



EMBARGO 07:00

17 May 2018

AIB GROUP PLC – SALE OF NON PERFORMING LOAN PORTFOLIO

AIB Group plc (“AIB”) has agreed to sell a non performing loan portfolio to Everyday Finance DAC (“Everyday”) as part of a consortium arrangement with Everyday and affiliates of Cerberus Capital Management. This is another important step in our non performing exposure (NPE) deleveraging strategy and we remain on track to reach normalised NPE levels by end 2019.

At 31 March 2018, the loan portfolio had a gross balance sheet value of €1.1 billion which represented risk weighted assets of €0.8 billion. In the year to December 2017, this loan portfolio incurred a loss of €1.1 million.

At completion, AIB will receive cash consideration of €0.8 billion and the proceeds will form part of ongoing liquidity management. The conclusion of the transaction will be capital accretive.

Further information:

AIB has reduced NPEs from €31 billion in 2013 to €9.2 billion at 31 March 2018 and this will reduce further by €1.1 billion following this transaction. 95% of the reduction in NPEs has been achieved through case by case restructuring and working with customers to rightsize sustainable debt based on customer affordability. To date we have implemented over 90,000 solutions including over 40,000 private dwelling houses (PDH) solutions which involved significant debt write-off. AIB continues to engage with customers in arrears to reach solutions which now includes an Enhanced Mortgage to Rent option.

AIB is committed to reducing NPEs to a level more in line with European norms as per regulatory guidelines. We continue to have c.1,500 people working with customers who are in difficulty across the country and our preference remains to provide solutions on a case by case basis.

Transaction details:

- The portfolio is characterised by levels of deep long term arrears with c.90% over 2 years in arrears and c.70% over 5 years in arrears, reflecting a lack of sustained and meaningful engagement and/or debt sustainability.
- The portfolio is underpinned by investment asset properties and excludes private dwelling houses and family farm homes.
- Consisting of c.800 customer connections, the average balance per customer connection is €1.4 million. This extends across c.3,700 assets. Typically each customer connection is made up of a number of related borrowers, loans and underlying collateral.
- The portfolio excludes performing restructured customer connections.
- AIB continued to restructure connections during the sales process. This, along with significant engagement and business as usual activity, led to a c.€400 million reduction of potentially in-scope customer connections.
- The buyer, Everyday Finance DAC, is regulated by Central Bank of Ireland.

AIB will now contact impacted borrowers to inform them that their loans are being transferred, and to confirm existing legal and regulatory protections remain in place.

-ENDS-

This announcement contains inside information.

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Forward Looking Statements

This announcement 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 and uncertainties' on pages 58 to 68 of the Annual Financial Report 2017. In addition to matters relating to the Group's business, future performance will be impacted 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 58 to 68 of the Annual Financial Report 2017 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.