



19 February 2021

AIB GROUP PLC – SALE OF NON-PERFORMING LOAN PORTFOLIO

AIB Group plc (“AIB”) has agreed to sell a non-performing loan portfolio in long-term default to Mars Capital Finance Ireland DAC (“Mars”) as part of a consortium arrangement with Mars and affiliates of Apollo Global Management, Inc. (NYSE: APO). This is another important step in reducing our Non-Performing Exposures (NPE).

At completion, AIB will receive cash consideration of approximately €0.4 billion. The proceeds will be used for general corporate purposes, including the continuation of support for customer restructuring. The sale is expected to be capital accretive due to the reduction in RWAs, in addition to alleviating the negative impact of calendar provisioning associated with this long-term NPE portfolio.

As at September 2020, the loan portfolio had a gross NPE value of c. €0.6 billion and a fully loaded risk weighted assets (RWA) position of c. €0.4 billion. In the year ended 31 December 2019, the loan portfolio incurred a loss before tax and post-provisions of c. €62 million. The portfolio consists of c. 4,000 non-performing customer connections, with an average time since first default of c. 10 years and c. 90% of the portfolio first entering default over seven years ago.

This sale follows an extensive period of customer engagement. Customers will continue to have the same legal and regulatory protections under the Consumer Protection Code (CPC) and the Code of Conduct on Mortgage Arrears (CCMA) after the sale.

The reduction of long-term NPEs remains a priority for AIB, given their significant and unsustainable capital costs. The completion of this transaction is an important step in achieving AIB's medium-term NPE target of c. 3%.

Further information:

- AIB's preference is to work with customers to implement sustainable solutions. Over 115,000 customers have been provided with solutions, including over 48,000 private dwelling homes (PDH) customers. This has been achieved by AIB offering customers a comprehensive range of solutions over an extended number of years, partnering with the enhanced Mortgage-to-Rent scheme in 2017 with significant success, and the completion of a series of proactive customer contact and engagement programmes.
- AIB continues to dedicate considerable staff across the country to support customers who are in financial difficulty.
- The buyer, Mars is a regulated entity and will be responsible for all regulated activities in relation to the portfolio and will also service the portfolio.
- The portfolio comprises c. 92% private dwelling homes, c. 5% buy-to-let properties and c. 3% mixed use property. The portfolio extends across c. 3,500 assets.
- The average balance per customer connection is c. €300,000 with an average arrears amount of c. €95,000.
- AIB will now contact impacted customers to inform them that their loans are being transferred.

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Forward Looking Statements**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 40 to 43 in the Annual Financial Report 2019 and updated on pages 36 and 37 of the Half-Yearly Financial Report 2020. 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 40 to 43 of the Annual Financial Report 2019 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 may be subject to rounding.