



21 June 2022

AIB GROUP PLC – SALE OF NON-PERFORMING LOAN PORTFOLIO; NPE RATIO BELOW 5%

AIB Group plc (“AIB”) has agreed to sell a non-performing loan portfolio in long-term default to Everyday Finance DAC (“Everyday”), as part of a consortium that includes Everyday, affiliates of Cerberus Capital Management and LCM Partners Limited. This is another important step in reducing our non-performing exposures (NPE), resulting in a proforma NPE ratio of c. 4.4%* at March 2022 and ensuring we remain firmly on track to reach our c. 3% target by end 2023.

The sale of this portfolio, which includes multiple asset classes with an average time in default of c. 9 years, substantially resolves our legacy, long-term default NPEs. Normalising NPEs remains a priority delivering balance sheet resilience with improved risk profile, lower calendar provisioning and facilitates normalisation of our workout unit.

As at December 2021, the loan portfolio had a gross NPE value of c. €0.4 billion and a fully loaded risk-weighted assets (RWA) position of c. €0.3 billion. In the year ended 31 December 2021, the loan portfolio incurred a loss before tax and post-provisions of c. €46 million.

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. Overall the sale is expected to have a positive c. 40bps impact on CET1 covering P&L, calendar provisioning and RWA reduction.

Following the sale, all customers in the loan portfolio will continue to have the same regulatory protections, including protections under the Consumer Protection Code (CPC) and the Code of Conduct on Mortgage Arrears (CCMA). The loans will be sold with the benefit of existing protections under the customers’ loan contracts.

Colin Hunt, AIB Chief Executive Officer said *“Agreement of this transaction is an important milestone for AIB as it reduces the NPE ratio to well below 5%, resulting in a proforma NPE ratio of c. 4.4%* at Q1 2022. It demonstrates further progress as we move towards closing out legacy items this year while maintaining momentum in the delivery of our strategy.”*

Further information:

- The buyer, Everyday Finance DAC, is a regulated entity and will be responsible for all regulated activities in relation to the portfolio.
- Customers do not need to take any action following this announcement and AIB will now contact impacted customers to inform them that their loans are being transferred.
- AIB has reduced NPEs from c. €31 billion in 2013 to proforma c. €2.6 billion at end March 2022 following this transaction. This has primarily been achieved through customer engagement and case by case restructuring. AIB’s strong preference is to work with customers to implement sustainable solutions and AIB continues to dedicate a considerable number of staff across the country to support customers who are in financial difficulty.

** Q1 2022 NPE ratio was 5.1%, the Q1 proforma NPE ratio of c. 4.4% takes into account this portfolio sale. It does not include the acquisitions of Ulster Bank’s corporate and commercial loans nor its performing tracker mortgage portfolio.*

-ENDS-

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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 28 to 30 in the 2021 Annual Financial Report. 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 28 to 30 of the 2021 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.

Figures presented may be subject to rounding.