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## AIB GROUP PLC – Q1 2025 TRADING UPDATE (UNAUDITED)

### **Strong Q1 performance; delivering on our strategy with continued momentum in our business**

*"I am pleased to announce the Group had a strong performance in the first quarter, having entered 2025 in a position of strength and with great momentum in our business. Gross loans grew to €71.4 billion in the first quarter and new lending increased by 14% to €3.2 billion, of which 38% was green. Notwithstanding the uncertainty in the international external environment, we remain confident in our outlook for 2025 and beyond given our market-leading customer franchise, resilient revenues and strong funding and capital. The Irish economy continues to perform well and AIB plays a key role by supporting our customers and communities. We are implementing our proven strategy at pace and remain on course to deliver strong sustainable returns to our shareholders, both this year and over the medium-term."*

**- Colin Hunt, Chief Executive Officer**

#### **Key highlights: (all comparisons Q1 2025 versus Q1 2024 unless otherwise stated)**

- All 2025 guidance reiterated, RoTE expected to be meaningfully ahead of 15% medium-term target
- Total income decreased 9% primarily driven by lower interest rates
  - Net interest income (NII) of €0.95bn as expected; Q1 NIM 2.86%
  - 2025 NII guidance reiterated at >€3.6bn
  - Net fees & commissions up 7%
- Costs<sup>(1)</sup> up 3% in line with guidance; cost income ratio (CIR) 43%
- Small net credit impairment charge in Q1
- Gross loans increased to €71.4bn, up €0.2bn since Dec 2024
  - New lending up 14% to €3.2bn; of which 38% was green lending
  - Mortgage market share 34% March YTD<sup>(2)</sup>
- Strong and diversified funding:
  - Customer deposits of €109.9bn in line with Dec 2024
  - MREL issued: €700m AT1 and €800m green bonds
- CET1 of 16.8% (Dec 24: 15.1%); strong organic capital generation and implementation of Basel IV
- AGM today seeking shareholder approval to execute previously announced €1.2bn buyback on a directed basis

### **Financial Performance**

The Group recorded a strong financial performance in the first quarter of 2025.

**Net interest income** of €0.95bn (Q4 2024: €1.01bn) was 8% lower in Q1 2025 compared to the equivalent prior year period (Q1 2024: €1.04bn), primarily due to lower interest rates partially offset by an increase in average loan volumes. NIM for Q1 was 2.86% and the deposit beta was c. 18%. Our full year 2025 NII

guidance assumed an ECB deposit rate of 2% from June 2025 and a deposit beta of c. 20%. We note the lower rate outlook and the current market expectation for an ECB deposit rate of 1.75% at December 2025. We continue to expect NII for 2025 to be >€3.6bn given our stable and granular deposit base, growth in our loan book and management of our structural hedge programme to reduce NII sensitivity.

**Other income** was 10% lower compared to Q1 2024, reflecting a reduction in equity investments gains. There was a strong performance across fee-based lines, up 7%, and we continue to enhance our wealth management proposition. Full year 2025 other income is expected to be c. €750m.

**Operating costs** were up 3% in line with guidance primarily reflecting the impact of inflation. FTEs at end Q1 2025 were 10,423 (Dec 24: 10,469). We expect full year 2025 costs to increase by c. 3%, as previously guided.

**Overall credit quality** remained robust and a small net credit impairment charge was recorded in Q1. Macroeconomic scenarios will be updated as part of the usual half-year credit impairment process. Our approach remains conservative, comprehensive and forward-looking and we continue to expect a cost of risk (CoR) for full year 2025 within the range of 20-30bps.

**Regulatory costs and levies** of c. €100m were accrued in Q1 2025 including early recognition of the Irish bank levy. We expect regulatory costs and levies to be c. €140m for full year 2025.

### Balance sheet

**Gross loans** of €71.4bn increased by €0.2bn (Dec 24: €71.2bn) driven by new lending of €3.2bn offset by redemptions and €0.2bn negative FX impact. We expect customer loans to grow by c. 5% in 2025.

**Total new lending** of €3.2bn increased by 14% on the prior year period with positive trends across our mortgages, personal and corporate lending businesses.

Our new mortgage lending in Ireland was up 14% to €0.9bn and reflected a market share of 34% March YTD. Personal lending in Ireland was up 7% reflecting our larger customer base and an increase in consumer credit demand supported by our market-leading digital proposition with 86% of personal loan applications completed online. New lending to SMEs in Ireland remained relatively stable and in line with Q1 2024 with >60% of small business loans originated on our new online business loan platform.

New lending in Capital Markets was in line with Q1 2024. Climate Capital new lending performed in line with expectations as we continue to finance the transition to renewable energy and infrastructure.

In the UK new lending performed well driven by corporate lending as we continue to focus on our chosen market sectors such as residential investment.

**Green and transition lending** of €1.2bn accounted for 38% of new lending with €17.8bn deployed since 2019 as we continue to support our customers transition to a more sustainable future. Green mortgages represented 54% of new mortgage lending.

**NPEs** of €2.0bn were in line with December 2024 representing c. 2.8% of gross loans. Asset quality remains resilient and we continue to carefully manage the loan book.

## Funding and Capital

**Strong funding and capital** ensure AIB is well-positioned for sustainable growth. Customer accounts were €109.9bn (Dec 24: €109.9bn) with 92% of accounts ROI-based. The mix between current accounts and deposits remains broadly unchanged from December 2024 and the flow of funds to term accounts has continued to slow. The Group continues to have strong funding and liquidity ratios with an LDR of 64%, LCR of 218% and NSFR of 161%<sup>(3)</sup> at Q1 2025 which compare to 64%, 201% and 162% respectively at December 2024.

In January 2025 the Group raised €700m of MREL from an AT1 issuance. In March 2025 the Group raised a further €800m of MREL from two green senior non-preferred issuances.

**Capital** remains robust and comfortably ahead of minimum requirements. The fully loaded CET1 ratio was 16.8% (Dec 24: 15.1%) and reflects strong organic capital generation and the implementation of Basel IV (+120bps), offset by a dividend accrual in line with the Group's policy. Distributions announced at the 2024 Annual Financial Results of a €1.2bn share buyback and €0.9bn cash dividend have been deducted from the CET1 ratio, consistent with the December 2024 disclosure.

### **Share buyback:**

At today's AGM shareholder approval will be sought for the previously announced €1.2bn directed buyback. In addition to shareholder approval the proposed transaction will be subject to (i) the Board's determination that such action is in the best interests of the Company and (ii) receipt of written confirmation from the Company's UK sponsor in accordance with UK Listing Rule 8.2.1(3) that the terms of the proposed arrangement are fair and reasonable as far as the independent shareholders are concerned. The terms of the proposed directed buyback remain valid up to and including 8 May 2025<sup>(4)</sup>.

## Sustainability

### **Environmental**

- AIB raised €800m from green bond issuances; total proceeds raised from ESG bonds to date is €7.2bn
- Leading the transition of the Built Environment, AIB produced and supported key reports on retrofitting opportunities and challenges across residential and commercial real estate to advise and inform our customers

### **Social**

- AIB partnered with AsIAm, Ireland's Autism charity, to become the first Irish bank with Autism supports across its entire network of 170 branches in Ireland
- AIB introduced language interpretation and translation supports for our customers with in-branch support for over 120 languages

### **Governance**

- The Irish State's shareholding continues to reduce and is currently less than 12%
- AIB published its first Sustainability Statement in accordance with the Corporate Sustainability Reporting Directive (CSRD) building on our well-established approach to transparent sustainability disclosures

## Outlook

We are in the second year of our three-year strategic cycle and the Group has had a strong start to 2025. As we progress our strategy and support our growing customer base, we remain mindful of evolving uncertainty in the external environment and continue to manage our business prudently. The outlook for the domestic economy remains supportive underpinned by high employment and population growth. AIB is well-positioned for the future with a resilient and growing balance sheet, diversifying income and an exceptional customer franchise. Following a strong first quarter, we remain confident in our outlook for 2025 and beyond.

### 2025 Guidance reiterated:

- 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%

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### Analyst conference call

Colin Hunt, CEO and Donal Galvin, CFO, will host a conference call today at 08.00 IST for 30 minutes.

### Conference call access

Republic of Ireland	+353 (0)1 436 0959
UK / International	+44 (0) 33 0551 0200
USA Local	+1 786 697 3501

**Event Password:** AIB

*Please dial in 5-10 minutes prior to the start time using the number / event password above*

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*Note: Figures presented above may be subject to rounding*

#### Abbreviations:

RoTE: Return on tangible equity;  $RoTE = (PAT-AT1) / (CET1 \text{ @ } 14\% \text{ of RWAs})$

NIM: Net interest margin

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

(2) Source: Mortgage drawdowns BPF1 March 2025

(3) Subject to finalisation

(4) Refer to the AGM documentation at Annual General Meeting / AIB Investor Relations; note regulatory approval for a €1.2bn share buyback is in place until early 2026

*For further information, please contact:*

Niamh Hore / Siobhain Walsh  
Investor Relations  
AIB Group  
Dublin  
Tel: +353-86-3135647 / +353-87-3956864  
email: [niamh.a.hore@aib.ie](mailto:niamh.a.hore@aib.ie)  
[siobhain.m.walsh@aib.ie](mailto:siobhain.m.walsh@aib.ie)

Paddy McDonnell / Louise Kelly  
Media Relations  
AIB Group  
Dublin  
Tel: +353-87-7390743 / +353-87-216-1545  
email: [paddy.x.mcdonnell@aib.ie](mailto:paddy.x.mcdonnell@aib.ie)  
[louise.y.kelly@aib.ie](mailto:louise.y.kelly@aib.ie)

#### **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.*