



EMBARGO 07:00

2 August 2024

AIB GROUP PLC HALF-YEAR RESULTS TO JUNE 2024

AIB announces profit after tax of €1.1 billion; €500m proposed directed buyback

“AIB Group delivered a very strong financial performance with profit after tax of €1.1 billion in the first half of the year as we embed our strategic priorities of enhancing our customer focus, further greening our business and driving greater operational efficiency. Given our strong capital position, we are pleased to announce our first post-GFC mid-year distribution, with discussions underway with the Department of Finance for a €500m directed share buyback, which would bring payments to the State to €3 billion so far this year. Following a very strong first half and with momentum in our business we are well on track to support our 3.3 million customers, our communities and the wider economy while delivering attractive, sustainable returns for our shareholders.”

– Colin Hunt, Chief Executive Officer

KEY HIGHLIGHTS

Financial highlights (all comparisons versus H1 2023 unless otherwise stated)

- Very strong profitability in H1 2024; Profit after tax €1,108m; RoTE 25.5%⁽¹⁾
- Mid-year distribution; regulatory approval received for €505m share buyback
 - Intention to transact €500m directed buyback and undertake Odd-lot offer
- Total income increased 12% to €2,470m
 - 18% increase in net interest income (NII) to €2,075m
 - 10% increase in net fee and commission income to €336m; Total other income €395m
- 2024 NII guidance revised upwards to c. €4.0bn
- Costs⁽²⁾ increased 6% to €947m with a cost income ratio (CIR) of 38%
 - 2024 costs expected to increase by 6-7% plus c. €25m once-off spend for customer and operational efficiency initiatives
- ECL charge of €61m representing 18bps cost of risk; 2.3% ECL cover
- Gross loans increased 3% to €68.9bn (Dec 23: €67.0bn)
 - New lending up 13% to €6.3bn including green and transition lending of €2.1bn
 - Mortgage market share 36.4%⁽³⁾
- CET1 post-proposed distributions of 15.5% (Dec 23: 15.8%)
- Strong funding with 2% increase in customer accounts to €107.0bn (Dec 23: €104.8bn)
- Three issuances including €625m AT1 and €650m green Tier 2 hybrid capital and a \$1bn senior non-preferred bond

FINANCIAL PERFORMANCE

(all comparisons versus H1 2023 unless otherwise stated)

The Group delivered a very strong financial performance driven by increased income which contributed to profit after tax of €1,108m and a return on tangible equity (RoTE) of 25.5%.

Net interest income of €2,075m (H1 2023: €1,753m⁽⁴⁾) increased by 18% due to the higher interest rate environment and higher average customer loan volumes. Net interest margin (NIM) was 3.24%

(H1 2023: 2.90%⁽⁴⁾) and the Q2 2024 exit NIM was 3.22%. We expect 2024 NII of c. €4.0bn based on rate assumptions of an ECB deposit rate of 3.25% and a BOE rate of 5.0% at December 2024. Previously we expected NII to be >€3.65bn based on an ECB deposit rate of 2.75% at December 2024.

Other income decreased by 14% to €395m (H1 2023: €456m⁽⁴⁾) as the prior period included a gain of €138m relating to a forward contract for the acquisition of Ulster Bank loans. Net fee and commission income increased by 10% to €336m (H1 2023: €306m) primarily reflecting higher transaction volumes from a larger customer base. We expect 2024 other income of >€700m.

Operating costs were €947m (H1 2023: €897m), an increase of 6%, due to increased staff numbers to support higher business volumes, inflation and enhanced employee benefits. FTEs were broadly in line with December at 10,617 (Dec 2023: 10,551; Jun 23: 10,133). The cost income ratio was 38% (H1 2023: 41%). We expect 2024 costs to increase by 6-7% plus c. €25m once-off spend for customer and operational efficiency initiatives including investment in our branch network.

Credit quality remains robust. There was a net credit impairment charge of €61m representing 18bps cost of risk (CoR). ECL coverage rate remains unchanged at 2.3%. We expect 2024 CoR at the lower end of a 20-30bps range.

Bank levies and regulatory fees of €128m increased by €21m (H1 2023: €107m) primarily due to the early recognition of the Irish bank levy estimated at €102m. We expect 2024 bank levies and regulatory fees to be c. €145m.

Exceptional items of €55m primarily for the cost of resolving legacy matters⁽⁵⁾ and migration of remaining Ulster Bank mortgages. We expect 2024 exceptional costs to be c. €100m in 2024.

CUSTOMER LOANS

Gross loans of €68.9bn increased by €1.9bn or 3% (Dec 2023: €67.0bn) primarily driven by strong new lending exceeding redemptions. We expect customer loans to grow by 4% in 2024 which compares to previous guidance of 2%.

Total new lending increased by 13% to €6.3bn (H1 2023: €5.6bn) with positive trends across our new Climate Capital segment, personal lending and mortgages.

New mortgage lending in Ireland was up 10% to €1.9bn and reflected a mortgage market share of 36.4%. Personal lending was up 10% to €0.7bn reflecting our enlarged customer base and an increase in consumer credit demand.

New lending to SMEs in Ireland increased by 8% to €0.8bn and early reaction to our more streamlined digital business loan application process has been positive. In Capital Markets, new lending including corporate and SME was up 5% to €1.9bn.

Climate Capital delivered strong new lending of €0.8bn as we focus on financing energy transition and infrastructure.

UK new lending was £0.4bn (H1 2023: £0.5bn) as we continue to focus on our chosen market sectors.

Green and transition lending accounted for 34% of new lending in the first half with €13.7bn completed since 2019 as we continue to support our customers transition to a more sustainable future. Green mortgages represented 50% of new mortgage lending.

NPEs were €2.2bn or 3.2% of gross loans (Dec 23: €2.0bn or 3.0% of gross loans) reflecting net inflows of €0.4bn partially offset by redemptions of €0.2bn. Asset quality remains resilient and we continue

to carefully manage the loan book, particularly in those sectors impacted by inflationary pressures and higher interest rates.

FUNDING & CAPITAL

Strong funding and capital ensure AIB is well-positioned for sustainable growth. Customer accounts increased by €2.2bn to €107.0bn with 92% of accounts ROI-based (Dec 23: 92%). The mix between current accounts and deposits remains broadly unchanged from December 2023 and the flow to term accounts remains consistent with Q4 2023 at c. €600m monthly. The Group continues to have strong funding and liquidity ratios with LDR of 63%, LCR of 204% and NSFR of 163% which compare to 63%, 199% and 159% respectively at December 2023.

The Group completed three MREL issuances in the first half consisting of €625m AT1 and €650m green Tier 2 hybrid capital as well as a \$1bn senior non-preferred bond. Our MREL ratio was 33.2% of RWAs, well in excess of our target of 30.0%. Total proceeds raised from ESG bonds to date stand at €6.4bn.

Capital remains robust and well ahead of minimum regulatory requirements. The CET1 ratio was 15.5% (Dec 23: 15.8%) and reflects strong organic capital generation (+190bps) offset by dividend accrual in line with CRR guidance (-120bps), the proposed €505m share buyback (-80bps), other CET1 movements (+20bps) and an increase in RWAs (-40bps) primarily driven by balance sheet growth. We are progressing RWA management measures such as a significant risk transfer (SRT) transaction and expect to complete our first transaction in H2 2024.

Proposed share buyback: the Group has received regulatory approval for a €505m share buyback with the intention to transact €500m on a directed basis with the State and, following receipt of shareholder approval at the recent AGM, to undertake an Odd-lot offer. Discussions with the Department of Finance in relation to the proposed €500m directed buyback of ordinary shares are underway.

SUSTAINABILITY

Progressing our Sustainability agenda is a strategic priority for AIB. We continue to play our part to ensure a greener tomorrow by backing those building it today. The summary below shows some of the highlights of H1 2024 across each of the ESG categories:

Environmental

- Our €30bn Climate Action Fund⁽⁶⁾ is actively supporting our customers with €13.7bn of green and transition finance deployed since the fund launched in 2019 including €2.1bn in H1 2024
- Launched our new Transition Finance Guidance to enhance our transition finance proposition for our corporate and business customers; Mandated Sustainability Coordinator with ten of Ireland's leading companies

Social

- Commenced AIB's third annual Community €1 Million Fund supporting over 70 local charities in communities across Ireland
- Established AIB's Sustainability Academy, a hub for ESG learning, research and training supports for all colleagues

Governance

- The Irish State's shareholding currently stands at 25.5% down from 41% at December 2023
- Gender balance maintained across management levels with 43% of women in management⁽⁷⁾

For more sustainability information please see the 2023 Detailed Sustainability Report on our website (aib.ie/sustainability).

OUTLOOK & GUIDANCE

We are in the first year of our new strategic cycle and the Group has had a very strong start to 2024 with momentum in income and loan book growth contributing to capital generation and return. We continue to embed our strategic priorities to place an enhanced focus on serving our customers, further greening our business and driving greater operational efficiency. The Group is generating sustainable profits, supporting our 3.3 million customers and the wider economy and delivering attractive shareholder returns. Following a very strong first half, we are confident for the remainder of the year.

2024 Guidance:

- NII is expected to be c. €4.0bn
- Other income is expected to be >€700m
- Costs are expected to increase 6-7% plus c. €25m once-off spend
- CoR expected at the lower end of a 20-30bps range
- Bank levies and regulatory fees are expected to be c. €145m
- Exceptional costs are expected to be c. €100m
- Customer loans are expected to grow by 4%

2026 Medium-term targets:

- RoTE of 15%
- CET1 >14% with a buffer over MDA of at least 250bps
- Absolute cost <€2 billion with a CIR of <50%

Further detail is provided in the 2024 Half-Year Financial Report which can be found at [2024 Financial Results \(aib.ie\)](https://aib.ie)

Analyst presentation

Colin Hunt, CEO and Donal Galvin, CFO will host a presentation via webcast and conference today at 09.00 IST, details available at [AIB Group plc Half-Year Financial Results 2024 \(royalcast.com\)](https://royalcast.com)

Notes:

- 1) $RoTE = (PAT-AT1) / (CET1 @ 14\% \text{ of RWAs})$
- 2) Costs before bank levies and regulatory fees and exceptional items
- 3) Source: Mortgage drawdowns BPF1 for June 2024
- 4) Figures for the prior period have been restated on a comparative basis resulting in an increase in other income in H1 2023 by €19m and a corresponding decrease in net interest income of €19m
- 5) Relates to customer redress and associated costs for certain legacy matters such as investment property funds. Further information is available on page 94 of the 2024 Half-Year Financial Report
- 6) Further information is available on page 3 of the 2024 Half-Year Financial Report
- 7) The Equileap annual Gender Equality Global Report & Ranking equates 'gender balanced' with between 40% and 60% women

Figures presented above may be subject to rounding and thereby may differ to the 2024 Half-Year Financial Report

- ENDS -

For further information, please contact:

Donal Galvin
Chief Financial Officer
Tel: +353-1-6418300
email: donal.j.galvin@aib.ie

Niamh Hore
Head of Investor Relations
Tel: +353-86-3135647
email: niamh.a.hore@aib.ie

Paddy McDonnell
Head of Media Relations
Tel: +353-87-7390743
email: paddy.x.mcdonnell@aib.ie

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 Principal Risks on pages 27 to 30 of the Annual Financial Report 2023 and updated on page 32 of the 2024 Half-Year Financial Report. In addition to matters relating to the Group's business, future performance will be impacted by (i) the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, (ii) the impacts of inflation and (iii) Irish, UK and wider European and global economic and financial market considerations. Future performance could also be impacted by the direct and indirect consequences of conflicts in the Middle East and Ukraine. 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 27 to 30 of the Annual Financial Report 2023 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.