



BACKING OUR CUSTOMERS

HALF-YEARLY FINANCIAL RESULTS

For the six months ended 30 June 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 50 to 53 in the Annual Financial Report 2020 and updated on page 36 of the Half-Yearly Financial Report 2021. 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 50 to 53 of the Annual Financial Report 2020 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 Half-Yearly Financial Report 2021.



H1 2021 Highlights

Irish economy re-opens

- Economic recovery underway supported by vaccine rollout and sound medium-term fundamentals

Strong financial position supports customer franchise

- Well-positioned as the competitive landscape evolves with leading market shares and No 1 digital bank
- Strong capital CET1 16.4%

Strategy 2023 – delivery on plan

- Organisational focus on cost reduction through increased efficiency
- Progress made on digitalisation, future of work and business model initiatives

Inorganic opportunities*

- Agreed acquisitions of Goodbody & Ulster Bank corporate/commercial loans
- Joint venture agreed with Great-West LifeCo

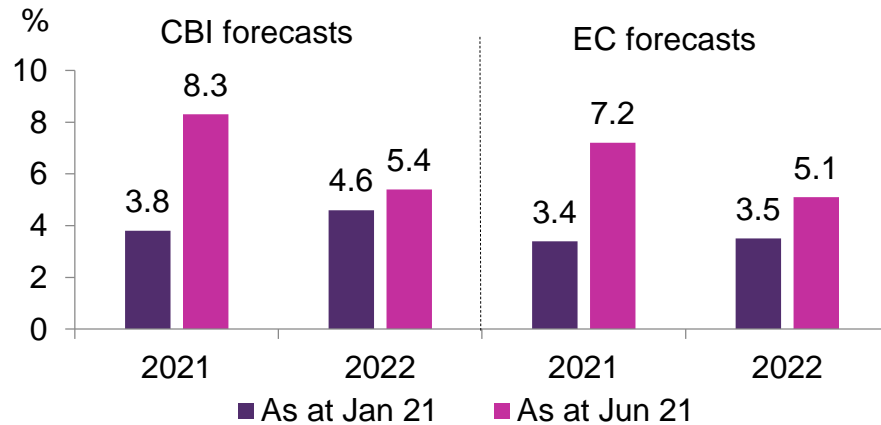
Sustainability leader

- Green lending represents 20% of new lending
- Gender balance at Board, Executive Committee and c. 42% of management

** subject to regulatory approvals*

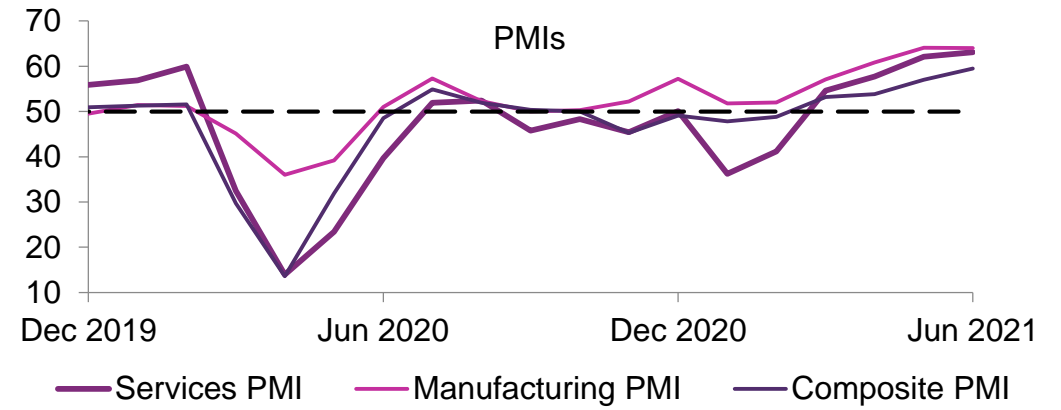
Favourable Irish economic outlook

Upward revisions to GDP forecasts



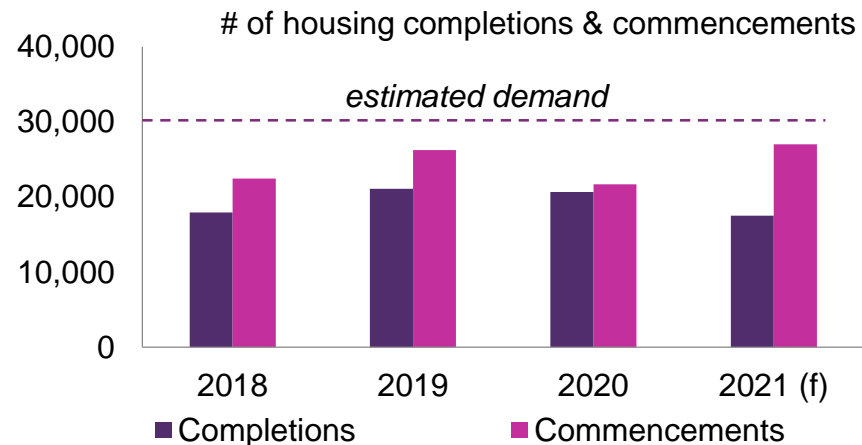
Source: CBI 'Quarterly Bulletin Q3 2021', EC 'Economic Forecast Summer 2021'

Sentiment improves as restrictions are eased



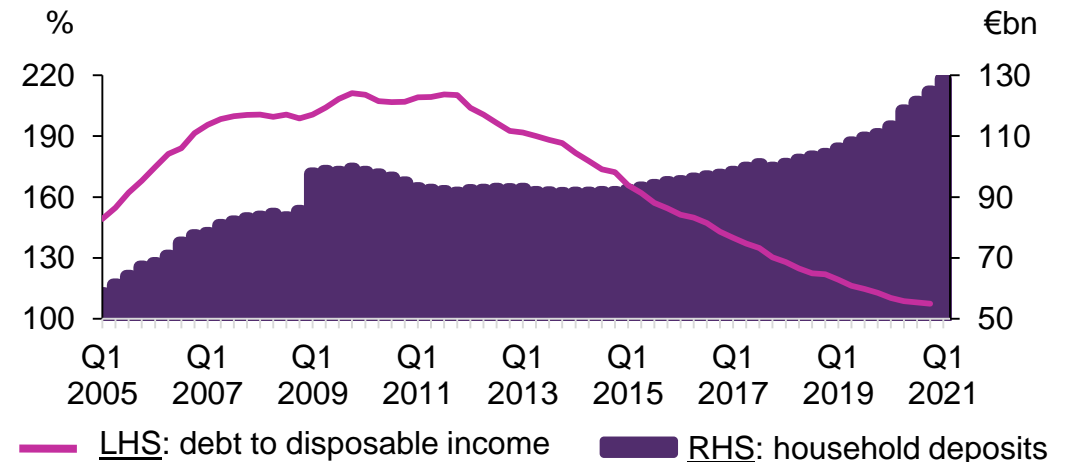
Source: Markit via Thomson Datastream.

Commencements increase as construction sector opens



Source: CSO, Dept. of Housing, AIB ERU

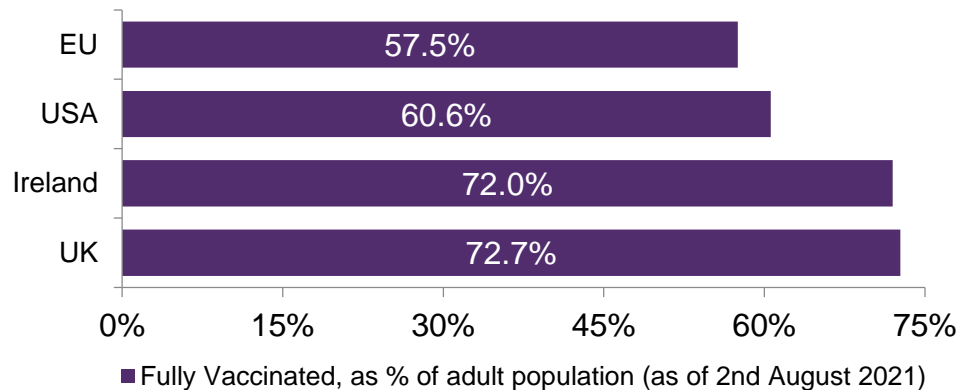
Deposits surge as household deleveraging continues



Source: CSO, CBI, AIB ERU

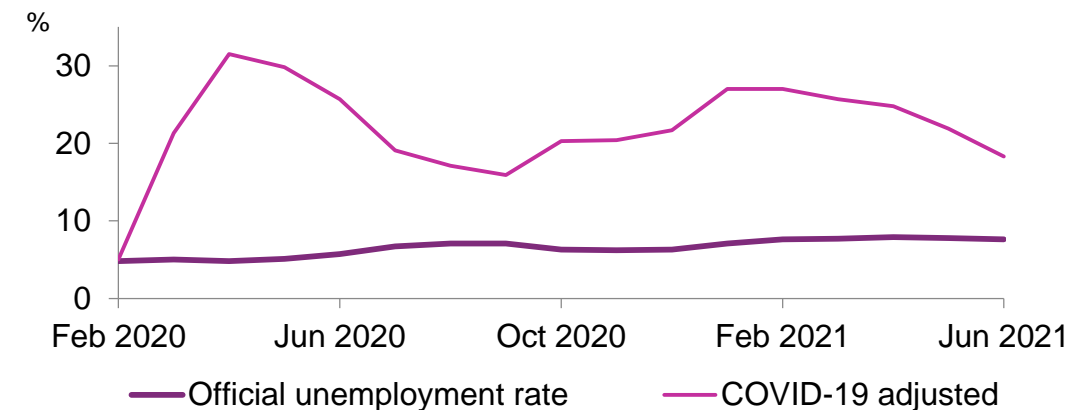
Vaccine roll-out remains key to re-opening

Irish vaccination programme continues at pace



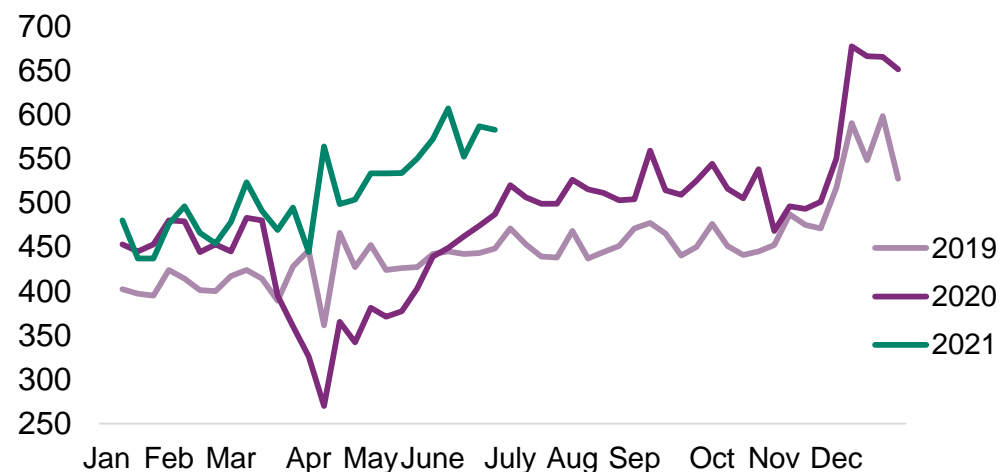
Source: European Centre for Disease Prevention Control (EU), Centers for Disease Control and Prevention (US), Coronavirus.data.gov.uk (UK)

COVID-19 adjusted unemployment rate declining



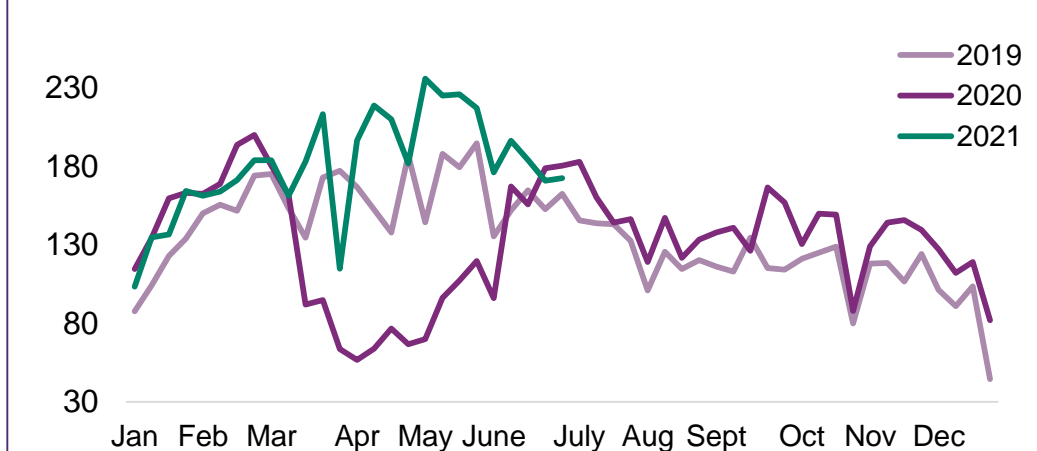
Source: CSO

AIB weekly card spend (€m)



Source: AIB Group data

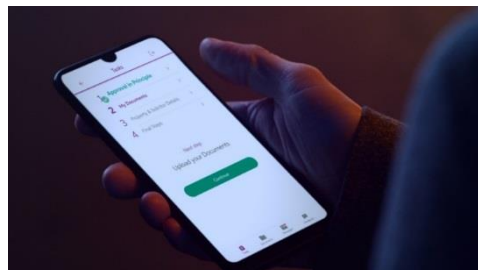
AIB weekly mortgage applications (€m)



Source: AIB Group data



We are uniquely positioned in a changing banking landscape



Strength and depth of AIB franchise

to play our role in communities and the economy

- 2.8m customers
- Largest distribution network

#1 market shares

Backing our customers with digitally-enabled technology

to support new banking behaviours

- 1.78m customers digitally active
- 40m digital wallet payments in H1 (↑ 85%*)

#1 digital bank

Offering complete and competitive product range













to our customers

- Inorganic initiatives to fill product gaps
- Enhanced wealth management proposition

Leading financial service provider

*versus H1 2020

Delivering on Strategy 2023 to take out €230m cost

Progress in H1			Status	Savings by 2023
	Refocused branch network	AIB: 6 branches amalgamated. Further 15 amalgamations due in H2 An Post: deepening our 20 year relationship		€65m
	End-to-end credit	Retail SME credit: project on track to centralise, simplify and automate credit management; 25 FTE reduction in H1 2021		€35m
	Future of work	Dublin office exit (Burlington Road): physical exit complete; commercial negotiations progressing Hybrid working model: moving to 2/3 days remote working		€15m
	Change delivery	Insourcing: Over 100 digital, data and change specialist roles filled. Competitive labour market		€15m
	AIB UK	GB SME: Exit on plan; moving to 'binding bids' phase Northern Ireland: 8 branch closures to be completed by end 2021 Voluntary severance: Programme launched		€35m
	Legacy / Simplification	Portfolio sales: 2 NPE portfolio sales completed; focused on c. 3% NPE ratio		€65m



Significant progress made on inorganic opportunities*

 **Ulster Bank**

Consideration of €4.1bn

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

 **Goodbody**

Consideration of €138m

- Enhances AIB's capital markets and private clients offering
- Provides revenue diversification

 **GREAT-WEST
LIFECO** INC.

Investment of €90m

- AIB-branded JV to significantly enhance our Retail Wealth proposition which includes life, pensions & savings solutions

AIB Group plc



Integrated sustainability practices across the Group



Environment

'ensuring a greener tomorrow by backing those building it today'

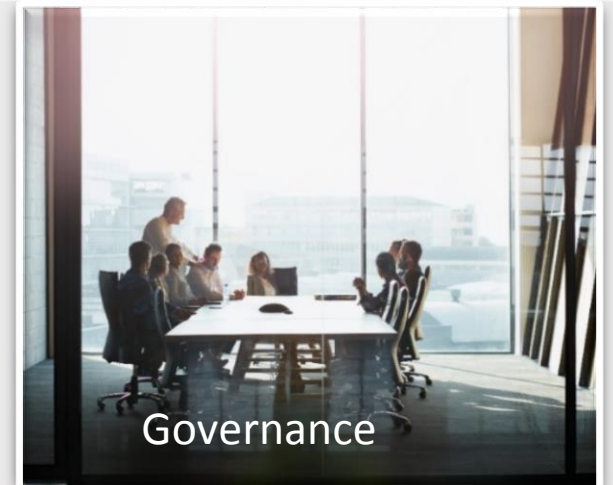
- Net zero commitment by 2030⁽¹⁾
- €750m Green bond issuance - May 2021
- Green consumer loan & Haven mortgage
- Supporting bio-diversity - reforestation initiative to plant 100,000 trees
- 1st disclosures under TCFD & UNEP FI PRB⁽²⁾



Social

'backing economic & social inclusion'

- Social Bond Framework
- Supporting development of >1,200 social housing units
- Sustainable Communities
 - Food Cloud
 - AIB Together Community partnerships / fundraising
- Future of work; return to office



Governance

'at the heart of our business'

- Sustainability-focused Board Committee
- Gender balance at Board⁽³⁾ and ExCo⁽³⁾
- Signatory for UN Global Compact & enhanced policies⁽⁴⁾
- Sustainable lending framework⁽⁵⁾
- Commitments - WEF Stakeholder Capitalism metrics, Net Zero Banking Alliance, Low Carbon Pledge

Total green lending €913m in H1 2021

(1) Net zero commitment in own operations (Scope 1 and Scope 2) by 2030, Net zero ambition in customer loan portfolio (ex-Agriculture) by 2040, including Agriculture by 2050

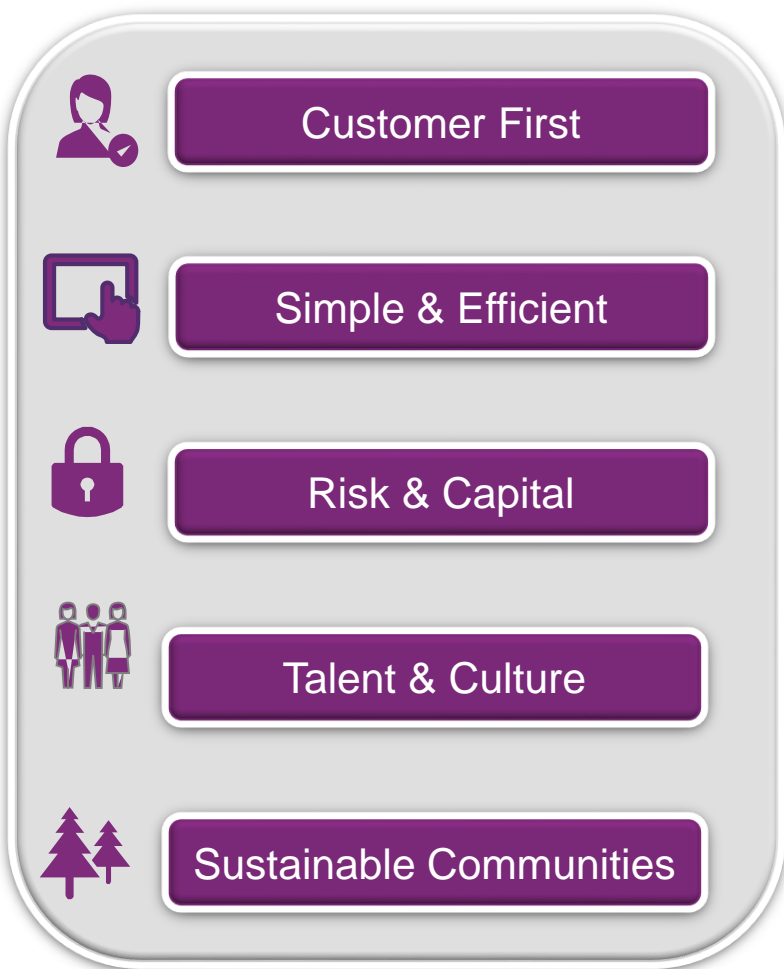
(2) Task Force on Climate-related Financial Disclosures; UN Environment Programme Finance Initiative Principles for Responsible Banking

(3) The Board currently has 11 Non-Executive Directors, 6 male and 5 female; The Executive Committee currently has 11 members, 6 male and 5 female

(4) Responsible Supplier Code, Refreshed Code of Conduct and Human Rights Commitment published

(5) Link to Sustainable lending framework: <https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-sustainable-lending-framework.pdf>

Our H2 2021 priorities



1

Implement Strategy 2023 to deliver €230m cost savings and progress inorganic initiatives

2

Advance the sustainability agenda and support our customers through increased green lending while maintaining focus on asset quality

3

Generate sustainable profits to deliver shareholder value and capacity for distributions

Revised medium-term targets by 2023



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

2) Fully loaded

3) RoTE = (PAT – AT1) / (CET1 @ 13.5% of RWAs)

A man in a grey long-sleeved shirt and a black tool belt is carrying a large roll of insulation over his shoulder. He is smiling and looking towards the camera. In the foreground, the back of a woman's head and shoulders are visible, looking towards the man. The background shows a residential setting with a house and greenery.

BACKING OUR CUSTOMERS

Financial performance



Financial performance H1 2021

Operating profit⁽¹⁾ of €373m in line with H1 2020

- Profit after tax €274m includes €103m ECL writeback

Total income €1,183m

- Net interest income €881m (-9%) and other income €302m (+37%)

Costs €739m⁽²⁾ (-1%) well managed and in line with expectations

- FTEs reduced 3% versus June 2020 to 9,003 at June 2021

Performing loans €54.9bn broadly stable

- New lending €4.5bn up 3% versus H1 2020

NPEs €3.8bn (6.5% of gross loans) decreased 12.5%

- Includes €0.6bn mortgage portfolio sales

Strong funding position compounding excess liquidity

- Customer deposits €88.3bn increased 8% and further €6bn TLTRO drawn down in June 2021 contribute to higher cash held at the CBI of €32bn
- MREL target exceeded; €750m green bond issued

CET1 fully loaded 16.4%; Transitional 19.3%

- Comfortably ahead of regulatory requirements

(1) Operating profit before impairments and exceptional items

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



BACKING OUR CUSTOMERS

Income statement

AIB Group plc

Income statement – profit after tax €274m

Summary income statement (€m)

	H1 2021	H1 2020
Net interest income	881	967
Other income ⁽¹⁾	302	220
Total operating income	1,183	1,187
Total operating expenses ⁽¹⁾	(739)	(747)
Bank levies and regulatory fees	(71)	(63)
Operating profit before impairment and exceptional items	373	377
Net credit impairment writeback / (charge)	103	(1,216)
Associated undertakings	6	5
Profit / (Loss) before exceptionals	482	(834)
Exceptional items	(191)	(75)
Profit / (Loss) before tax	291	(909)
Income tax (charge) / credit	(17)	209
Profit / (Loss)	274	(700)

Metrics

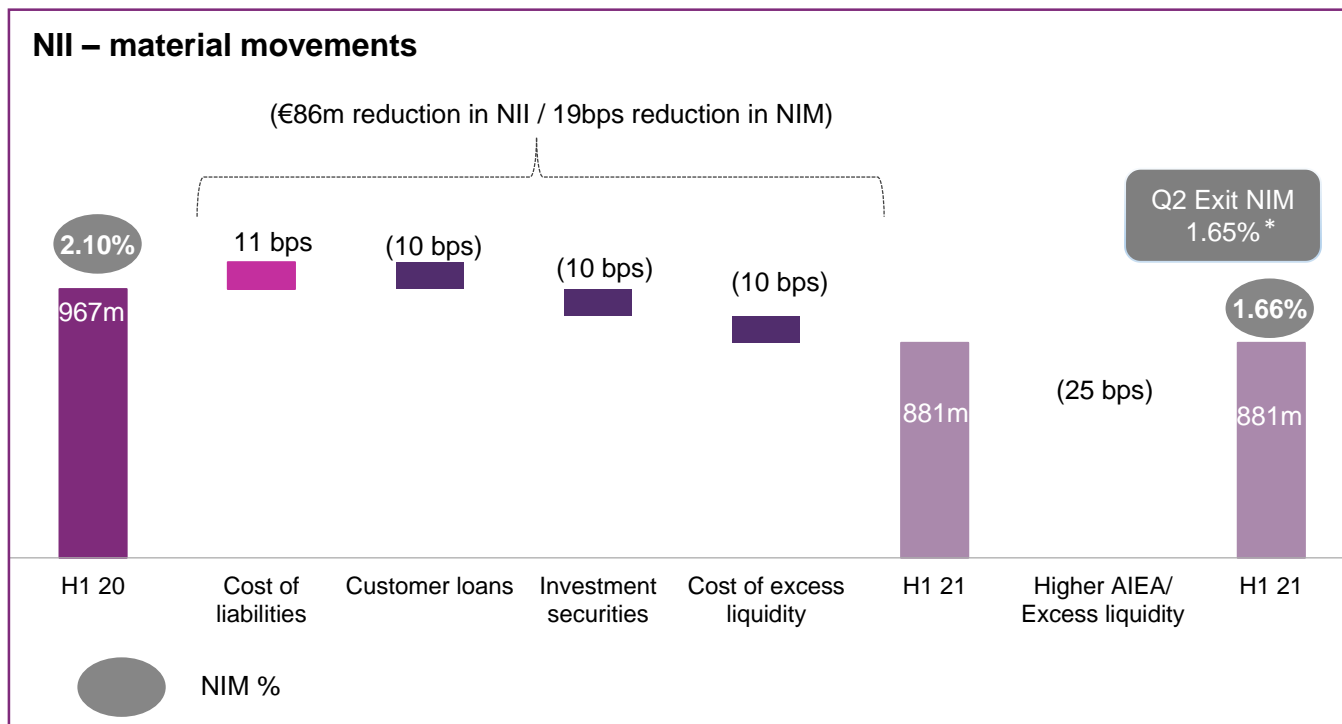
	H1 2021	H1 2020
Net interest margin (NIM)	1.66%	2.10%
Cost income ratio (CIR) ⁽¹⁾	62%	63%
Return on tangible equity (RoTE) ⁽²⁾	6.7%	(11.2%)
Earnings per share (EPS)	8.9c	(27.0)c

- Net interest income reduced 9% impacted by lower loan volumes and the lower interest rate environment and reflects:
 - €15m net TLTRO benefit
 - c. €10bn deposits on negative rates
- Other income €302m – up 37%; net fee and commission income up 10%
- Total income €1,183m in line with H1 2020
- Operating expenses €739m – down 1% as guided
- Bank levies €71m include an increase in the Deposit Guarantee Scheme and the Single Resolution Fund
- Net credit impairment writeback €103m
- Exceptional items €191m

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

(2) RoTE using (PAT – AT1) / (CET1 @ 14%) reflecting target in place in H1 2021. RoTE of 6.7% is annualised and -11.2% is FY 2020. Applying the revised CET1 target of 13.5%, the proforma RoTE for H1 2021 is 7.0%

Net interest income -9%, improved from Q1 -13%



- NII €881m down €86m / 9% from H1 2020 impacted by:
 - +€65m: lower cost of liabilities including:
 - +€33m customer accounts
 - +€15m net TLTRO benefit
 - +€12m lower volumes / rates of debt issued
 - -€82m: lower customer loan income from reduced volumes and lower interest rate environment
 - -€41m: lower investment securities income as higher yielding assets rolling off and lower rate environment
 - -€28m: cost of excess liquidity (excl. TLTRO) placed with central banks and lower interest rate environment
- Excess liquidity management actions in place
 - tailored negative deposits strategy
 - grossing up impact of excess liquidity distorts NIM by 25bps
 - €1bn excess liquidity impacts NIM c. 2bps / NII c. €5m
- TLTRO €6bn drawdown in June 2021; €10bn in total

Various factors to impact - expect moderate decline in NII in FY 2021

* Q2 Exit NIM includes €15m of net TLTRO benefit

Other income +37%; fees & commission +10%

Net fees and commission income (€m)	H1 2021	H1 2020
Customer accounts	99	90
Credit related fees	26	21
Card	32	30
Other fees and commissions	19	18
Customer related FX	29	26
Payzone	7	7
Total net fees and commission income	212	192

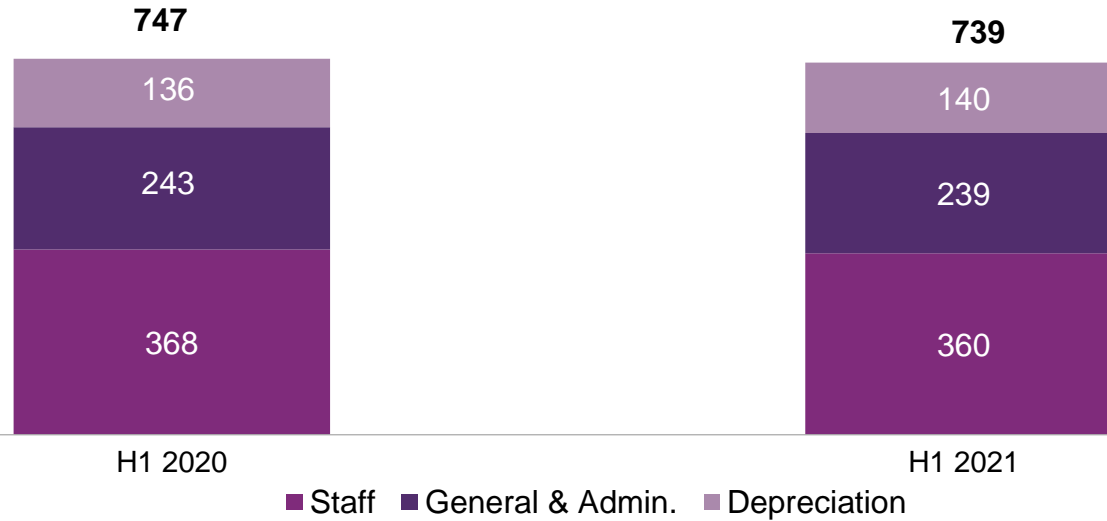
Other income (€m) ⁽¹⁾	H1 2021	H1 2020
Net fee and commission income	212	192
Other business income	18	(8)
Business income	230	184
Gains on disposal of investment securities	7	-
Realisation of cash flows on restructured loans	17	21
Other gains / losses	48	15
Other items	72	36
Total other income	302	220

- Other income €302m up 37%
- Fee and commission income €212m, up €20m (+10%) reflecting higher transaction volumes as economic activity begins to recover
- Other business income includes:
 - €17m includes revaluation of bank and customer long-term derivatives and foreign exchange contracts
- Other items €72m
 - €48m other gains include
 - €45m net income from equity investments

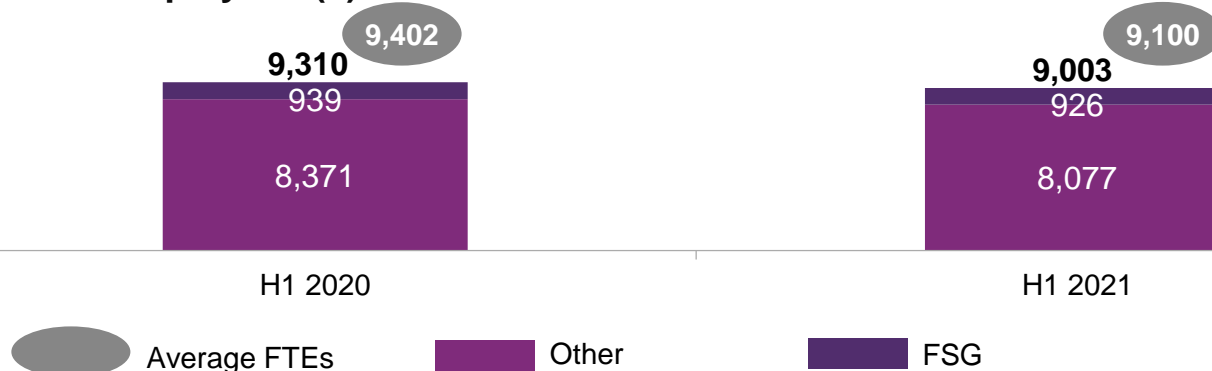
(1) Excludes exceptional items

Costs -1% and in line with expectations

Operating expenses ⁽¹⁾ (€m)



FTEs ⁽²⁾ – employees (#)



- Costs €739m, down 1% as guided
- Factors impacting costs
 - lower FTEs partially offset by wage inflation
 - increased depreciation €4m
- FTEs reduced on average by -3% v H1 2020
- Exceptional items €191m primarily include:
 - €124m legacy restitution costs
 - €44m implementation of Strategy 2023 (exit of Dublin office space, branch amalgamations, exit GB SME market)
 - €16m acquisition costs of Ulster Bank loans and creation of JV with Great-West LifeCo
 - €12m loss on disposal of loan portfolios

Costs expected to continue to decline marginally in FY 21⁽³⁾

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

(2) Full time equivalent - period end

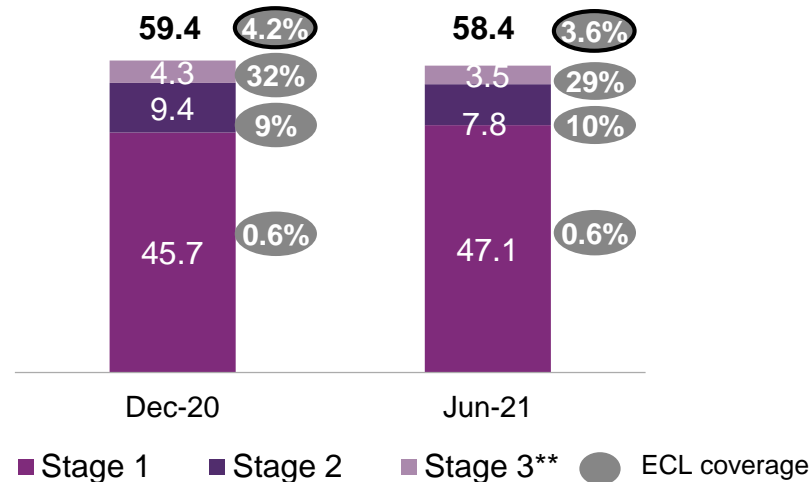
(3) Excludes impact of inorganic initiatives

ECL writeback €103m with coverage of 3.6%

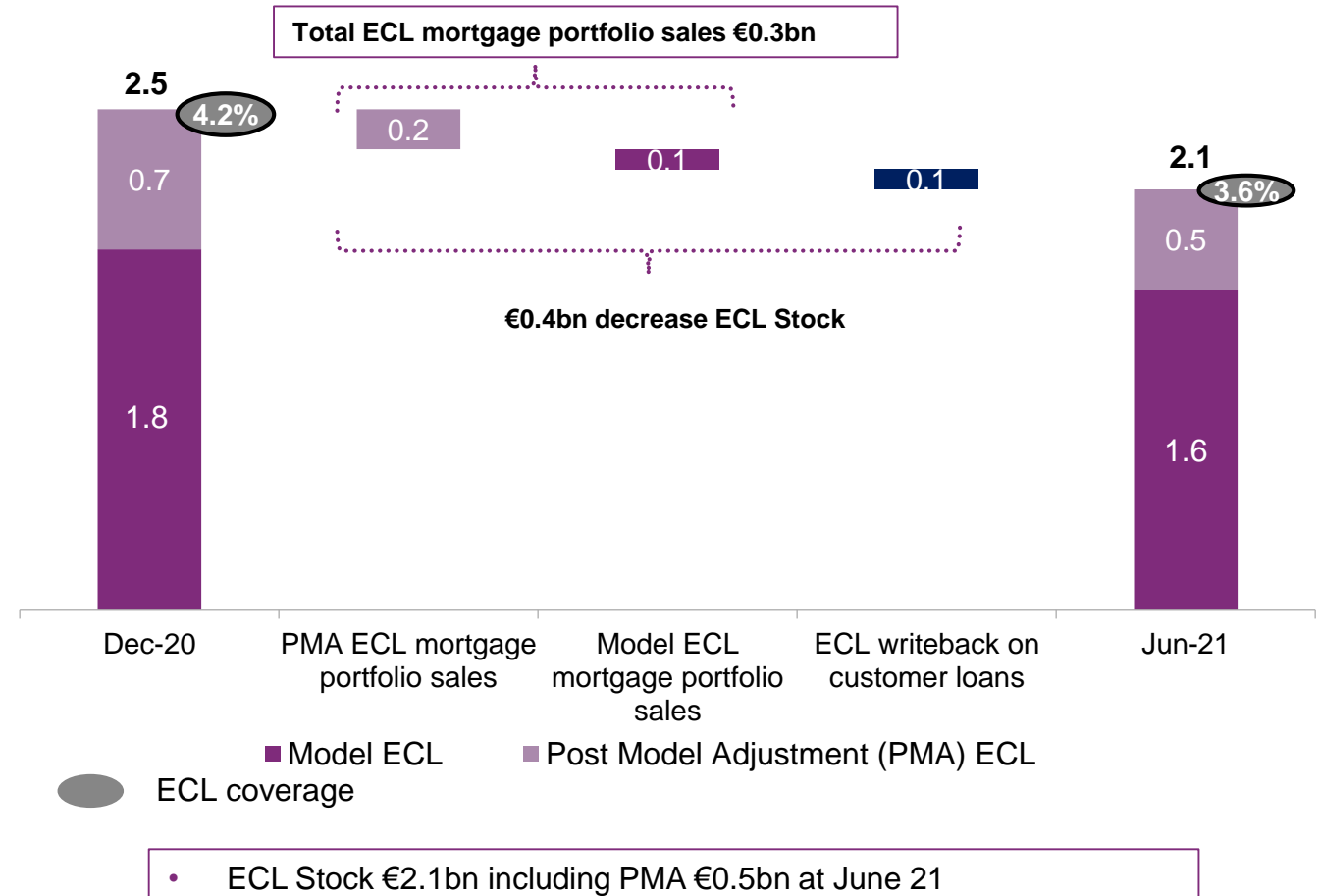
ECL writeback (€m) H1 2021

Macro economic assumptions	15
Credit quality / stage transfers / other	91
Post model adjustments	(36)
ECL writeback on customer loans	70
Other ECL / recoveries	33
Total ECL writeback	103

Loan book* by Staging & Coverage (€bn)



ECL material stock movements (€bn)



* Loan book at amortised cost

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



BACKING OUR CUSTOMERS

Balance sheet

AIB Group plc



Balance sheet – strong funding & liquidity to support economic recovery

Balance sheet (€bn)

	Jun 2021	Dec 2020
Performing loans	54.9	55.2
Non-performing loans	3.8	4.3
Gross loans to customers	58.7	59.5
Expected credit loss allowance	(2.1)	(2.5)
Net loans to customers	56.6	57.0
Investment securities	16.5	19.5
Loans to central banks and banks	43.0	27.3
Other assets	6.8	6.6
Total assets	122.9	110.4
Customer accounts	88.3	82.0
Deposits by banks	10.6	4.7
Debt securities in issue	5.7	5.5
Other liabilities	4.8	4.8
Total liabilities	109.4	97.0
Equity	13.5	13.4
Total liabilities & equity	122.9	110.4

Assets

- Performing loans decreased marginally by €0.3bn
- New lending €4.5bn exceeded by redemptions €5.2bn
 - New lending up 3% v H1 2020
- Investment securities €16.5bn reduced €3bn impacted by €2.9bn of maturities and €1.2bn of disposals
- Loans to central banks includes €32bn with the CBI; €12.6bn increase due to excess liabilities from increased customer account balances and a further €6bn TLTRO drawn down in H1 2021; €10bn TLTRO drawn down to date

Liabilities

- Customer accounts €88.3bn increased €6.3bn mainly due to increased current accounts reflecting higher rate of savings

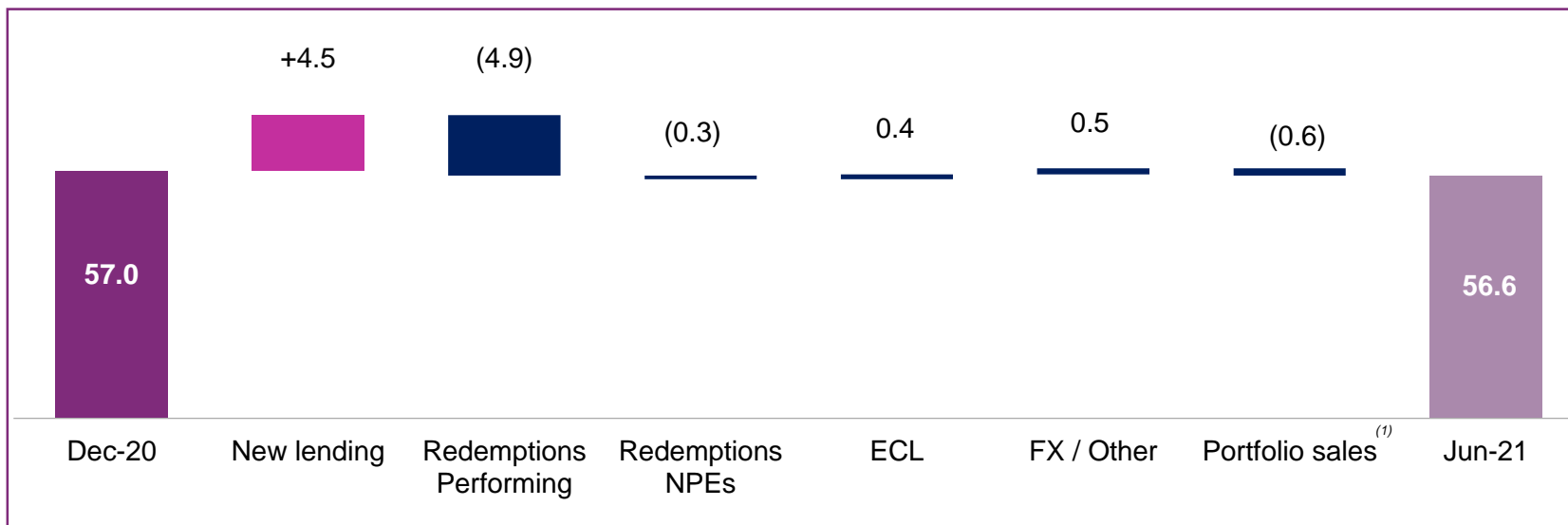
Key capital metrics (%)

	Jun 2021	Dec 2020
CET1 ratio (FL)	16.4%	15.6%
CET1 ratio (transitional)	19.3%	18.9%

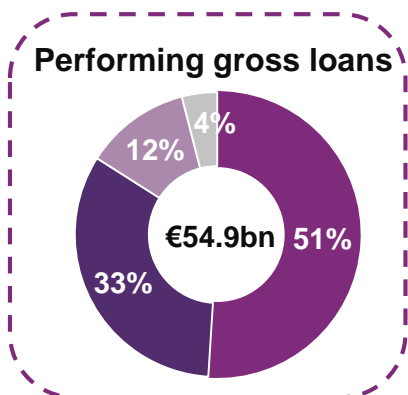
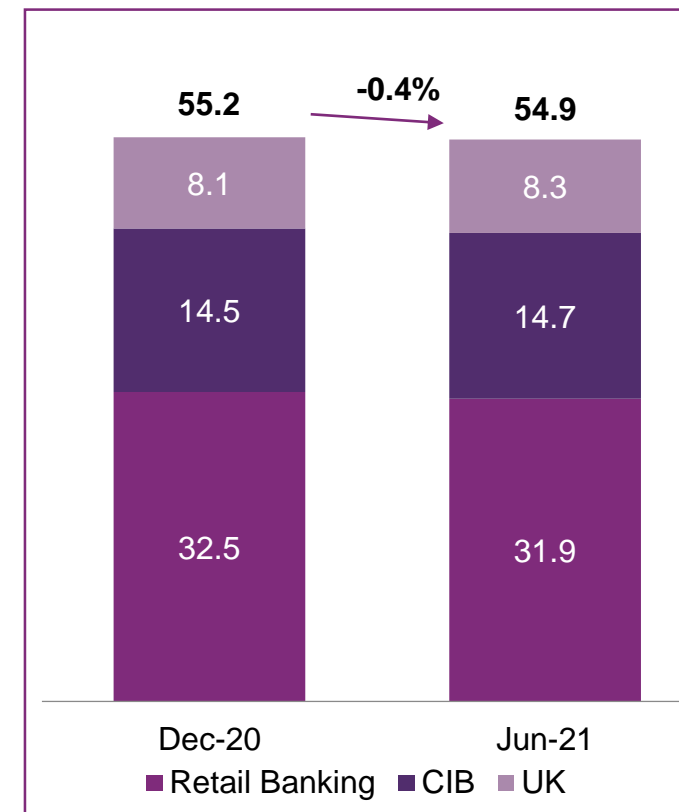


Net loans of €56.6bn broadly stable YTD

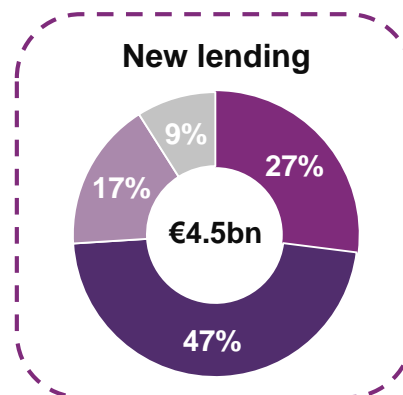
Net loans movement (€bn)



Performing gross loans (€bn)⁽²⁾



- Mortgages
- Corporate & SME
- Property
- Personal

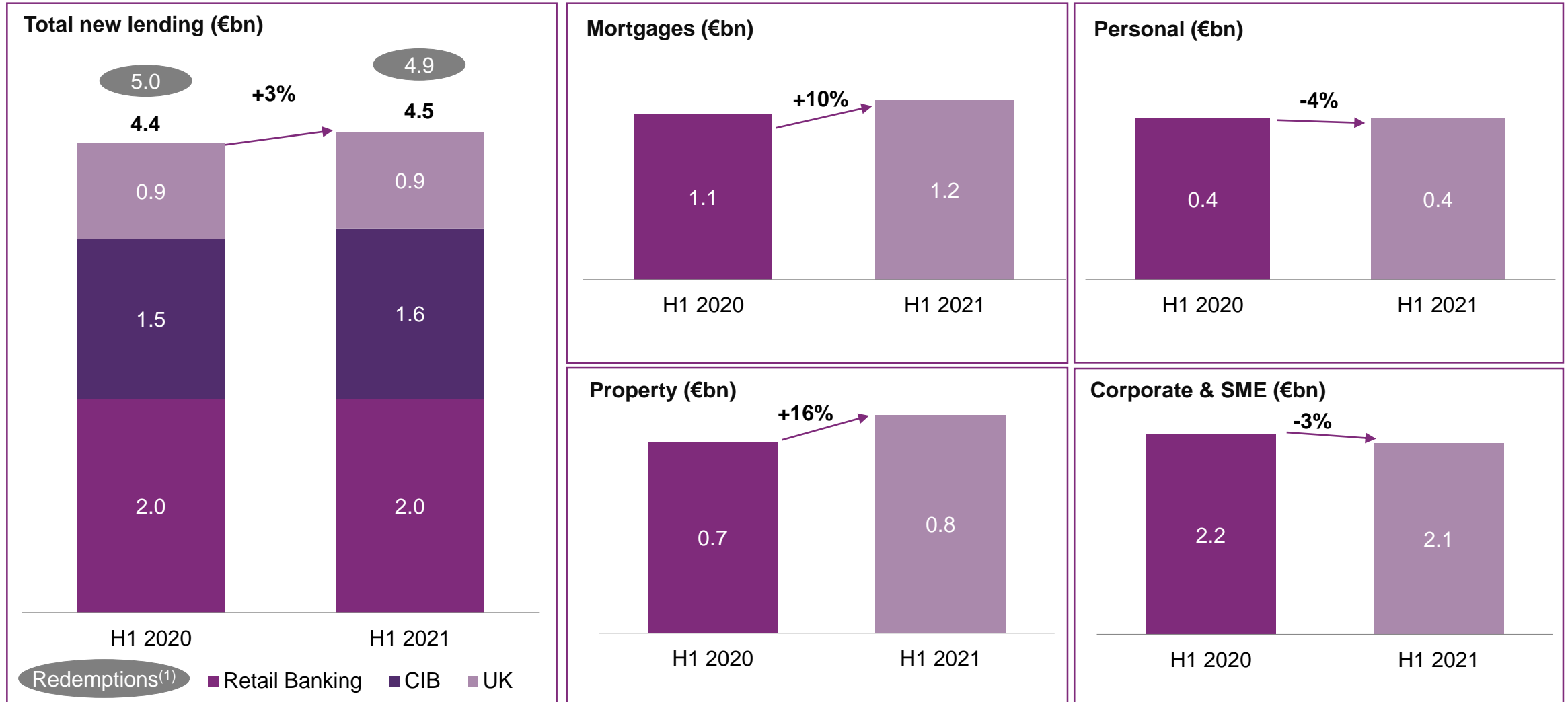


(1) NPE portfolios sales completed in Q1 2021

(2) Dec 20 Performing gross loans total of €55.2bn includes Group segment €0.1bn

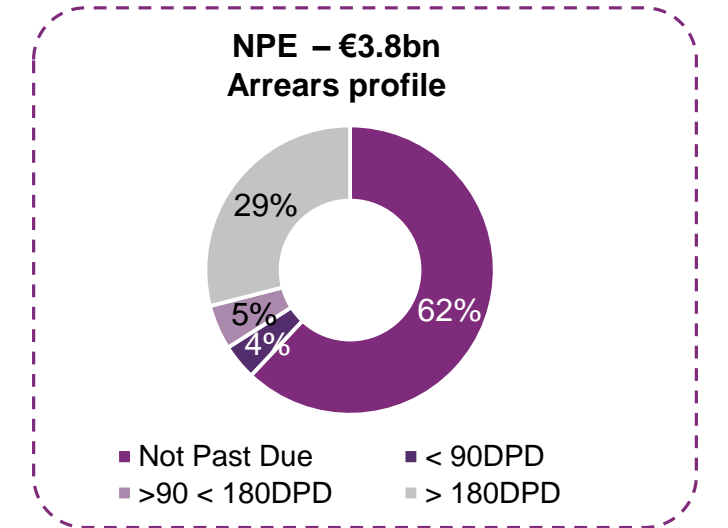
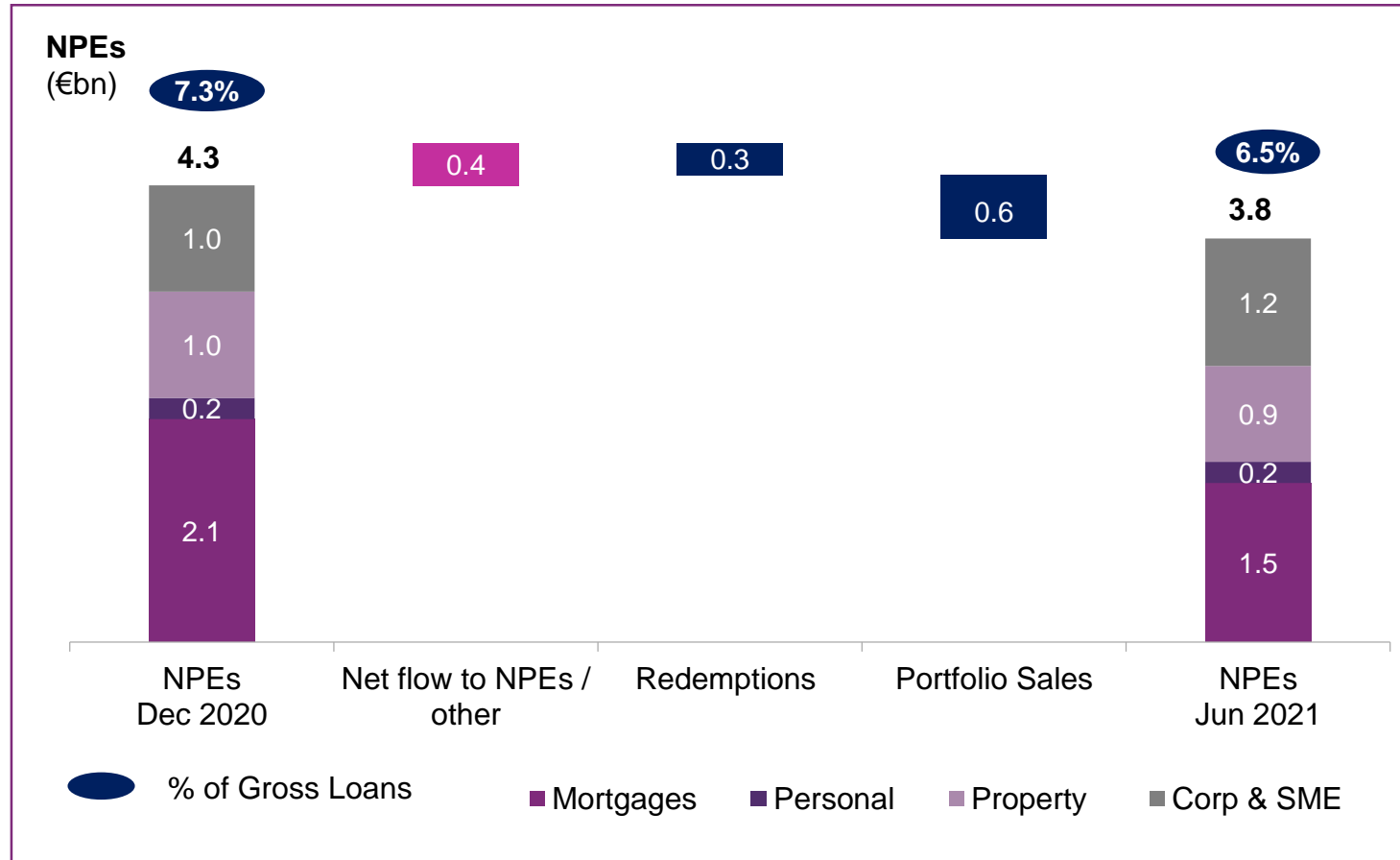


New lending of €4.5bn up +3%; term lending +12%



(1) Excludes €0.3bn NPE redemptions

NPEs at 6.5% declined 12.5%; target c. 3% by 2023



Weighted average LTV ROI mortgages:

- Stock: 54% (2020: 57%)
- New lending: 66% (2020: 69%)
- Stage 3: 58% (2020: 61%)

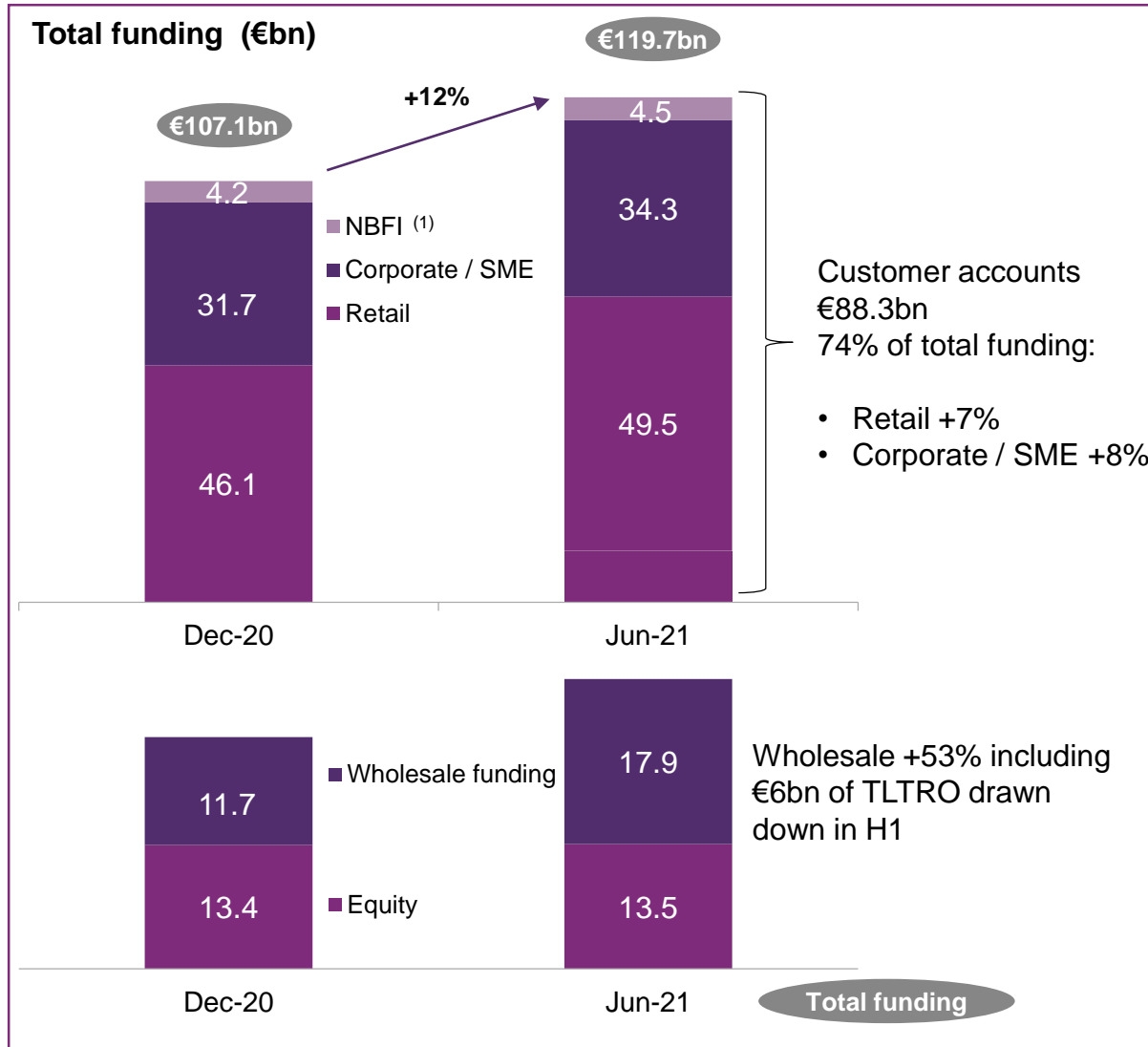


BACKING OUR CUSTOMERS

Funding and capital

AIB Group plc

Strong funding driven by increased customer deposits



Liquidity metrics (%)	Jun 2021	Dec 2020
Loan to deposit ratio (LDR)	64	69
Liquidity coverage ratio (LCR)	201	193
Net stable funding ratio (NSFR)	149	148

MREL

- MREL target met
- €6.6bn MREL issued - €750m executed in Q2 2021

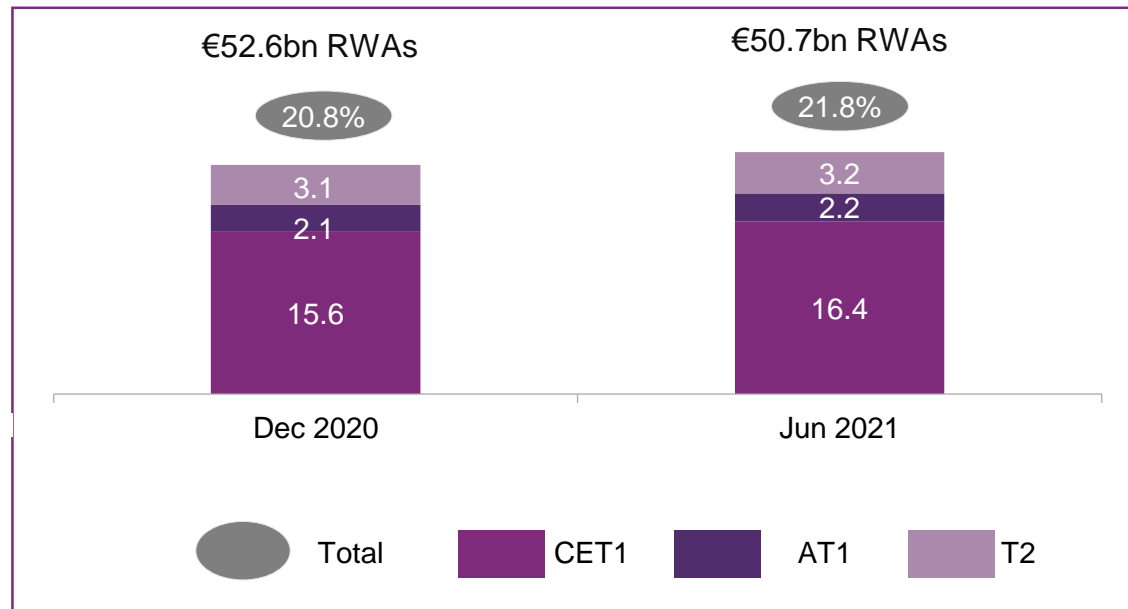
TLTRO

- TLTRO €6bn drawn down in Q2
- Total TLTRO €10bn

(1) Includes Credit Unions & Government deposits

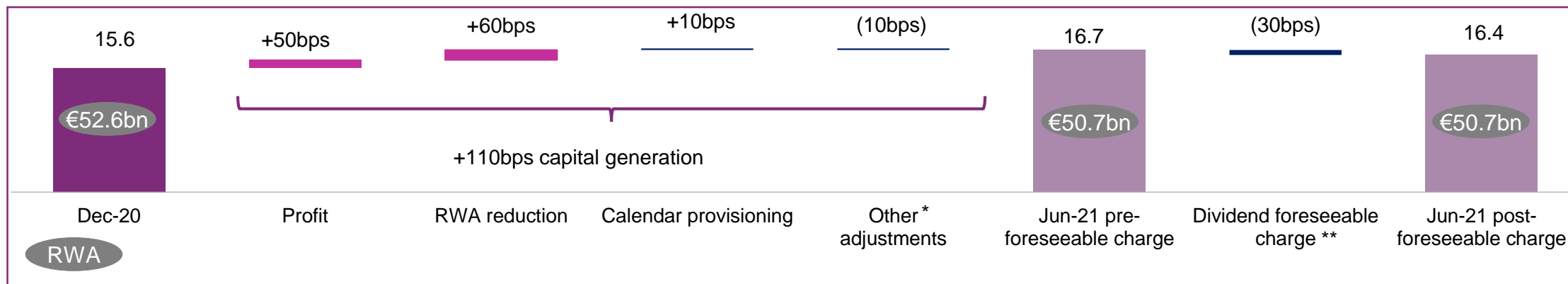
CET1 (FL) 16.4% up 80bps

Capital ratios fully loaded (FL) (%)



- CET1 (FL) ratio 16.4% up 80bps from Dec 20
 - +110bps capital generation
 - -30bps dividend foreseeable charge
- RWA reduction +60bps includes:
 - SME 501 +10bps
 - Portfolio sales +10bps
 - Lower volumes and credit grade movements +30bps
- Strong buffer to MDA / SREP of 10.19%
 - CET 1 (FL) 16.4%; 6.2% buffer
 - CET 1 Transitional 19.3%; 9.1% buffer
- H2 2021 capital tailwind: SME 501 +20bps

CET1 (FL) movements (%)



* Other adjustments -10bps includes AT1 coupon and investment securities reserves.

** Article 2 Regulation (EU) No 241/2014 requires a foreseeable charge, being the maximum dividend pay-out ratio under the Group's internal dividend policy, to be deducted from equity

Capital – revised medium-term target: CET1 of >13.5%

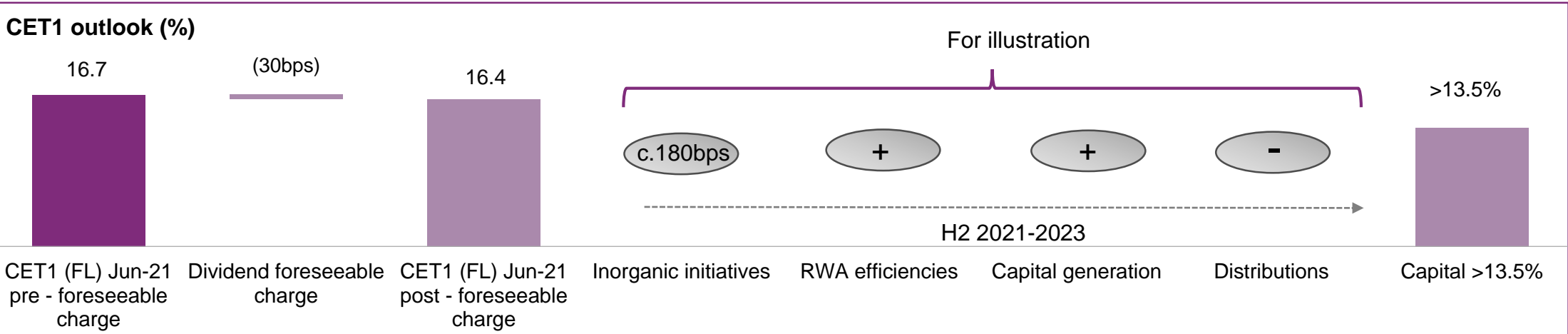
Capital requirements	Dec 2021
Pillar 1	4.50%
Pillar 2 requirement (P2R)	1.69%
Capital Conservation Buffer (CCB)	2.50%
O-SII Buffer	1.50%
Countercyclical Buffer (CCyB)	0.00%
Total CET1	10.19%
AT1	2.06%
Tier 2	2.75%
Total capital	15.00%

Appropriate CET1 target

- Optimised capital stack with AT1 and Tier 2 buckets filled
- SREP P2R reduced from 3.00% to 1.69%
- >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

- Monitor regulatory developments
- Existing policy 40-60% ordinary dividend pay-out
 - Will assess balance between dividends and buybacks at the appropriate time



Revised medium-term targets

Previous medium-term targets by 2023



Focused cost discipline **<€1.35bn**



Appropriate capital target
CET1 **>14%**



Deliver sustainable returns
RoTE **>8%**

Improved economic outlook,
further loan book growth and
fee income opportunities

Reduced CET 1 target

Progress on Strategy 2023
Inorganic initiatives:

- Revenue c. €230m
- RWAs c. €5.8bn
- RoTE accretive

Revised medium-term targets by 2023



Focused cost⁽¹⁾ discipline **<€1.475bn**



Appropriate capital target
CET1⁽²⁾ **>13.5%**



Deliver sustainable returns
RoTE⁽³⁾ **>9%**

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

(2) Fully loaded

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




BACKING OUR CUSTOMERS

Appendices

AIB Group plc




AIB Sustainability Journey

- Establishment of Energy, Climate Action & Infrastructure team
- Achieved CDP Climate A Leadership Rating
- Sponsorship of UCD Chair in Behavioral Economics DCU Chair in Data Analytics
- Procured 100% renewable energy
- 1st Annual Sustainability Conference (2017)
- Annual Sustainability Report (2017)
- Governance: Establishment of Sustainable Business Advisory Committee (SBAC)
- Partnerships with FoodCloud and SOAR
- 
- Signed the Low Carbon Pledge to reduce emissions by 50% by 2030
- Group-wide certification to ISO 14001 & ISO 50001 (Energy & Environmental Mgt. Standards)

- Sustainable Communities becomes AIB's 5th strategic pillar
- Pledge to Do More Commitment
- €5BN Climate Action Fund
- 
- Main sponsor of Climate Finance Week
- Green Mortgage First of a range of Green Propositions
- 
- Founding Signatory of the UNEP FI Principles for Responsible Banking
- 
- Supporter of the TCFD (Commitment to disclose climate-related financial risks)
- 
- Achieved the Business Working Responsibly Mark
- Eliminated Plastic Coffee Cups & Disposables (12.5m items)

- 
- Named Large Green Organisation of the Year
- Dublin Chamber of Commerce Sustainability Partnership
- Published Responsible Supplier Standards
- Launched a Socially Responsible Investment Bond Framework
- Committed €5m to community causes for COVID-19
- 
- Launched new COVID-19 propositions and additional supports for vulnerable customers
- Electric Vehicle Proposition Launched – 0% finance
- Awarded Chambers Ireland Outstanding in Sustainability 2020
- Published a defined list of Excluded Business Activities
- Issued 1st Green Bond for €1bn
- Pledged to become Carbon Neutral in our Operations by 2030 & 70% Green & Transition Lending
- Provided number of Sustainability Linked Loans
- 
- 4th Sustainability Report based on refreshed materiality exercise

- Sponsored Chair in Sustainable Business University College Cork (3 years)
- Published Human Rights Commitment & joined UN Global Compact
- Mandatory Sustainability Training for all Employees
- 3 year Food Cloud Partnership - €1.5m
- 2nd Green Bond Issuance - €750m
- First Irish Bank to join the Net Zero Banking Alliance
- 
- Launch of Green Consumer Loan for Retrofitting
- Launch of Haven Green Mortgage
- Partnership with TASC for community strategic action planning on climate change issues
- Sustainable Lending Framework for categorizing Green and Transition Lending
- Deeper Integration of ESG into Borrower Assessment
- Biodiversity initiative with Coillte to plant 100k trees
- Well-being Programme & Employee Value awards
- Engaged in Power Purchase Agreement for direct sourcing of renewable energy
- Partnership on Agri Signpost Programme
- Sustainability Programme for Employees
- Customer Green Hub Launched
- New Interdisciplinary Schools Programme focused on life skills

2017 & 2018

2019

2020

2021 (H1)



Average balance sheet

	H1 2021			H1 2020		
	Average Volume €m	Interest €m	Yield %	Average Volume €m	Interest €m	Yield %
Assets						
Customer loans	57,823	922	3.22	60,417	1,004	3.33
Investment securities	18,762	31	0.33	17,417	72	0.82
Loans to banks / other	30,573	(42)	(0.27)	14,571	(4)	(0.05)
Interest earning assets	107,158	911	1.72	92,405	1,072	2.33
Non interest earning assets	6,325			7,649		
Total Assets	113,483	911		100,054	1,072	
Liabilities & equity						
Customer accounts	46,141	3	0.01	39,819	36	0.18
Deposits by banks	4,929	(26)	(1.06)	999	3	0.57
Other debt issued	5,396	27	1.01	6,567	39	1.19
Subordinated liabilities	1,552	20	2.65	1,299	20	3.15
Lease liabilities	373	6	3.29	419	7	3.21
Interest earning liabilities	58,391	30	0.11	49,103	105	0.43
Non interest earning liabilities	41,712			36,869		
Equity	13,380			14,082		
Total liabilities & equity	113,483	30		100,054	105	
Net interest income / margin		881	1.66		967	2.10



Customer loans

€bn	Performing Loans	Non-Performing Loans	Customer Loans
Gross loans (1 Jan 2021)	55.2	4.3	59.5
New lending	4.5	-	4.5
Redemptions of existing loans	(4.9)	(0.3)	(5.2)
Portfolio sales	-	(0.6)	(0.6)
Net flow to NPE	(0.4)	0.4	-
Foreign exchange / other movements	0.5	-	0.5
Gross loans (30 Jun 2021)	54.9	3.8	58.7
ECL allowance	(1.1)	(1.0)	(2.1)
Net loans (30 Jun 2021)	53.8	2.8	56.6

Loan book by staging and coverage

Jun 2021 Gross loan exposures (€bn)	Stage 1	Stage 2	Stage 3*	Total exposure
Mortgages	26.6	1.5	1.5	29.6
Personal	2.1	0.3	0.2	2.6
Property & Construction	4.9	1.6	0.7	7.2
Corporate & SME	13.4	4.4	1.2	19.0
Total	47.1	7.8	3.5	58.4
Stage composition	81%	13%	6%	100%
ECL	0.3	0.8	1.0	2.1
ECL coverage	0.6%	10%	29%	3.6%

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	59.5
Stage composition	77%	16%	7.2%	100%
ECL	0.3	0.8	1.4	2.5
ECL coverage	0.6%	9%	32%	4%

Movements in loan exposures & ECL (€bn)	Stage 1	Stage 2	Stage 3*	Total exposure
Mortgages	0.1	(0.4)	(0.7)	1.0
Personal	(0.1)	-	-	(0.1)
Property & Construction	0.6	(0.4)	(0.2)	-
Corporate & SME	0.8	(0.7)	0.2	0.3
Total	1.4	(1.6)	(0.7)	(0.9)
ECL movement	-	-	(0.4)	(0.4)

*includes Purchased or Originated Credit Impaired Loans (POCI)

**Fair value through Profit and Loss (FVTPL)

Loan book by staging – €58.4bn loan exposures

- Stage 1 loan exposures increased by €1.4bn to €47.1bn (81% of the loan book)
- Stage 2 loan exposures decreased by €1.6bn to €7.8bn (13% of the loan book)
 - Mortgages down €0.4bn
 - Property & Construction down €0.4bn
 - Corporate & SME down €0.7bn
- Stage 3 loan exposures decreased by €0.7bn to €3.5bn (6% of the loan book)
 - Mortgages down €0.7bn 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 €0.2bn reflecting downward staging migration of Hotels, Bars & Restaurants.

ECL - €2.1bn charge / coverage 3.6%

- Coverage reduced in Stage 3 to 29% from 32% following €0.6bn mortgage portfolio sales

Stage movements

Jun 2021				
Gross loan exposures (€bn) (excluding Mortgages & Personal)	Stage 1	Stage 2	Stage 3*	Total exposure
Property & Construction	4.9	1.6	0.7	7.2
Hotels, Bars & Restaurants	0.4	1.9	0.6	2.9
Retail /Wholesale	1.1	0.3	0.1	1.5
Manufacturing	1.3	0.2	0.1	1.6
Energy	2.0	0.1	-	2.1
Transport	0.9	0.3	0.1	1.3
Financial	0.3	-	-	0.3
Agriculture	1.3	0.3	0.1	1.7
Other Services	3.2	0.7	0.2	4.1
Syndicated & International Finance	2.9	0.6	-	3.5
Total	18.4	6.0	1.8	26.2

Movements				
Gross loan exposures (€bn) (excluding Mortgages & Personal)	Stage 1	Stage 2	Stage 3*	Total exposure
Property & Construction	0.6	(0.4)	(0.2)	-
Hotels, Bars & Restaurants	(0.2)	-	0.2	-
Retail /Wholesale	0.1	(0.2)	-	(0.1)
Manufacturing	0.2	(0.2)	-	-
Energy	0.3	-	-	0.3
Transport	0.1	(0.1)	-	-
Financial	(0.1)	-	-	(0.1)
Agriculture	0.1	(0.1)	-	-
Other Services	0.3	(0.1)	-	0.2
Syndicated & International Finance	-	-	-	-
Total	1.4	(1.1)	-	0.3

*includes Purchased or Originated Credit Impaired Loans (POCI)

**Fair value through Profit and Loss (FVTPL)

Stage movements (excluding Mortgages & Personal)

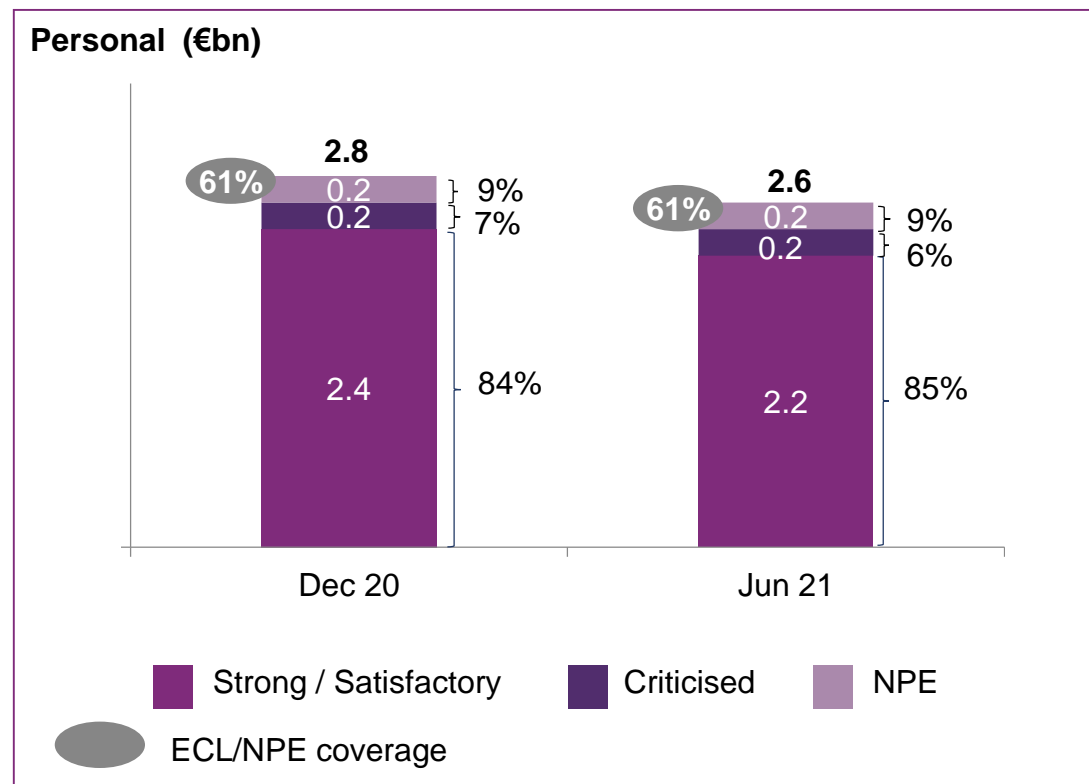
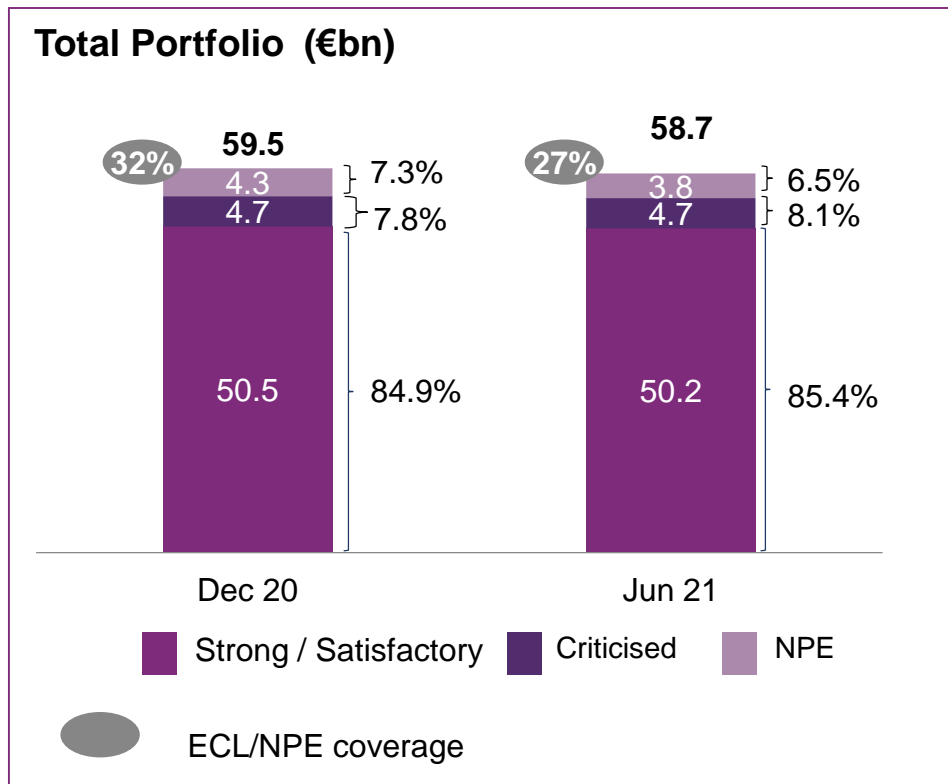
- Stage 1 loan exposures increased €1.4bn primarily due to new lending and some upward staging movements
- Stage 2 loan exposures decreased by €1.1bn to €6bn primarily due to redemptions and some upward staging movements:
 - Property & Construction down €0.4bn
 - Corporate & SME sectors down €0.7bn
- Stage 3 exposures in line with Dec 20 at €1.8bn
 - 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 €0.2bn 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 66% of the book is rated B+ or above.

Asset quality by portfolio

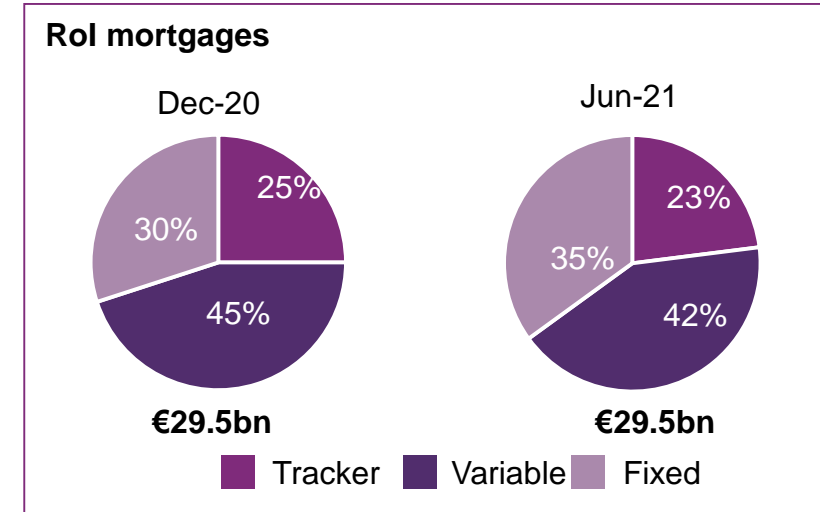
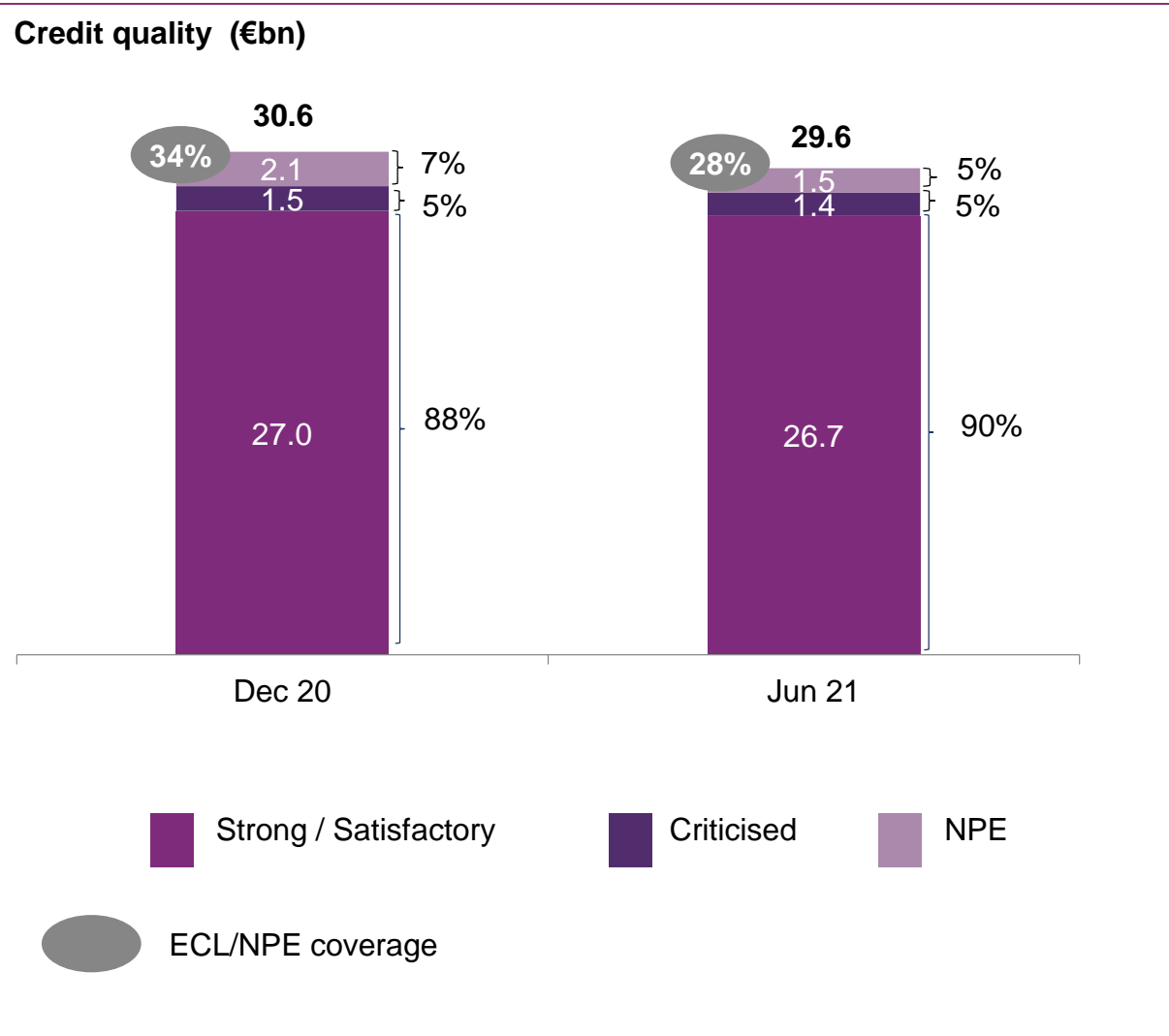
€bn	Mortgages	Personal	Property	Corporate & SME	Total
Jun 2021					
Customer loans*	29.6	2.6	7.5	19.0	58.7
Total ECL cover (%)	2%	9%	5%	5%	3.6%
of which NPEs	1.5	0.2	0.9	1.2	3.8
ECL on NPE	0.4	0.1	0.2	0.3	1.0
ECL / NPE coverage %	28%	61%	20%	26%	27%
Dec 2020					
Customer loans	30.6	2.8	7.4	18.7	59.5
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

Asset quality – Total portfolio and personal portfolio

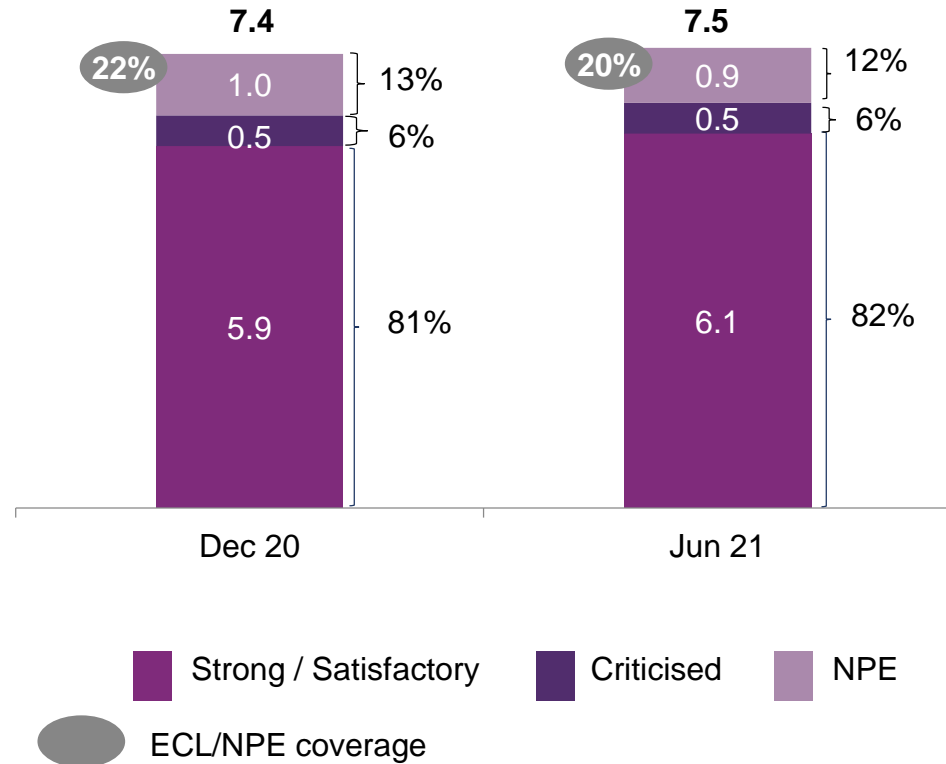


Asset quality - mortgages

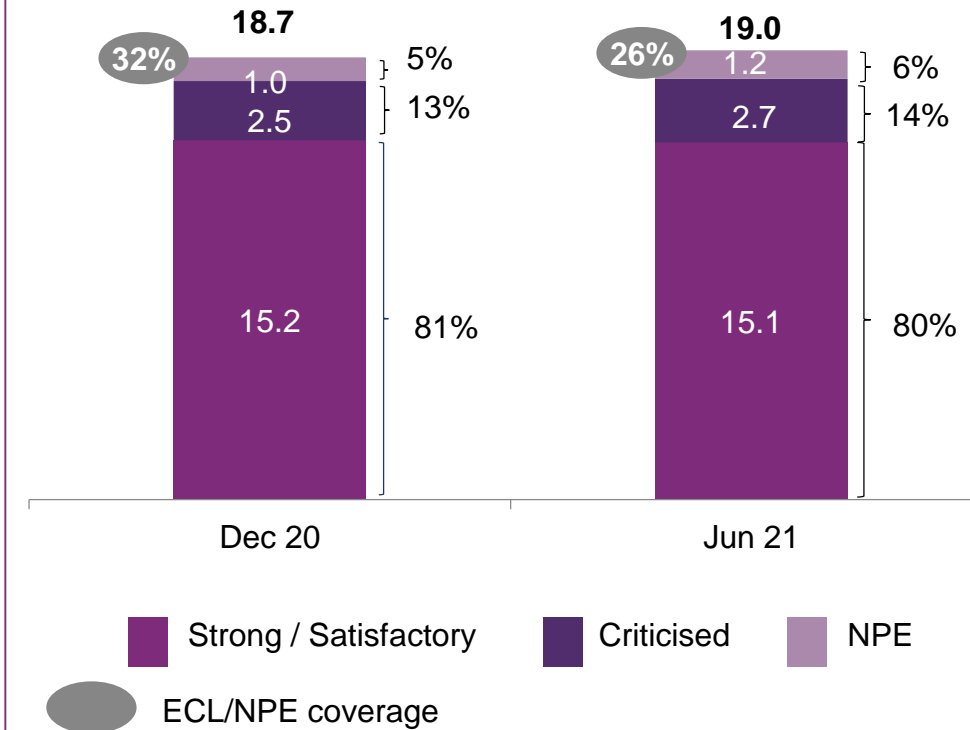


Asset quality – Property & construction and Corporate & SME

Property & construction (€bn)



Corporate & SME (€bn)



Asset quality – internal credit grade by ECL staging*

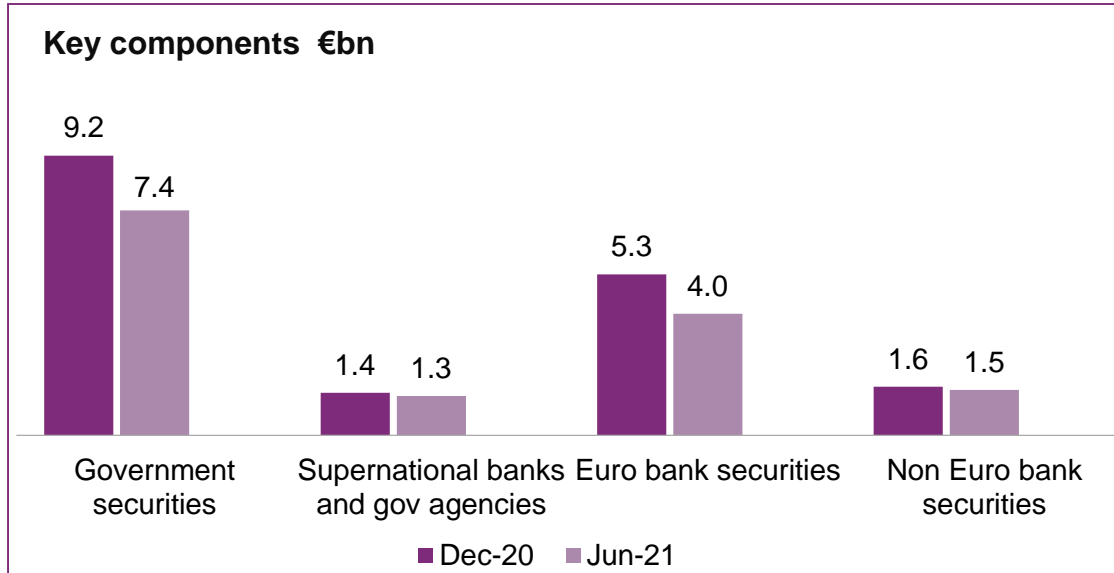
	Jun 2021					Dec 2020				
€m	Stage 1	Stage 2	Stage 3	POCI**	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	34,101	835	-	4	34,940	35,341	1,257	-	5	36,603
Satisfactory	12,098	3,037	-	3	15,138	9,411	4,384	-	1	13,796
Total strong / satisfactory	46,199	3,872	-	7	50,078	44,752	5,641	-	6	50,399
Criticised watch	818	1,745	-	2	2,565	834	2,814	-	2	3,650
Criticised recovery	18	2,160	-	2	2,180	27	953	-	2	982
Total criticised	836	3,905	-	4	4,745	861	3,767	-	4	4,632
NPE	90	-	3,383	151	3,624	100	-	4,075	174	4,349
Total customer loans	47,125	7,777	3,383	162	58,447	45,713	9,408	4,075	184	59,380

*Jun 2021 excludes €256m loans FVTPL of which €181m are NPEs (Dec 20 €75m; Nil)

** Purchased or Originated Credit Impaired Loans (POCI)

- Stage 1 loans €47.1bn increased €1.4bn from Dec 20, 98% are strong / satisfactory
- Stage 2 loans €7.8bn decreased €1.6bn from Dec 20, 50% are strong / satisfactory
- Stage 3 loans €3.4bn decreased €0.7bn from Dec 20 mainly due to €0.6bn mortgage portfolio sales and €0.2bn transfer to FVTPL partially offset by €0.2bn increase in Hotels, bars and restaurants

Investment securities – debt securities €16.3bn



- €16.3bn down from €19.2bn mainly due to €1.8bn decrease in Irish Government securities and €1.2bn Euro bank securities
- Average yield of 0.33% in H1 2021 is down from 0.82% in H1 2020
 - yield reducing as higher yielding assets mature

Reported capital ratios

Transitional capital ratios

	Jun 21	Dec 20
Total risk weighted assets (€m)	51,139	53,036
Capital (€m)		
Shareholders equity excl AT1 and dividend	12,364	12,307
Regulatory adjustments / foreseeable charge	(2,518)	(2,260)
Common equity tier 1 capital	9,846	10,047
Qualifying tier 1 capital	1,115	1,115
Qualifying tier 2 capital	1,522	1,519
Total capital	12,483	12,681
Transitional capital ratios (%)		
CET1	19.3	18.9
AT1	2.1	2.1
T2	3.0	2.9
Total capital	24.4	23.9

RWA (Transitional)

Risk weighted assets (€m)	Jun 21	Dec 20	Mvmt
Credit risk	46,318	47,807	(1,489)
Market risk	378	429	(51)
Operational risk	4,303	4,686	(383)
CVA	137	114	23
Total risk weighted assets	51,136	53,036	(1,900)

Fully loaded capital ratios

	Jun 21	Dec 20
Total risk weighted assets (€m)	50,723	52,579
Capital (€m)		
Shareholders equity excl AT1	12,364	12,307
Regulatory adjustments / foreseeable charge	(4,048)	(4,123)
Common equity tier 1 capital	8,316	8,184
Qualifying tier 1 capital	1,115	1,115
Qualifying tier 2 capital	1,649	1,655
Total capital	11,080	10,954
Fully loaded capital ratios (%)		
CET1	16.4	15.6
AT1	2.2	2.1
T2	3.2	3.1
Total capital	21.8	20.8

Shareholders' Equity (€m)

Equity – Dec 2020	13,422
Profit H1 2021	275
Investment securities & cash flow hedging reserves	(45)
Other	(173)
Equity – Jun 2021	13,479
less: AT1	(1,115)
Shareholders' equity excl AT1	12,364

Loan book analysis, interest rate sensitivity and ECL sensitivities

Concentration by sector (%)	H1 2021
Agriculture	3
Energy	4
Manufacturing	4
Property & construction	12
Distribution	8
Transport	3
Financial	1
Other services	9
Resi mortgages	51
Personal	5
Total	100

Concentration by location (%)	H1 2021
Republic of Ireland	76
United Kingdom	16
North America	4
Rest of World	4
Total	100

ECL sensitivities*					
Customer loans					
H1 2021 €m	Reported	Base 100%	Downside scenario 1 100%	Downside scenario 2 100%	Upside scenario 100%
ECL allowance	2,091	2,036	2,278	2,654	1,928
Delta to Reported		(55)	187	563	(163)
Delta to Base			242	618	(108)

Sensitivity of projected net interest income to interest rate movements	FY 2020 €m	FY 2019 €m
+100 basis point parallel move in all interest rates	219	234
-100 basis point parallel move in all interest rates	(202)	(274)



Credit ratings

As at 3 Aug 2021

MOODY'S

FitchRatings

STANDARD
& POOR'S

AIB Group plc (HoldCo)

Long term issuer rating

Baa1

BBB

BBB-

Outlook

Stable

Negative

Negative

Investment grade

✓

✓

✓

AIB p.l.c. (OpCo)

Long term issuer rating

A2

BBB+

BBB+

Outlook

Stable

Negative

Negative

Investment grade

✓

✓

✓



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