfactory	51,623	5,468	-	7	57,098	52,073	2,931	-	6	55,010
Criticised watch	662	1,747	-	1	2,410	668	1,271	-	1	1,940
Criticised recovery	85	1,046	-	60	1,191	119	1,834	-	61	2,014
Total criticised	747	2,793	-	61	3,601	787	3,105	-	62	3,954
NPE	2	-	1,930	17	1,949	2	-	1,997	19	2,018
Total customer loans	52,372	8,261	1,930	85	62,648	52,862	6,036	1,997	87	60,982

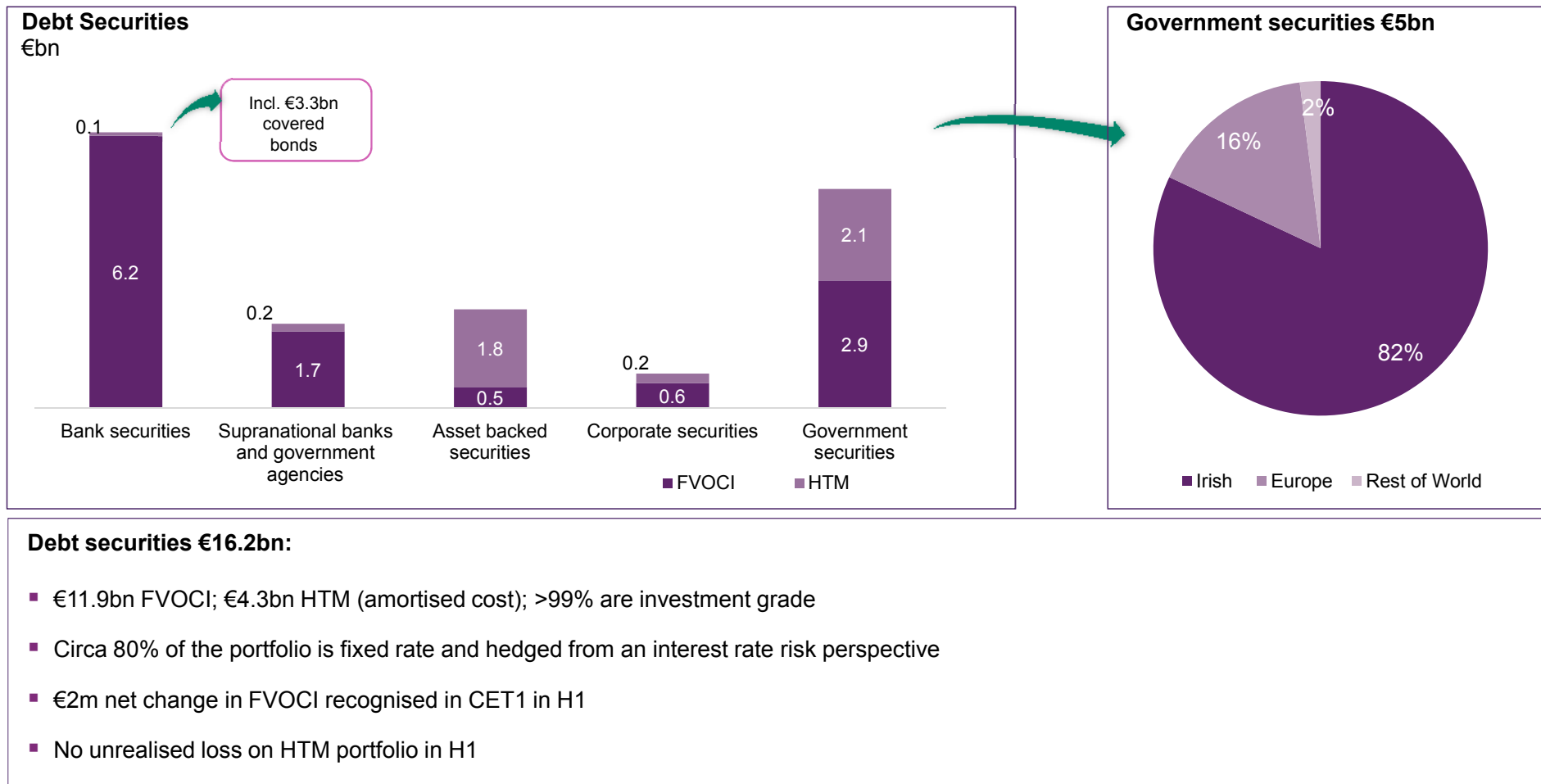
\* Dec 2022 excludes €174m loans FVTPL of which €151m are NPEs (Dec 21 €249m; €153m)

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

- Stage 1 loans €52.4bn decreased €0.5bn from Dec 22, 99% are strong / satisfactory
- Stage 2 loans €8.3bn increased €2.2bn from Dec 22, 66% are strong / satisfactory
- Stage 3 loans €1.9bn decreased €0.1bn from Dec 22



## Debt securities €16.2bn; primarily held for liquidity purposes







## Reported capital ratios

### Transitional capital ratios

	Jun 23	Dec 22
<b>Total risk weighted assets (€m)</b>	<b>58,724</b>	55,558
<b>Capital (€m)</b>		
Shareholders equity excl AT1 and dividend	<b>11,133</b>	10,985
Regulatory adjustments / foreseeable charge	<b>(1,470)</b>	(1,040)
Common equity tier 1 capital	<b>9,663</b>	9,945
Qualifying tier 1 capital	<b>1,112</b>	1,112
Qualifying tier 2 capital	<b>1,547</b>	1,524
Total capital	<b>12,322</b>	12,581
<b>Transitional capital ratios (%)</b>		
CET1	<b>16.5</b>	17.9
AT1	<b>1.8</b>	2.0
T2	<b>2.7</b>	2.7
Total capital	<b>21.0</b>	22.6

### RWA (Transitional)

Risk weighted assets (€m)	Jun 23	Dec 22	Mvmt
Credit risk	<b>53,975</b>	50,886	3,089
Market risk	<b>339</b>	291	48
Operational risk	<b>4,302</b>	4,302	-
CVA	<b>108</b>	79	29
Total risk weighted assets	<b>58,724</b>	55,558	3,166

### Fully loaded capital ratios

	Jun 23	Dec 22
<b>Total risk weighted assets (€m)</b>	<b>58,582</b>	55,333
<b>Capital (€m)</b>		
Shareholders equity excl AT1 and dividend	<b>11,133</b>	10,985
Regulatory adjustments / foreseeable charge	<b>(1,960)</b>	(1,983)
Common equity tier 1 capital	<b>9,173</b>	9,002
Qualifying tier 1 capital	<b>1,112</b>	1,112
Qualifying tier 2 capital	<b>1,672</b>	1,661
Total capital	<b>11,957</b>	11,775
<b>Fully loaded capital ratios (%)</b>		
CET1	<b>15.7</b>	16.3
AT1	<b>1.9</b>	2.0
T2	<b>2.8</b>	3.0
Total capital	<b>20.4</b>	21.3

### Shareholders' Equity (€m)

<b>Equity – Dec 2022</b>	<b>12,266</b>
Profit H1 2023	854
Investment securities & cash flow hedging reserves	39
Other	(367)
<b>Equity – Jun 2023</b>	<b>12,792</b>
less: AT1	(1,115)
less: Proposed dividend	(544)
Shareholders' equity excl. AT1 and dividend	<b>11,133</b>

Note rounding may apply



## Regulatory capital requirements

Regulatory Capital requirements	Jun-23	Dec-23*	Dec-24*
Pillar 1	4.50%	4.50%	4.50%
Pillar 2 requirement (P2R)	1.55%	1.55%	1.55%
Capital Conservation Buffer (CCB)	2.50%	2.50%	2.50%
O-SII Buffer	1.50%	1.50%	1.50%
Countercyclical Buffer (CCyB)	0.56%	1.05%	1.45%
<b>Total CET1 / Minimum distributable amount (MDA)</b>	<b>10.61%</b>	<b>11.10%</b>	<b>11.50%</b>
AT1	2.02%	2.02%	2.02%
Tier 2	2.69%	2.69%	2.69%
<b>Total capital</b>	<b>15.32%</b>	<b>15.80%</b>	<b>16.20%</b>

- The table above sets out the capital requirements at Jun 2023 and the proforma requirements for 31 Dec 2023 and 31 Dec 2024
- The Central Bank of Ireland reintroduced the CCyB for Irish exposures at 0.5% in Jun 2023, increasing to 1% in Nov 2023 and 1.5% in 2024
- The Bank of England reintroduced the CCyB at 1% in Dec 2022, increasing to 2% in July 2023
- CET1 buffer of 5.1% to regulatory capital requirements of 10.61% at Jun 2023

*\*Dec 23 and 24 estimated on a look through basis*



## Macroeconomic scenarios and sensitivities

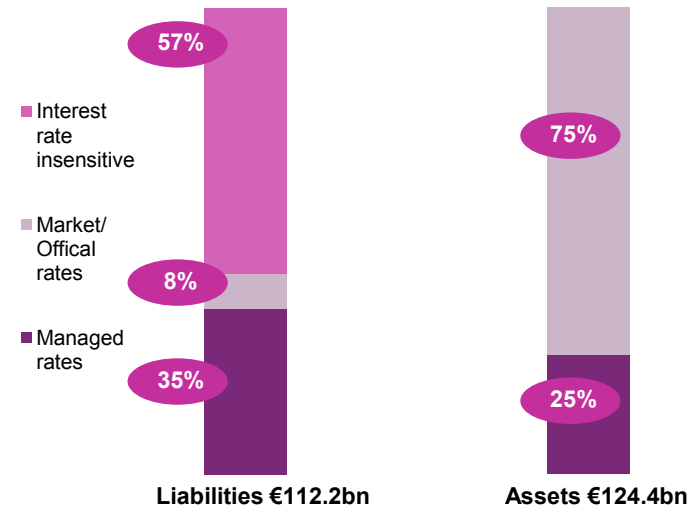
Macroeconomic scenario - Base (%)	2023	2024	2025	2026	2027
<b>Republic of Ireland</b>					
GDP growth	4.0	3.7	4.0	3.5	3.0
Residential property price growth	1.0	2.0	2.5	2.5	2.5
Unemployment rate	4.8	5.0	5.0	5.0	5.0
Commercial property price growth	-9.0	3.0	3.0	3.0	3.0
Employment growth	1.5	1.5	1.7	1.6	1.5
Average disposable income growth	6.3	5.3	4.7	4.6	4.5
Inflation	5.0	2.8	2.2	2.0	2.0
<b>United Kingdom</b>					
GDP growth	-0.5	0.2	1.0	1.3	1.5
Residential property price growth	-8.0	1.0	2.0	2.0	2.0
Unemployment rate	4.2	4.6	5.0	5.0	4.8
Commercial property price growth	-8.0	2.0	3.0	4.0	4.0
Inflation	6.3	2.5	2.0	2.0	2.0

### Customer loans ECL sensitivities\*

H1 2023 €m	Reported	Base 100%	Downside scenario 1 100%	Downside scenario 2 100%	Upside scenario 100%
ECL allowance	1,638	1,558	1,721	1,934	1,486
Delta to Reported		(80)	83	296	(152)
Delta to Base			163	376	(72)

\* H1 2023 macroeconomic scenarios and weightings: Base scenario (50%); Downside scenario 1 'Persistent high inflation' (30%); Downside scenario 2 'Credit crunch' (10%); Upside scenario 'Quick economic recovery' (10%)  
Note rounding may apply

### Composition of balance sheet by interest rate type at Jun 2023\*\*



\*\*Assets include customer loans, investment securities, securities financing and central bank balances; liabilities include current accounts, deposits, debt securities in issue, subordinated liabilities and excludes equity

### NII sensitivity as at Jun 2023 (€m)

	-100bps	-50bps	-25bps	+25bps	+50bps	+100bps
Euro	(288)	(110)	(52)	51	102	204
Sterling	(46)	(23)	(11)	11	23	45
Other (mainly US\$)	(22)	(11)	(6)	5	11	22
<b>Total</b>	<b>(356)</b>	<b>(143)</b>	<b>(69)</b>	<b>68</b>	<b>136</b>	<b>272</b>



## Credit ratings

As at 30 Jun 2023

MOODY'S

STANDARD  
& POOR'S

### AIB Group plc (HoldCo)

Long term issuer rating

A3

BBB

Outlook

Stable

Stable

Investment grade

✓

✓

### AIB p.l.c. (OpCo)

Long term issuer rating

A1

A

Outlook

Stable

Stable

Investment grade

✓

✓



## Other information

### 2023 guidance

NII	>€3.6bn
NIM	>2.90%
Other income	c. €780m
Costs	c. €1.8bn with a CIR in the low-40%s
CoR	At the lower end of through-the-cycle range of 30-40bps
Bank levies & regulatory fees	c. €165m
Exceptional costs	c. €150m
Customer loans	>10% growth

*Inclusive of acquisitions of both Ulster Bank corporate and commercial loan book and tracker mortgage portfolio*





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