EMBARGO 07:00 **5 March 2025**

AIB GROUP PLC 2024 ANNUAL RESULTS

AIB announces profit after tax of €2.35 billion and total distributions of €2.6 billion

"I am pleased to announce that AIB has again delivered a very strong performance in 2024 with profit after tax of €2.35 billion, a 26.7% return on tangible equity and total distributions to shareholders of €2.6 billion. Against a solid economic backdrop, new lending grew by 17% to €14.5 billion with 6% loan book growth to €71.2 billion. We have continued to expand the Group's products and services as well as our customer base, which at 3.35 million has never been higher.

The Group's share register has continued to normalise and, with the State's shareholding currently at 12.39%, there is a clear path to a return to full private ownership this year. To date, the Group has returned €18.5 billion to the State, with €4.4 billion returned since January 2024. Additionally, discussions are underway with the Department of Finance for a further €1.2 billion directed share buyback.

Supporting the transition to a greener future, €16.6 billion of our €30 billion Climate Action Fund has been deployed since 2019, with €5.1 billion new green lending in 2024 representing 35% of our €14.5 billion new lending. We've also seen a strong performance in new mortgage lending, advancing €2.8 billion to support 10,000 first-time buyers to purchase their first home.

As we progress our strategy and support our growing customer base, we are mindful of uncertainties in the external environment. However, we remain confident in the strong fundamentals of our business and our ability to play a positive role in the Irish economy, helping to build a more sustainable future for our customers while delivering sustainable returns for our shareholders."

– Colin Hunt, Chief Executive Officer

KEY HIGHLIGHTS

Financial highlights: ***(all comparisons versus 2023 unless otherwise stated)***

- Very strong financial performance ahead of expectations
  - Profit after tax €2,351m; EPS 92.5c; RoTE(1) 26.7%
  - RoTE in 2025 is expected to be meaningfully ahead of 15% medium-term target
- Total income up 4% to €4,908m; net interest income (NII) of €4,129m; other income of €779m
  - NII up 7%; net fee & commission income up 5%
  - 2025 income guidance of NII > €3.6bn and other income c. €750m
- Total distributions of €2.6bn; payout ratio 109%
  - €500m mid-year directed buyback completed in H2 2024
  - €861m proposed cash dividend or 36.984c per share
  - €1.2bn regulatory approved share buyback; directed buyback discussions underway
- Strong organic capital generation with December 2024 CET1 of 15.1% (Dec 23: 15.8%)
  - Inaugural SRT completed in 2024; c. 20bps benefit
  - c. 120bps Basel IV benefit from January 2025, previously estimated c. 50bps

- Costs[2] of €1,971m as guided; cost income ratio (CIR) of 40%
- Gross loans increased 6% to €71.2bn (Dec 23: €67.0bn)
    - New lending up 17% to €14.5bn; mortgage market share 36%[3]
- Strong funding with 5% increase in customer accounts to €109.9bn (Dec 23: €104.8bn)

Strategic highlights: Continued progress on three areas of strategic focus

- Customer first: developing more enduring relationships with our 3.35 million customers
    - Launched Abi, our new AI digital assistant, in our contact centre assisting >130,000 customers to self-serve with a rapid response time; phased roll-out since December 2024
    - AIB measures customer experience performance across 5 core NPS metrics, all of which outperformed 2024 targets with 4 of the 5 reaching the highest ever recorded scores
- Greening our business: mobilising capital to support climate action
    - €16.6bn of our €30bn Climate Action Fund has been deployed since 2019
    - 84% of the Group's power is sourced from fully traceable renewable energy sources
- Operational efficiency and resilience: investing in capabilities, capacity & resilient platforms
    - Continuous investment in progressive, modern and resilient technology; c. €300m on average p.a.
    - Progress made on removing organisational complexity: 17% reduction in legal entities and 5 legacy applications decommissioned reducing IT storage

2025 Guidance:

- NII is expected to be > €3.6bn
- Other income is expected to be c. €750m
- Costs are expected to increase c. 3%
- Cost of Risk (CoR) expected to be within the range of 20-30bps
- Bank levies and regulatory fees are expected to be c. €140m
- Exceptional costs are not expected to be material
- Customer loans are expected to grow by c. 5%
- RoTE is expected to be meaningfully ahead of our 15% medium-term target

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%

FINANCIAL PERFORMANCE

The Group delivered a very strong performance driven by increased income and loan growth which contributed to profit after tax of €2,351m and a RoTE of 26.7%.

Net interest income of €4,129m (2023: €3,841m) increased by 7% reflecting higher average interest rates and higher average customer loan volumes partly offset by an increase in interest expense. Deposit beta was c. 12% in 2024. Net interest margin (NIM) was 3.16% (2023: 3.11%) and the Q4 2024 exit NIM was 3.00%. The outlook for NII remains resilient in a lower rate environment due to growth in our loan book, our stable and granular deposit base and proactive management of our structural hedge programme. For 2025 we expect NII of > €3.6bn based on rate assumptions of an ECB deposit rate of 2.00% (from June 2025) and a BOE rate of 4.00% at December 2025.

Other income of €779m (2023: €900m) decreased by 13% mainly due to lower income relating to a forward contract for the acquisition of Ulster Bank loans (2024: €27m; 2023: €223m). These loans are fully onboarded. Net fee and commission income increased by 5% to €666m (2023: €633m) primarily reflecting higher transaction volumes from a larger customer base and higher wealth income. For 2025 we expect other income of c. €750m.

Operating costs were €1,971m (2023: €1,826m), representing underlying cost growth of 7% or 8% including c. €25m once-off additional spend for customer and operational efficiency initiatives. Costs reflect increased average staff numbers to support growth in business volumes, salary and general inflation and enhanced employee benefits. FTE numbers reduced by 1% to 10,469 (Dec 2023: 10,551). The cost income ratio was 40% (2023: 39%). For 2025 we expect costs to increase by c. 3% primarily reflecting salary inflation in a tight labour market.

Overall credit quality remains robust. There was a net credit impairment charge of €55m representing 8bps cost of risk (2023: €172m charge; 27bps CoR) with the outcome benefitting from writebacks in mortgages and a small number of exposures in the leisure (Covid impacted) and property sectors, excluding these the CoR was 25bps. Our approach remains conservative, comprehensive and forward-looking and is reflected in an ECL coverage rate of 1.9%. For 2025 we expect CoR within the range of 20-30bps.

Bank levies and regulatory fees of €138m decreased by €47m (2023: €185m) primarily due to a reduction in Deposit Guarantee Scheme and Single Resolution Fund fees which was partly offset by an increase in the Irish bank levy to €94m from €37m. For 2025 we expect bank levies and regulatory fees to be c. €140m.

Exceptional items in the year were €66m and primarily relate to the cost of resolving legacy matters[4] and the final migration of Ulster Bank mortgages. For 2025 we do not expect exceptional costs to be material.

CUSTOMER LOANS

Gross loans of €71.2bn increased by €4.2bn or 6% (Dec 2023: €67.0bn) primarily driven by strong new lending and the completion of the onboarding of €0.8bn Ulster Bank tracker mortgages. For 2025 we expect customer loans to grow by c. 5%.

Total new lending increased by 17% to €14.5bn (2023: €12.3bn) with positive trends across mortgages, renewable energy and corporate lending.

The mortgage market in Ireland performed strongly in 2024 with growth driven by first-time buyer activity. AIB's new mortgage lending in Ireland was up 14% to €4.5bn and reflected a mortgage market share of 36%. Personal lending was up 7% to €1.3bn reflecting our enlarged customer base, an increase in consumer credit demand and our market-leading digital proposition with 87% of personal loan applications completed online. New lending to SMEs in Ireland remained relatively stable at €1.6bn with > 60% of small business loans originated on our new online business loan platform.

In Capital Markets, new lending was up 11% to €4.4bn. The growth in new lending was driven by corporate lending, reflecting a favourable market backdrop. Growth was partly offset by lower property lending reflective of lower activity in the sector.

Climate Capital delivered strong new lending of €1.9bn, up 55%, as we continue to finance the transition to renewable energy and infrastructure. New lending includes the financing of onshore and offshore wind developments in France, solar assets in the UK and utility scale renewable ventures in North America. In Ireland, Climate Capital funded key renewable transactions in the onshore wind and solar sectors.

UK new lending increased by 30% to £1.2bn (2023: £0.9bn) driven by strong corporate lending as we continue to focus on our chosen market sectors such as leisure and residential investment.

Green and transition lending of €5.1bn accounted for 35% of new lending with €16.6bn deployed since 2019 as we continue to support our customers transition to a more sustainable future. Green mortgages represented 52% of new mortgage lending (2023: 46%).

NPEs were €2.0bn or 2.8% of gross loans (Dec 23: €2.0bn or 3.0% of gross loans) as net inflows of €0.8bn were offset by €0.8bn of redemptions and disposals. Asset quality remains resilient and we continue to carefully manage the loan book.

FUNDING & CAPITAL

Strong funding and capital ensure AIB is well-positioned for sustainable growth. Customer accounts increased by €5.1bn to €109.9bn 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 decreased in the second half of 2024. The Group continues to have strong funding and liquidity ratios with LDR of 64%, LCR of 201% and NSFR of 162% at December 2024 (Dec 23: LDR 63%, LCR 199% and NSFR 159%).

The Group completed three MREL issuances in 2024 consisting of €625m AT1 and €650m green Tier 2 hybrid capital as well as a $1bn senior non-preferred bond. Our MREL ratio at December 2024 increased to 31.7% of RWAs, well in excess of our requirement of 28.9% for 1 January 2025. Total proceeds raised from ESG bonds to date stand at €6.4bn. On average we expect three debt issuances per annum across Euro and US dollar.

Ratings: The Group is rated at investment grade with Moody's and S&P Global. In November 2024 S&P Global revised the outlook for AIB Group plc upwards from Stable to Positive due to solid financial performance, sound risk management and improved digital capabilities.

Capital remains robust and well ahead of minimum regulatory requirements. The Pillar 2 requirement decreased from 2.60% to 2.40% for 2025. The CET1 ratio at December 2024 was 15.1% (Dec 23: 15.8%). The main drivers of the CET1 movement were:

- Strong organic capital generation (+400bps) supporting distributions
    - The completed €500m mid-year directed buyback (-80bps)
    - Proposed €861m cash dividend (-150bps)
    - Regulatory approved buyback €1.2bn share buyback (-200bps)
- DTA utilisation (+50bps) partially offset by AT1 coupon and other items (-20bps)
- RWA increase (-70bps) impacted by:
    - Balance sheet growth and increased operational risk RWAs offset by
    - The inaugural significant risk transfer (SRT) executed in November 2024 (c. +20bps)

The Group expects a positive CET1 impact from Basel IV of c. 120bps, up from c. 50bps previously estimated. Over the coming years there are headwinds and tailwinds impacting capital such as IRB model adoption and development and expansion of our SRT programme.

Shareholder distributions of €2.6bn equate to a total payout ratio of 109% including the €0.5bn mid-year directed buyback completed in H2 2024. A cash dividend of 36.984c per share, equating to €861m, has been proposed. Regulatory approval has been received for a share buyback of €1.2bn, discussions with the Department of Finance in relation to a potential directed buyback are currently underway. Shareholder approval will be required for both and it is our intention to seek approval at our AGM on 1 May 2025.

SUSTAINABILITY

In AIB we are empowering people to build a sustainable future. Greening our business is a strategic priority for AIB. The summary below shows some of the highlights of 2024 across each of the ESG categories:

Environmental
- €16.6bn of green and transition lending since the Climate Action Fund launched in 2019 including €5.1bn in 2024 (35% of new lending in 2024)
- We continue to make significant progress on reducing our own carbon footprint with 84% of our electricity now sourced from certified renewable sources
- AIB is the Mandated Sustainability Coordinator with 17 of Ireland's leading companies

Social
- Supported c. 10,000 customers to buy their first home with €2.8bn of new lending to first-time buyers in 2024, well-progressed towards > €6bn target by 2026
- Announced that we will invest over €20m in sustainability education and research, with €10m allocated to a new AIB Trinity Climate Hub in Trinity College Dublin and a €10m commitment as founding partner of Innovate for Ireland.
- Developed our 'SME Steps to Sustainability', a go-to resource for SME businesses designed to guide them to take sustainable action.

Governance

- The Irish State's shareholding currently stands at 12.39% down from 41% at December 2023
- Gender balance maintained across management levels with 43% of women in management roles[5]
- Inclusion in S&P Global Sustainability Yearbook 2025

For more information, please see our Sustainability Statement in the 2024 Annual Report which is in line with the Corporate Sustainability Reporting Directive (CSRD).

OUTLOOK

Following a very strong financial performance in 2024, we enter the second year of our strategy in a position of strength. Our purpose is empowering people to build a sustainable future and we are progressing our three strategic priorities at pace; Customer first, Greening our business and Operational efficiency and resilience.

The process of repaying Irish taxpayers for their support, enhancing liquidity in AIB shares and normalising the share register has been and remains a key goal for the Group. With momentum in the reduction in the State's shareholding (currently 12.39%) coupled with a potential €1.2bn directed buyback, there is now a clear path to return to full private ownership this year.

As we progress our strategy and support our growing customer base, we are mindful of evolving challenges in the external environment. However, the outlook for the domestic economy remains supportive and AIB is well-positioned for the future with a resilient and growing balance sheet, diversifying income and an exceptional customer franchise.

The Group has had a good start to 2025 and remains focused on our three medium-term targets. We remain confident in the strong fundamentals of our business and our ability to play a positive role in the Irish economy, helping to build a more sustainable future for our customers while delivering sustainable returns for our shareholders.

Further detail is provided in the 2024 Annual Financial Report which can be found at [2024 Financial Results (aib.ie)]

Analyst presentation

Colin Hunt, CEO and Donal Galvin, CFO will host a presentation via webcast and conference today at 09.00 GMT, details available at AIB Group plc Full-Year Financial Results 2024 (royalcast.com)

Glossary

EPS: Earnings per share; RoTE: Return on tangible equity; FTE: Full-time equivalent

SRT: Significant risk transfer; MDA: Maximum distributable amount

LDR: Loan to deposit ratio; LCR: Liquidity coverage ratio; NSFR: Net stable funding ratio

Notes:

1) *RoTE= (PAT-AT1)/(CET1 @ 14% of RWAs)*
2) *Costs before bank levies and regulatory fees and exceptional items*
3) *Source: Mortgage drawdowns BPFI for Dec YTD 2024*
4) *Relates to customer redress and associated costs for certain legacy matters such as investment property funds. Further information is available on page 319 of the 2024 Annual Financial Report*
5) *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 Annual Financial Report

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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 17 to 20 in the 2024 Annual Financial Report. 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. Future performance could also be impacted by geopolitical tensions and global conflict. 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 17 to 20 of the 2024 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.*