



Debt Presentation

Half-Yearly Financial Results 2018

For the six months ended 30 June 2018

AIB Group plc

Important information and forward looking statement



This presentation should be considered with AIB's Annual Financial Report 2017, Q1 Trading Update April 2018 and all other relevant market disclosures, copies of which can be found at the following link: <http://aib.ie/investorrelations>

Important Information and forward-looking statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of AIB Group plc 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 in 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.



Performance and Strategic Objectives

H1 2018 Highlights

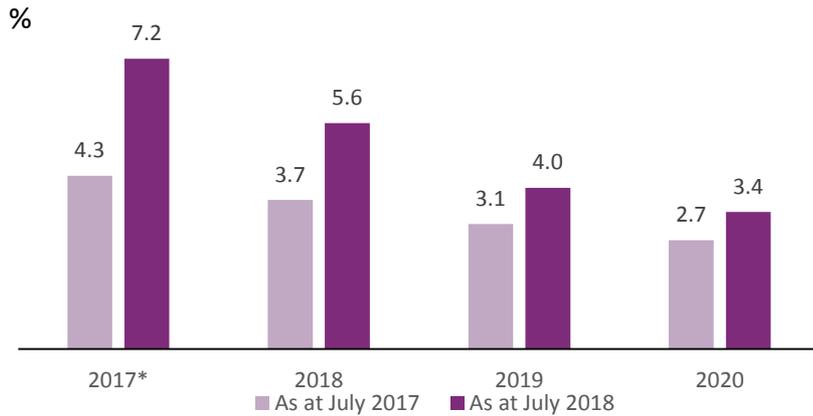
Franchise and business model delivering sustainable performance

- ✓ Profit before tax of €0.8bn, continuing sustainable underlying profitability, loan book growth and significant improvement in asset quality
- ✓ Strong capital ratio of CET 1 FL 17.6%; continuing capital generation and capacity for attractive returns
- ✓ Continued progress on NPE normalisation; €7.5bn (12% overall), down €2.7bn (-27%) from FY 2017
- ✓ Market leading franchise with customer first strategy and investment in digital and innovation driving commercial success
- ✓ Well positioned and evolving for future challenges and opportunities in a growing economy

Growing economy with attractive market dynamic

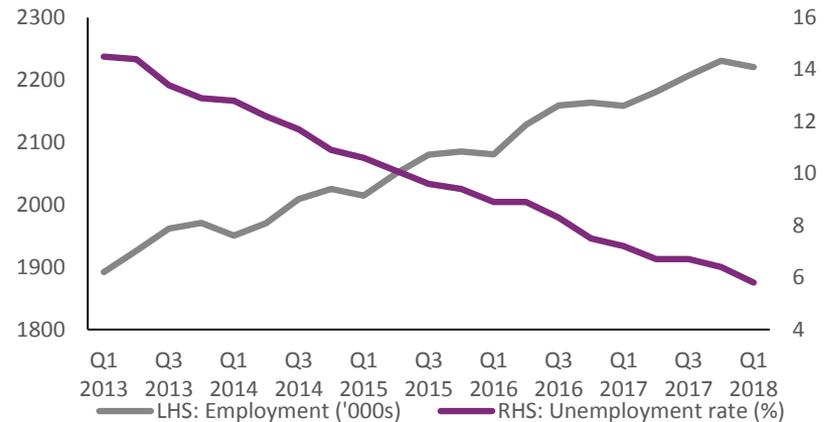
Well positioned for growth

Irish economic growth improving; Brexit risk remains



Source: CSO, Dept. of Finance

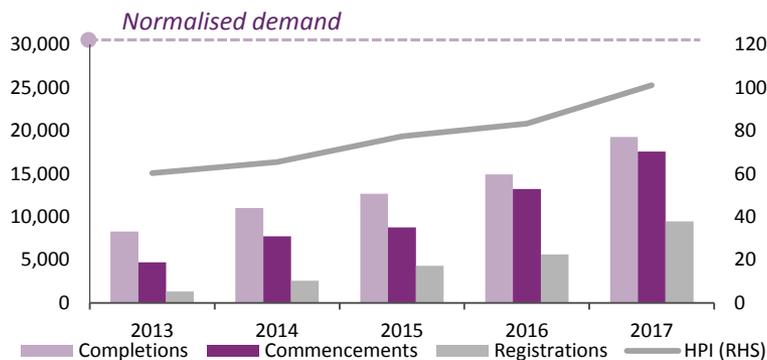
Total employment levels rising as unemployment falls



Source: CSO

Irish housing activity

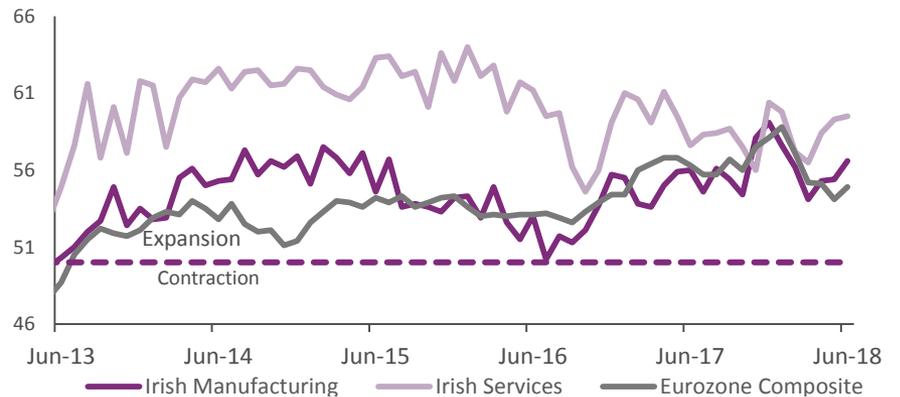
of Completions, Commencement & Registrations ('000s)



Source: CSO, Department of Housing, AIB ERU, National House price index Jan 05=100

Business sector in expansionary mode

PMI index



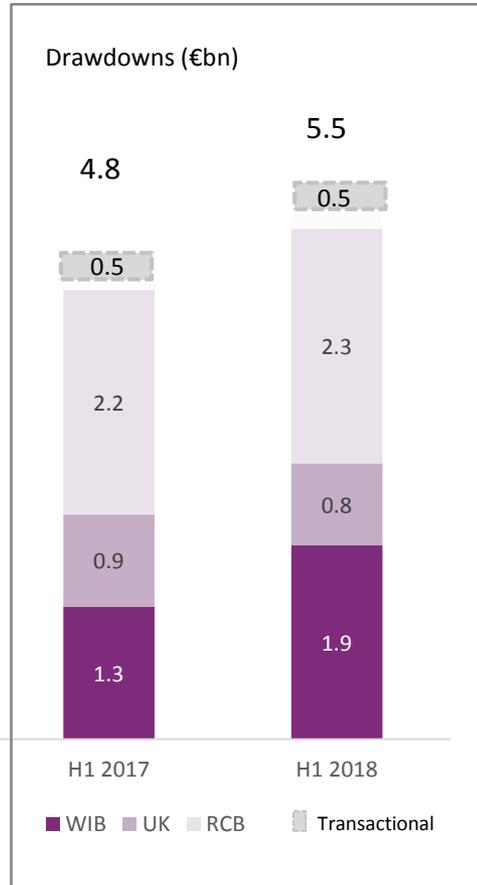
Source: Markit via Thomson Datastream

(*) GDP forecasts used, however note that GDP can be distorted due to the impact of multi-national sector in Ireland. Modified Final Domestic Demand in 2017 was 3.2%

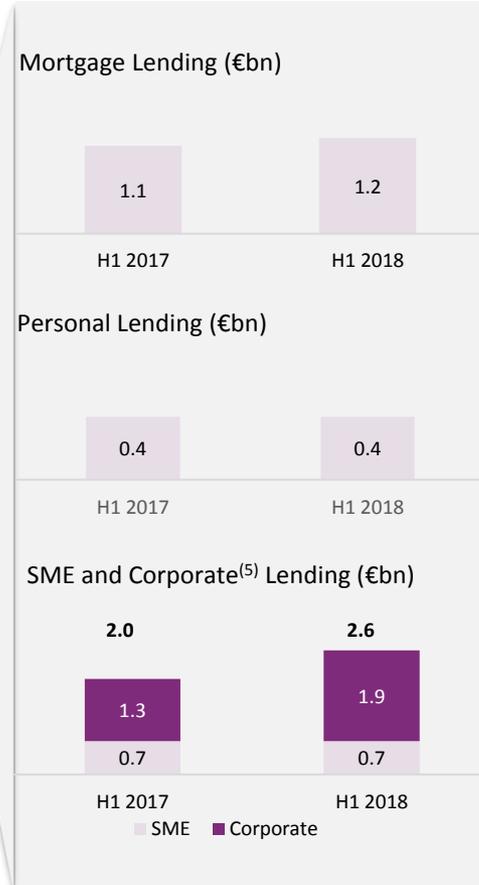
Delivering continued momentum

Increased new lending; Leading market shares

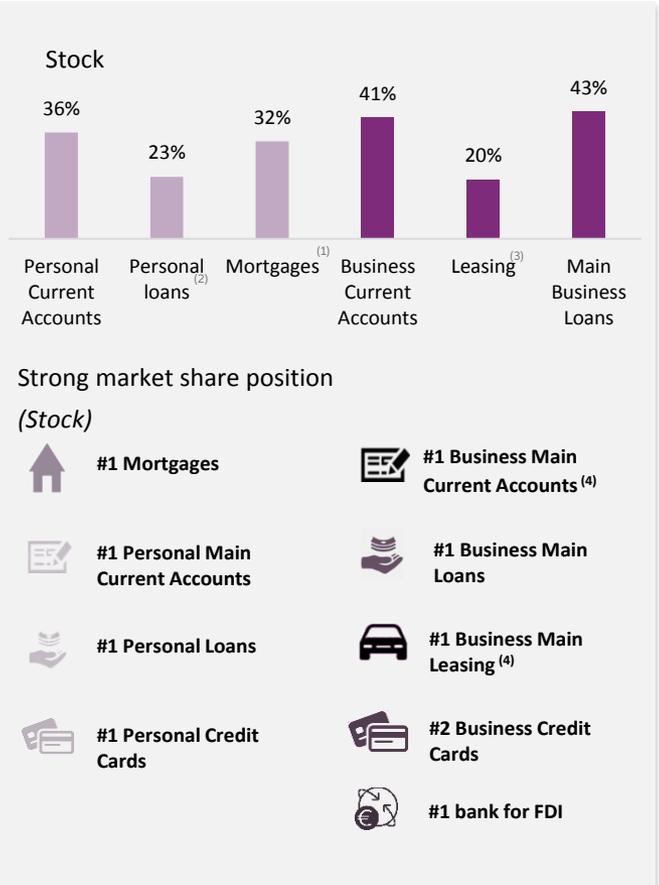
Continuing increase in New Lending



Continuing momentum in key sectors



Leading market shares in key segments



Source: Ipsos MRBI AIB Personal Financial Tracker Q2 2018; AIB SME Financial Services Monitor 2017, BPF1 – Q2 2018

(1) New lending flow to June 2018
 (2) Amongst banks; excludes car finance
 (3) Main leasing business agreement
 (4) Joint number 1 position
 (5) Corporate includes leverage finance, real estate >€10m, advisory and structured finance



Financial Performance

Financial highlights H1 2018

Business model delivering sustainable performance



Sustainable profitability underpinned by stable net interest income and margin

NIM 2.53% with underlying NIM⁽¹⁾ 2.50%



Continued cost discipline, H1 2018 in line with expectations

Stable costs and income, CIR 51%; excluding enhanced income effects CIR 53%⁽²⁾



Inflection point passed, both net and performing loan books growing

New term lending +15% to €5bn



Significant progress in NPE deleveraging; on track to normalised levels

NPEs⁽³⁾ reduced 27% from €10.2bn to €7.5bn



Strong capital generation supporting growth and capital return

Sustainable profits driving capital generation +130bps; CET1 (FL) 17.6%

(1) NIM underlying 2.50% in half year to June 18 excludes interest on loans when upgraded from Stage 3 without incurring financial loss (i.e. suspense interest)

(2) Excludes income on previously restructured loans €40m and suspense interest €12m

(3) Non performing exposures exclude c. €0.2bn of off-balance sheet commitments

Income statement

PBT €0.8bn driven by strong business performance

Summary income statement (€m)	H1 2018	H1 2017
Net interest income	1,061	1,077
Other income	322	452
Total operating income	1,383	1,529
Total operating expenses ⁽¹⁾	(711)	(693)
Operating profit before provisions	672	836
Bank levies and regulatory fees	(31)	(45)
Net credit impairment writeback	130	23
Associated undertakings & other	5	9
Profit before exceptionals	776	823
Exceptional items	(14)	(62)
Profit before tax from continuing operations	762	761

Metrics	H1 2018	H1 2017
Net interest margin	2.53%	2.54%
Cost income ratio (CIR) ⁽¹⁾	51%	45%
Return on tangible equity (RoTE) ⁽²⁾	15.2%	14.4%
Return on assets (RoA)	1.4%	1.4%
Earnings per share (EPS)	23.3c	23.3c

- Net interest income in line with H1 2017
- Other income €322m - stable fees and commissions offset by lower one off items
- Operating expenses €711m – controlled and in line with expectations
- Net credit impairment writeback €130m

- Delivering consistent and sustainable returns
 - RoTE 15.2%
 - RoA 1.4%

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

(2) RoTE based on (PAT - AT1 coupon + DTA utilisation) / (CET1 @13% plus DTA)

Average balance sheet

NIM stable and in line with 2.40%+ medium term target

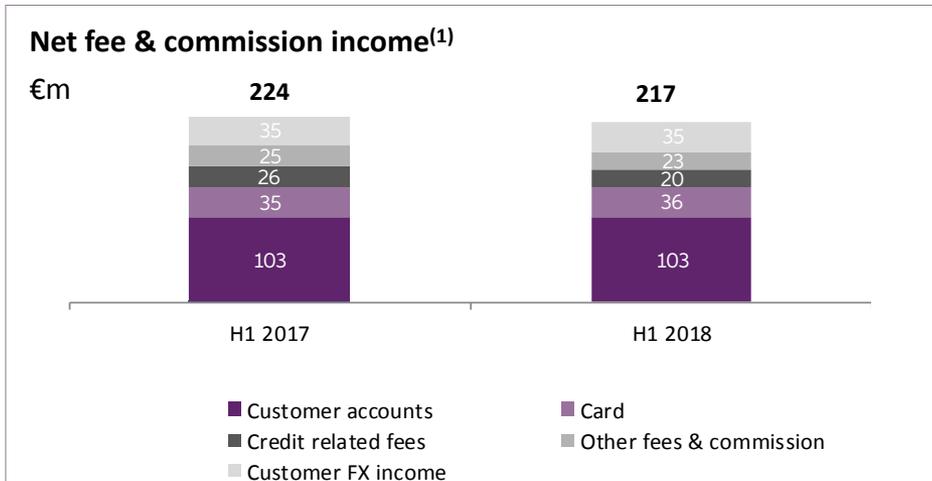
	H1 2018			H1 2017		
	Average Volume €m	Interest €m	Yield %	Average Volume €m	Interest €m	Yield %
Assets						
Loans to customers	60,728	1,050	3.49	60,815	1,078	3.57
NAMA senior bonds	0	0	0.00	845	2	0.49
Investment securities	15,238	113	1.50	17,624	146	1.67
Other assets	8,644	9	0.19	6,238	6	0.17
Interest earning assets	84,610	1,172	2.79	85,522	1,232	2.90
Non interest earning assets	7,181			7,401		
Total assets	91,791	1,172		92,923	1,232	
Liabilities and equity						
Customer accounts	35,966	81	0.45	37,104	128	0.69
Deposits by banks	3,987	(4)	(0.20)	5,981	(4)	(0.15)
Other debt issued / other	4,868	18	0.75	6,625	15	0.46
Subordinated liabilities	794	16	3.99	792	16	3.97
Interest earning liabilities	45,615	111	0.49	50,502	155	0.62
Non interest earning liabilities ⁽¹⁾	32,739			29,217		
Equity	13,437			13,204		
Total liabilities and equity	91,791	111		92,923	155	
Net interest margin		1,061	2.53		1,077	2.54
Net interest margin (underlying)			2.50			2.47

- Stable loan yields ex suspense interest
- Favourable mix and lower yield on customer accounts
- Mortgage pricing changes and the cost of excess liquidity absorbed
- Continued spread widening between loans and deposits

⁽¹⁾ Includes non-interest bearing current accounts €29bn Jun 18, €26bn Jun 17

Other income

Stable net fee and commission income



Other Income (€m)	H1 2018	H1 2017
Net fee and commission income	217	224
Other business income	39	63
Business income	256	287
Gains on disposal of investment securities	16	16
Previously restructured loans	40	146
Settlements and other gains	10	3
Other items	66	165
Total other income	322	452

- Stable fee and commission income of €217m
 - Income from customer accounts represents 47% of net fees and commission income and includes current account fees and transaction payment fees
 - Customer FX fee income €35m

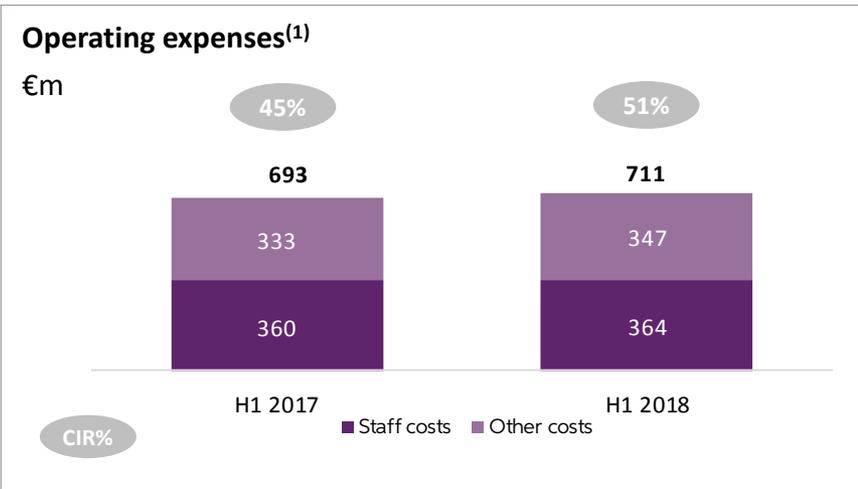
- Other business income €39m includes
 - Dividend income €24m
 - Valuation movements on long term derivative customer positions €6m

- Lower income from other items due to reduced income from loans previously restructured – H1 2017 included €116m on a small number of legacy property cases

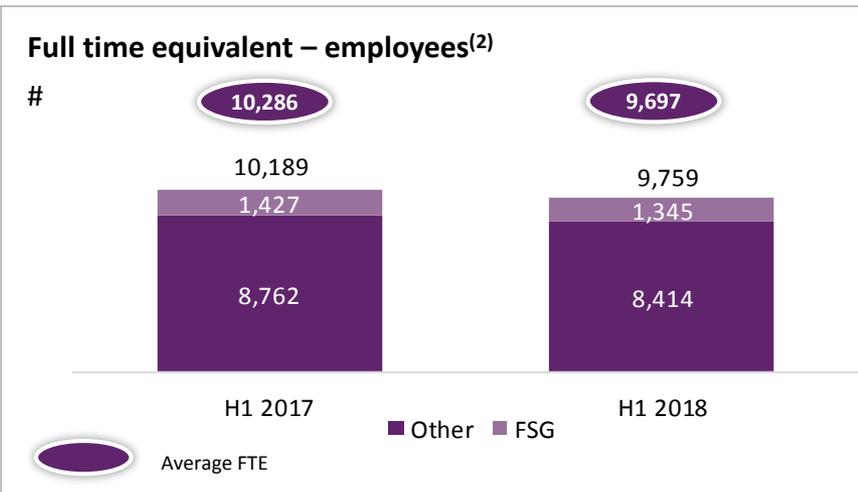
⁽¹⁾ Customer FX income €29m was reported in 'Other business income' in H1 2017. Customer FX income €6m was reported in 'Customer accounts' in H1 2017. Both are now reported in Customer FX income 'Net fee and commission income' in both periods.

Costs

Continued focus on cost discipline targeting CIR < 50%



- Operating expenses €711m (+3%) in line with expectations
- Factors impacting cost:
 - Stable staff costs while absorbing wage inflation (2.75%)
 - Continued investment in loan restructuring operations
 - Increased depreciation from investment programme
- CIR 51% (H1 2017: 45%) benefitted from:
 - Income on restructured loans €40m (H1 2017: €146m)
 - Suspense interest €12m (H1 2017: €30m)
 - CIR 53% excluding the above (H1 2017: 51%)



- Exceptional items €14m include:
 - Gains on portfolio sales €140m offset by
 - Customer redress €32m
 - Restitution and restructuring costs €47m
 - Termination benefits €9m
 - Property strategy €44m
 - IFRS 9 costs €22m

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

(2) Period end



Balance Sheet

Balance sheet

Growing with new lending supported by strong liquidity and capital ratios

Balance sheet (€bn)	Jun-18	Jan-18	Dec-17
Gross loans to customers	62.8	63.3	63.3
Provisions	(2.9)	(3.6)	(3.3)
Net loans to customers	59.9	59.7	60.0
Investment securities	15.8	16.3	16.3
Other assets	16.8	13.8	13.8
Total assets	92.5	89.8	90.1
Customer accounts	67.1	64.6	64.6
Monetary authority funding	1.0	1.9	1.9
MREL issuance	1.0	-	-
Other market funding	6.3	6.3	6.3
Other liabilities	3.5	3.7	3.7
Total liabilities	78.9	76.5	76.5
Equity	13.6	13.3	13.6
Total liabilities & equity	92.5	89.8	90.1

Key funding metrics (%)	Jun-18	Dec-17
Loan to deposit ratio (LDR)	89%	93%
Liquidity coverage ratio (LCR)	135%	132%
Net stable funding ratio (NSFR)	122%	123%
Fully loaded CET1 ratio	17.6%	17.5%

Assets

- Net loan book growth €0.5bn excl portfolio sales
 - Performing loan book €55.3bn growing (up €2.2bn)
 - NPEs €7.5bn (down €2.7bn)

Liabilities

- Customer accounts €67.1bn (up €2.5bn)
 - Increased current accounts (€2.3bn) incl. exiting competitor inflow €1bn
- Monetary authority funding €1bn - repaid €0.95bn TLTRO II
- MREL issuance €1bn, two €500m senior HoldCo issuances

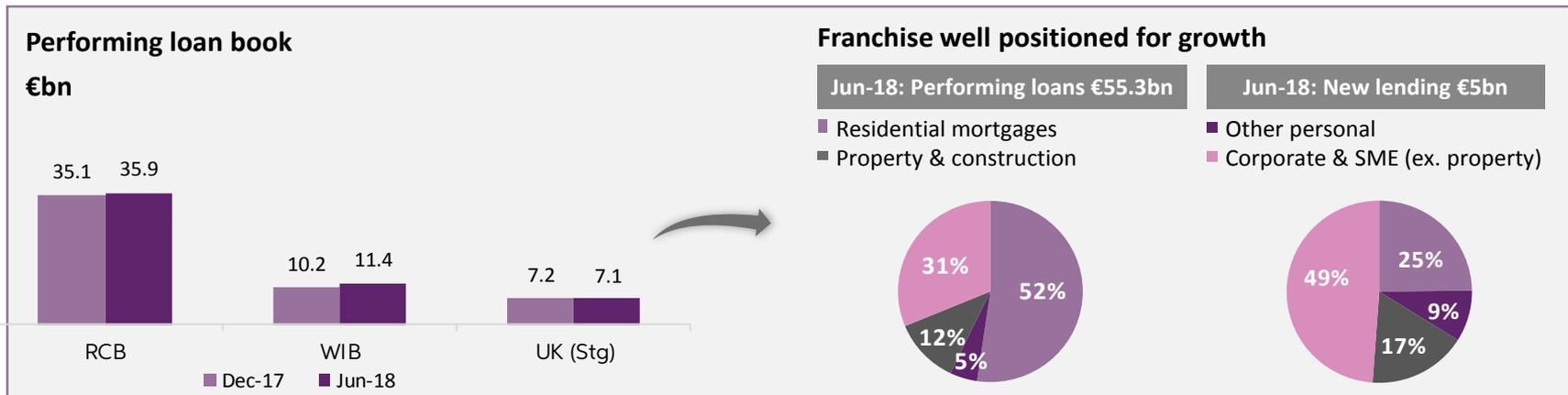
Capital & Liquidity

- Equity €13.6bn - profit €0.7bn offset by dividend paid €0.3bn, IFRS 9 impact and movement in Investment Sec reserves
- CET1 17.6%, +130bps capital generation offset by accrued dividend 30bps, IFRS9 impact 50bps and other equity 40bps
- LCR / NSFR well above minimum requirements

Customer loans

Gross performing loans €55.3bn up 4%, NPE €7.5bn down 27%

Customer loans (€bn)	Performing	NPE	Gross loans	ECL	Net loans
Closing balance Dec 2017	53.1	10.2	63.3	(3.3)	60.0
Harmonisation of default definition	0.6	(0.6)	0.0	(0.3)	(0.3)
Opening balance Jan 2018	53.7	9.6	63.3	(3.6)	59.7
New lending volumes	5.0	-	5.0	-	5.0
Redemptions ⁽¹⁾	(3.7)	(0.8)	(4.5)	-	(4.5)
Disposals	-	(1.1)	(1.1)	0.5	(0.6)
Restructuring activity / Fx	0.3	(0.2)	0.1	0.2	0.3
Closing balance Jun 2018	55.3	7.5	62.8	(2.9)	59.9



(1) New transaction lending is netted against redemptions given the revolving nature of these products

Asset quality & NPE⁽¹⁾ deleveraging strategy

NPE ⁽¹⁾ €7.5bn (12% of gross loans)

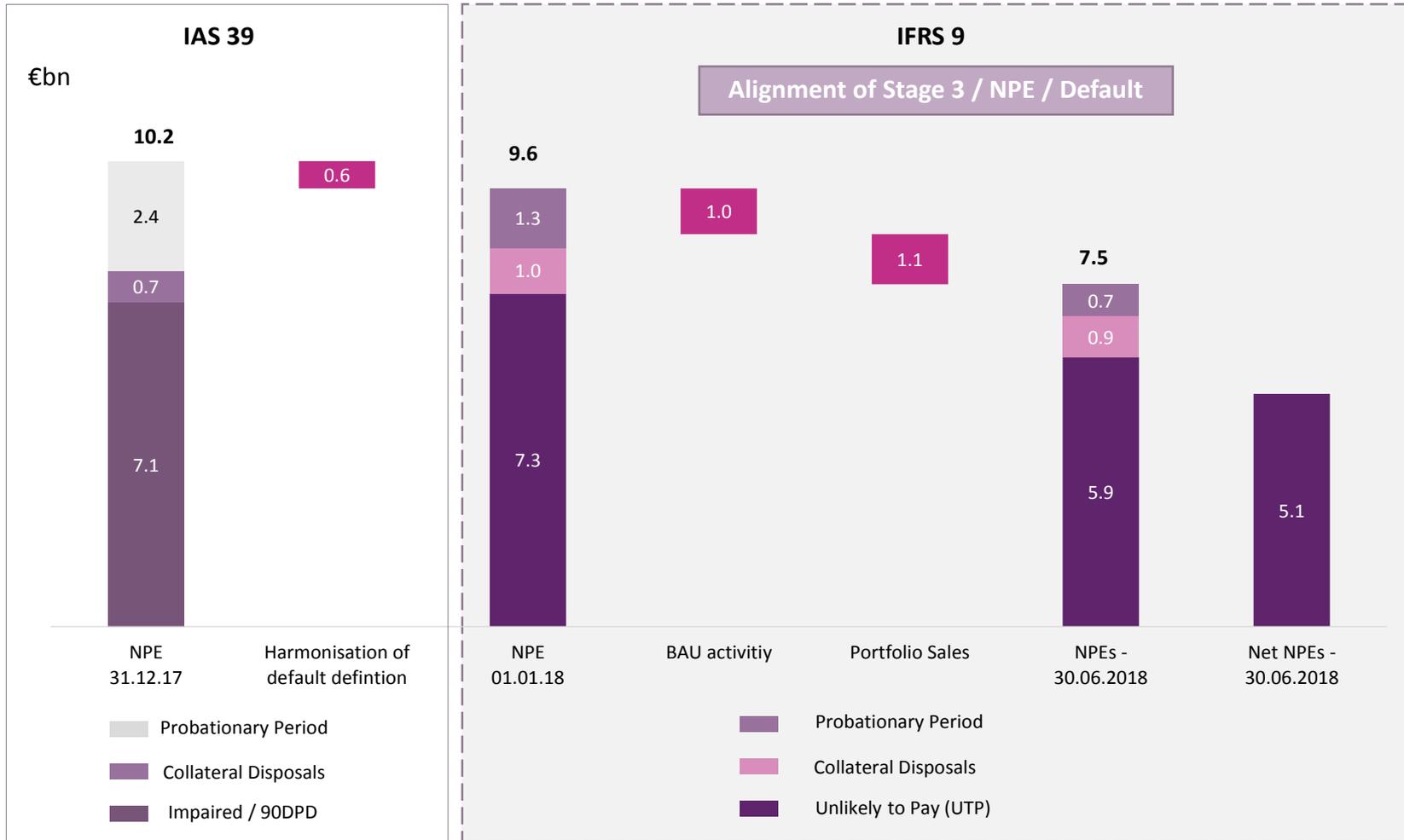
- ✓ Continued progress in NPE reduction in H1 2018
 - 27% reduction (€2.7bn) in NPEs from €10.2bn (16%) to €7.5bn (12%)
- ✓ IFRS 9 and early adoption of new guidelines on definition of default
- ✓ Net credit impairment writeback €130m
- ✓ Case by case restructuring continues
- ✓ Completed portfolio sales €1.1bn⁽²⁾, including one large disposal:
 - Mainly an investment asset portfolio, excluded PDHs
 - Deep arrears with c. 90% over 2 years in arrears
 - Excluded performing restructured customer connections
- ✓ On track to normalised levels of c. 5% by end 2019

(1) Non-performing exposures (NPEs) exclude €0.2bn of off-balance sheet commitments

(2) Balance Sheet impact: €0.6bn derecognised from customer loans and €0.7bn proceeds due in other assets; income statement impact: €140m gain on disposal of loan portfolios

Momentum in NPE reduction continues

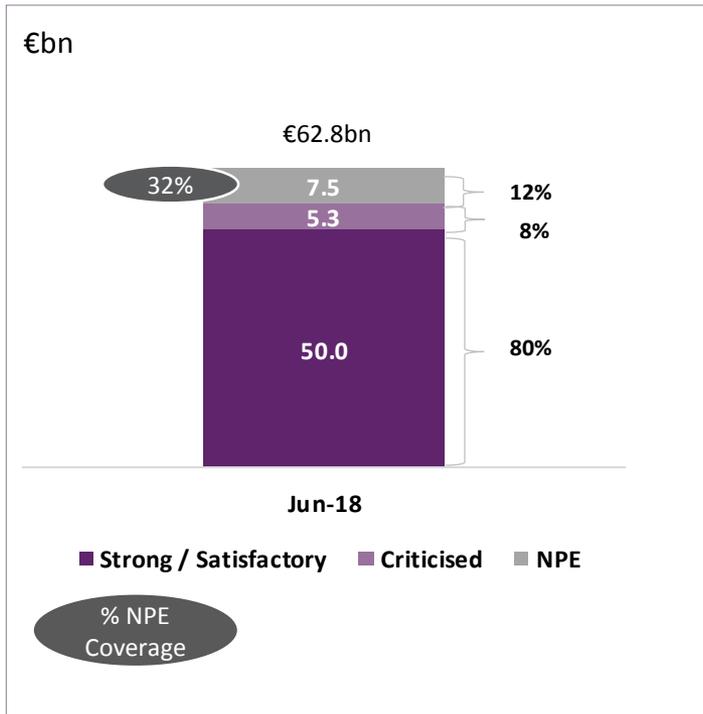
Significant progress in de-risking the balance sheet



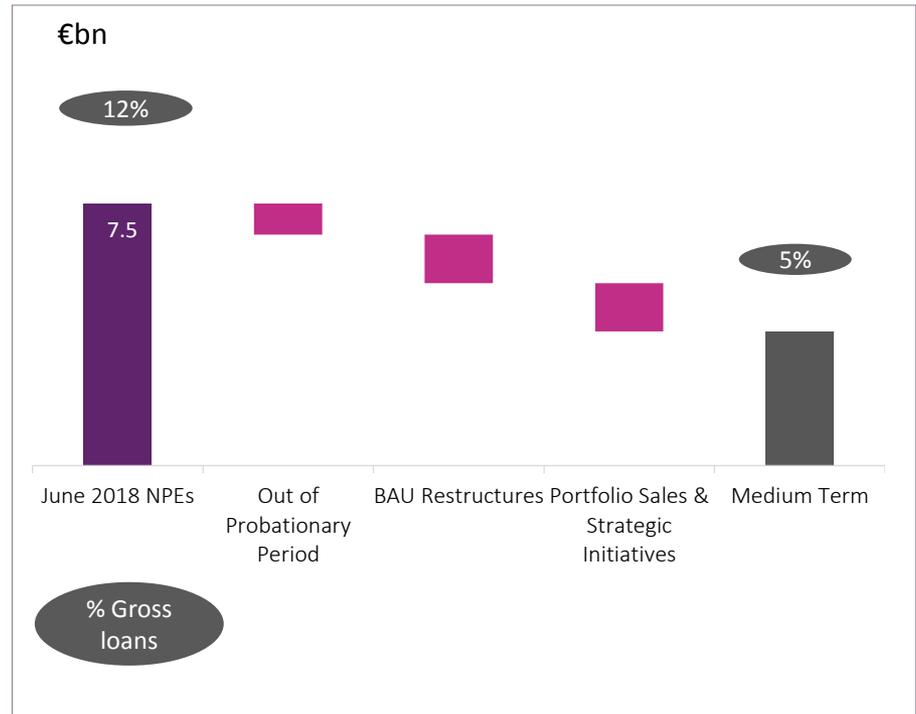
NPE de-leveraging strategy

On track to normalised levels

80% of the loan book strong / satisfactory



Targeting further deleveraging to European norms⁽¹⁾



(1) For illustrative purposes

Asset quality by portfolio

Continued progress as NPEs reduce across all sectors, ECL / NPE coverage 32%

Jun-18	Residential mortgages	Other personal	Property and construction	Non-property business lending	Total
€bn					
Loans to customers amortised & FVTPL	33.1	3.1	8.1	18.5	62.8
of which NPE:	4.2	0.4	1.7	1.2	7.5
Expected credit loss	1.3	0.3	0.6	0.7	2.9
of which ECL on NPE:	1.2	0.2	0.5	0.5	2.4
ECL / NPE (%) coverage	28%	47%	33%	39%	32%
Dec-17					
€bn					
Loans to customers amortised & FVTPL	33.7	3.1	8.8	17.7	63.3
of which NPE:	4.8	0.6	2.9	1.9	10.2
Specific provisions	1.1	0.2	0.9	0.5	2.7
Specific provision/ NPE (%) coverage	24%	37%	31%	25%	27%

NPE net of ECL €5.1bn

NPE net of specific provision €7.5bn

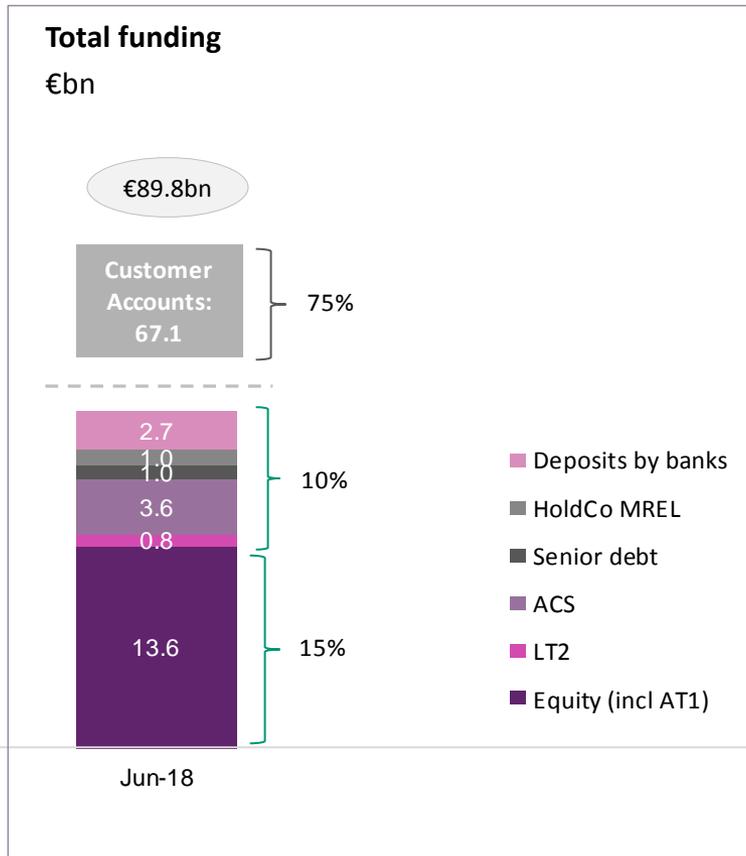
	Gross Loans	NPEs
Residential Mortgages €bn	33.1	4.2
of which:		
PDH	29.6	3.2
BTL	3.5	1.0



Funding & Capital

Funding structure

Strong and stable funding well positioned for growth



Liquidity ratios well in excess of requirements

Liquidity metrics %	H1 2018	FY 2017
Loan to deposit ratio (LDR)	89%	93%
Liquidity coverage ratio (LCR)	135%	132%
Net stable funding ratio (NSFR)	122%	123%

Investment Grade achieved; MREL issuance underway

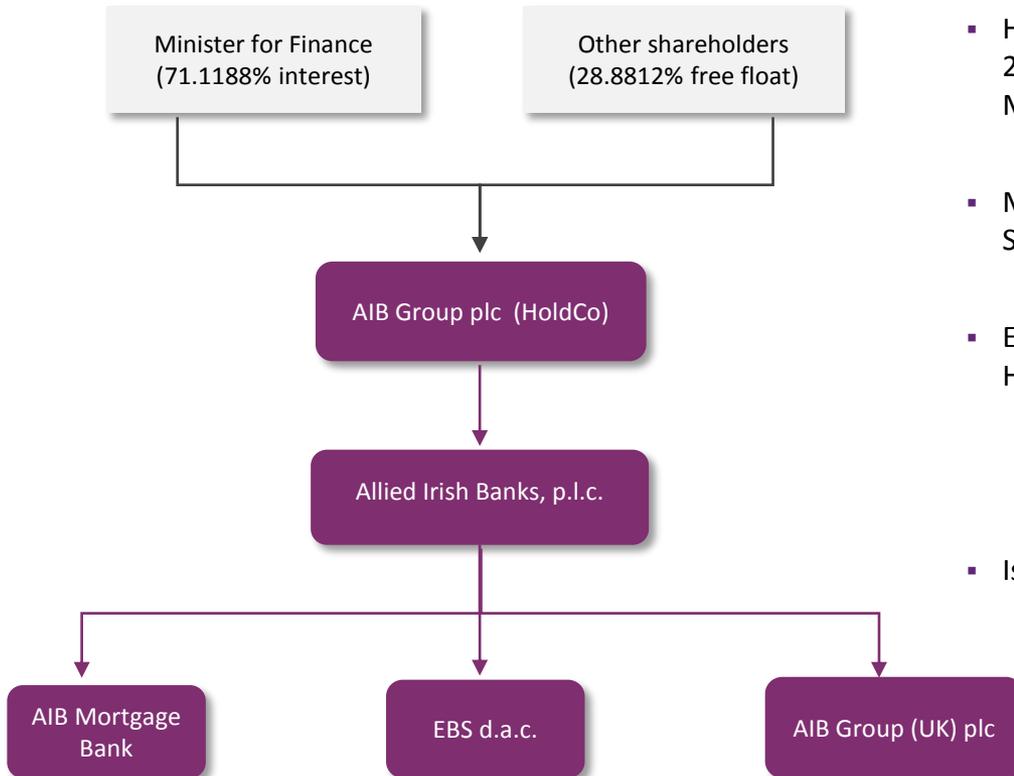
- AIB Group plc rated Investment Grade by Moody's and Fitch
- MREL target 28.04% by 1 Jan 2021 - issuance plans c. €4bn of which €1bn completed
 - Two MREL (HoldCo senior) trades executed in the market - €500m 5 year and €500m 7 year

HoldCo



HoldCo structure (AIB Group plc) in place for MREL issuance

Simplified group structure⁽¹⁾



MREL

- HoldCo structure (AIB Group plc) completed in Dec 2017 and HoldCo has become the sole issuer of MREL debt
- MREL target 28.04% of RWAs (per Dec 2016 Balance Sheet)
- EMTN issuance programme in place and €1bn HoldCo Senior issued H1 2018
 - €500m 5 year inaugural deal Mar 18
 - €500m 7 year Jun 18
- Issuance plans manageable c. €4bn

(1) Reflects main operating credit institutions only

Credit Ratings



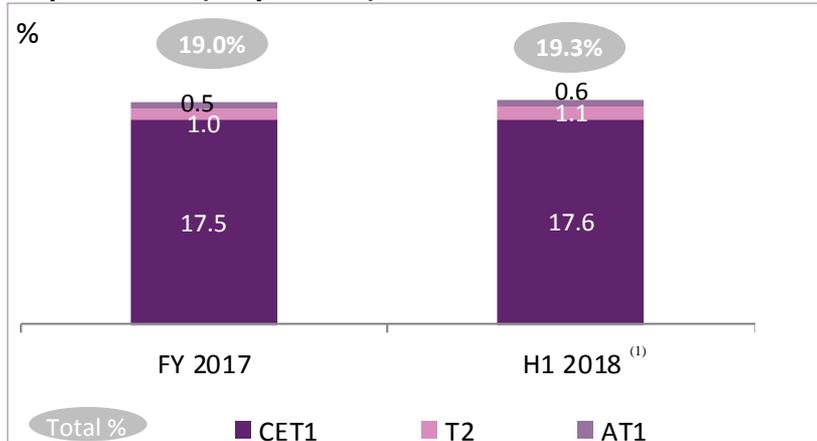
Investment Grade status for AIB Group plc

	MOODY'S	FitchRatings	STANDARD & POOR'S
AIB Group plc (Hold Co) – Long Term Issuer Rating	Baa3	BBB-	BB+
Outlook	Positive	Positive	Positive
Investment Grade	✓	✓	
AIB p.l.c. (Op Co) – Long Term Issuer Rating	A3	BBB-	BBB
Outlook	Positive	Positive	Positive
Investment Grade	✓	✓	✓

Capital ratios

Strong capital position 17.6%, capital generation +130bps

Capital ratios (fully loaded)



RWAs (fully loaded)

Risk weighted assets (€m)	Jun-18	Dec-17	Movement
Credit risk	46,278	46,414	(136)
Market risk	431	360	71
Operational risk	4,624	4,248	376
CVA / other	538	801	(263)
Total risk weighted assets	51,871	51,823	48

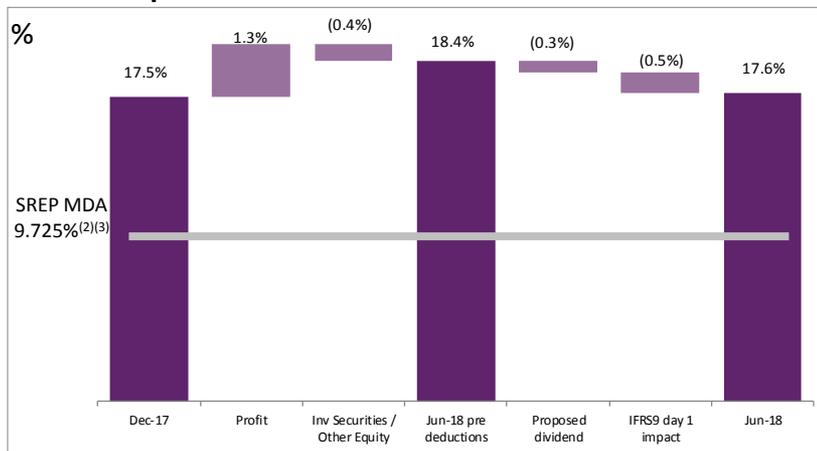
Capital

- Strong capital position – Fully loaded CET1 of 17.6% and total capital 19.3%; Transitional CET1 21.2% and total capital 22.4%
 - CET1 capital increase of 10bps - profit 130bps; investment securities/other equity decrease 40bps; accrued dividend 30bps and IFRS9 impact 50bps

RWA

- Credit risk increased from new lending offset by redemptions and positive grade migrations
- Operational risk up €0.4bn due to higher average 3 year income

CET1 +10bps Jun 18



(1) Jun 18 capital ratios include a minority interest restriction that reduces tier 1 capital by 0.4% and total capital by 0.9%. This restriction relates to the portion of AT1 & T2 instruments issued from Allied Irish Banks, p.l.c. not recognised in AIB Group plc capital ratios

(2) SREP 2018 applies to capital measured under transitional rules. Excludes (Pillar 2 guidance) P2G (not publicly disclosed)

(3) SREP 2018 includes 0.2% for the 1% UK CCyB requirement in November 2018

Medium term financial targets

Focused on delivering sustainable performance

Metric	Medium Term (3-5 Years)	Guidance & Targets	HY1 2018	Commentary
Net interest margin	2.40%+	Maintain strong and stable NIM, 2.40%+	2.53%	<i>Excluding suspense interest 2.50%</i>
Cost income ratio	<50%	Below 50% by end 2019 reflecting robust and efficient operating model	51%	<i>Stable costs, CIR 53% excluding income from restructured loans</i>
Fully loaded CET1 ratio	13.0%	Strong capital base with normalised CET1 target of 13%	17.6%	<i>Strong capital base with capacity for shareholder returns, subject to Board & Regulatory approval</i>
RoTE	10%+	10%+ return using (PAT – AT1 coupon + DTA utilisation) / (CET1 @13% plus DTA)	15.2%	<i>Sustainable underlying profitability generating capital</i>
Dividends	Working towards annual payout ratio in line with normalised European banks with capacity for excess capital levels to be returned to shareholders through special dividends and/or buybacks – all subject to Regulatory and Board approval			

Continued momentum and well positioned for growth



Appendix

Capital detail

Transitional and fully loaded capital detail and ratios



AIB Group - CRD IV transitional capital ratios

Risk weighted assets (€m)	30-Jun-18	31-Dec-17
Total risk weighted assets	52,015	51,728
Capital (€m)		
Shareholders equity excl AT1 and dividend*	12,909	12,792
Regulatory adjustments	(1,873)	(2,024)
Common equity tier 1 capital	11,036	10,768
Qualifying tier 1 capital	227	260
Qualifying tier 2 capital	404	644
Total capital	11,667	11,672
Transitional capital ratios		
CET1	21.2%	20.8%
AT1	0.5%	0.5%
LT2	0.7%	1.3%
Total capital	22.4%	22.6%

AIB Group - Fully loaded capital ratios

Risk weighted assets (€m)	30-Jun-18	31-Dec-17
Total risk weighted assets	51,871	51,823
Capital (€m)		
Shareholders equity excl AT1 and dividend*	12,909	12,792
Regulatory adjustments	(3,789)	(3,747)
Common equity tier 1 capital	9,120	9,045
Qualifying tier 1 capital	308	291
Qualifying tier 2 capital	574	520
Total capital	10,002	9,856
Fully loaded capital ratios		
CET1	17.6%	17.5%
AT1	0.6%	0.6%
LT2	1.1%	1.0%
Total capital	19.3%	19.0%

AIB Group - RWA (€m) (Transitional)

Risk weighted assets (€m)	30-Jun-18	31-Dec-17	Movement
Credit risk	46,422	46,319	103
Market risk	431	360	71
Operational risk	4,624	4,248	376
CVA/other	538	801	(263)
Total risk weighted assets	52,015	51,728	287

AIB Group - Shareholders equity (€m)

Equity - Dec 2017	13,612
Profit H1 2018	650
Impact of adopting IFRS 9	(267)
Impact of adopting IFRS15	10
Investment securities reserves	(151)
Dividend	(326)
Other	38
Equity - Jun 2018	13,566
less: AT1	(494)
less: Proposed ordinary dividend	(163)
*Shareholders equity excl AT1 and dividend	12,909

Capital requirements



Strong capital position; Steady-state target CET1 ratio of 13%

CET1 requirements	FY 2018	FY 2021
Pillar 1 - CET1	4.500%	4.500%
Pillar 2 Requirement (P2R)	3.150%	3.150%
Capital conservative buffer (CCB)	1.875%	2.500%
Other systemically important institution (OSII)	0.000%	1.500%
Counter cyclical buffer (CCyB)	0.200%	0.900%
CET 1	9.725%	12.550%

Minimum capital requirements / SREP⁽¹⁾

- 9.725% CET 1 requirement for 2018 is composed of
 - 4.50% Pillar 1 CET1
 - 3.15% Pillar 2 requirement (P2R)
 - 1.875% Capital conservation buffer (CCB) – further 0.625% phased in 2018
 - UK CCyB will increase to 1% from Nov '18. This equates to 0.2% for 2018.
- 12.550% fully loaded CET 1 requirement for 2021 also includes
 - 2.50% CCB fully loaded
 - 1.50% other systemically important institution fully loaded
 - CBI announced the introduction of CCyB of 1% (effective 5th July 2019). This equates to 0.7% in 2019 to 2021.

(1) SREP: Supervisory Review and Evaluation Process

Minority interest restriction⁽¹⁾

Impact of minority interest at AIB Group plc level



Jun-18 Fully loaded capital ratios	Pre restriction %	Minority interest restriction	Post restriction %
CET1	17.6%	-	17.6%
Tier 1	18.6%	-0.4%	18.2%
Total capital	20.2%	-0.9%	19.3%

Jun-18 Transitional capital ratios	Pre restriction %	Minority interest restriction	Post restriction %
CET1	21.2%	-	21.2%
Tier 1	22.2%	-0.5%	21.7%
Total capital	23.6%	-1.2%	22.4%

Minority interest restriction impact at AIB Group plc level

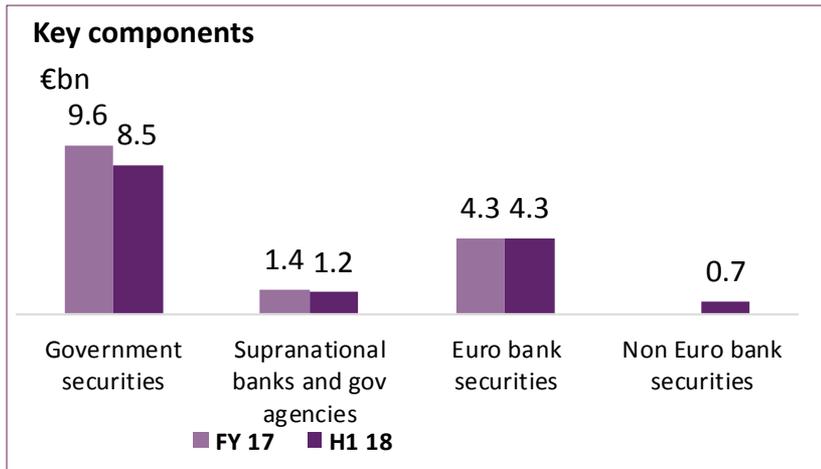
- No impact on CET1
- Minority interest restriction – under CRD IV a portion of the AT1 and T2 instruments issued out of Allied Irish Banks, p.l.c. will not be recognised in the consolidated AIB Group plc tier 1 and total capital ratios
- Should the outstanding Allied Irish Banks, p.l.c. AT1 and tier 2 instruments be redeemed and re-issued out of AIB Group plc, the impact of this restriction will be reduced

⁽¹⁾ The minority interest calculation may require adjustment pending the final communication of the EBA's position on the matter.

Investment debt securities



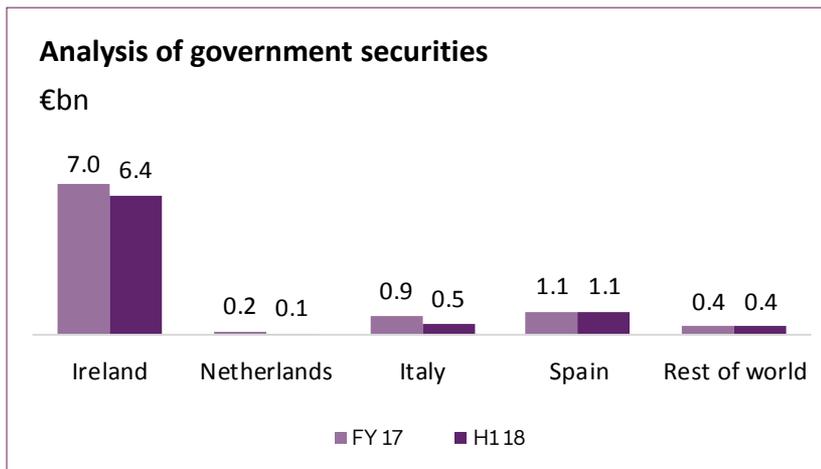
€15.1bn portfolio



Investment debt securities:

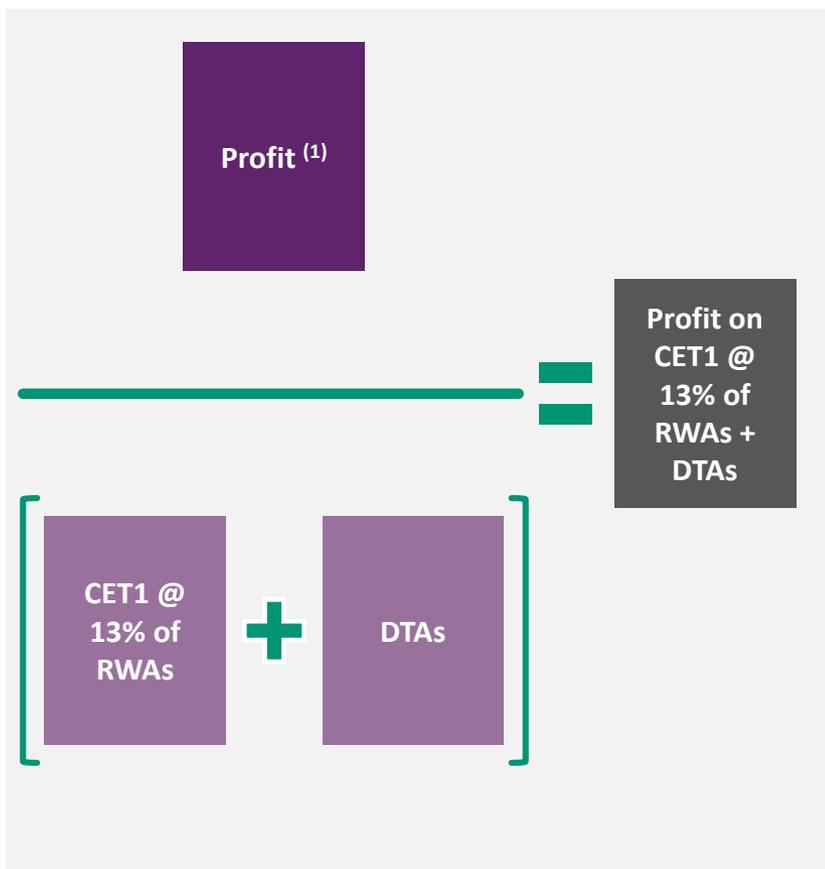
- €15.1bn down from €15.6bn - in line with plans to reduce overall portfolio reflecting lower liquidity requirements
 - €16m net gains from disposal of investment debt securities in H1 18

- Average yield on AFS of 1.50%
 - Yield reducing as higher yielding assets mature



Return on tangible equity

$(PAT - AT1\ Coupon + DTA\ Utilisation) / (FL\ CET1\ @\ 13\% + DTAs)$



H1 2018	€m
PAT	650
(-) AT1 coupon	18
(+) DTA utilisation	84
Profit (Numerator)	716
Profit (Annualised)	1,443
RWAs	51,871
CET1 at 13% RWAs	6,743
(+) DTAs	2,705
Adjusted CET1 (Denominator)	9,448
Average Adjusted CET1 (Denominator)	9,474
Profit on CET1 @ 13% of RWAs + DTAs	15.2%⁽²⁾

(1) PAT – AT1 coupon + DTA utilisation = Profit

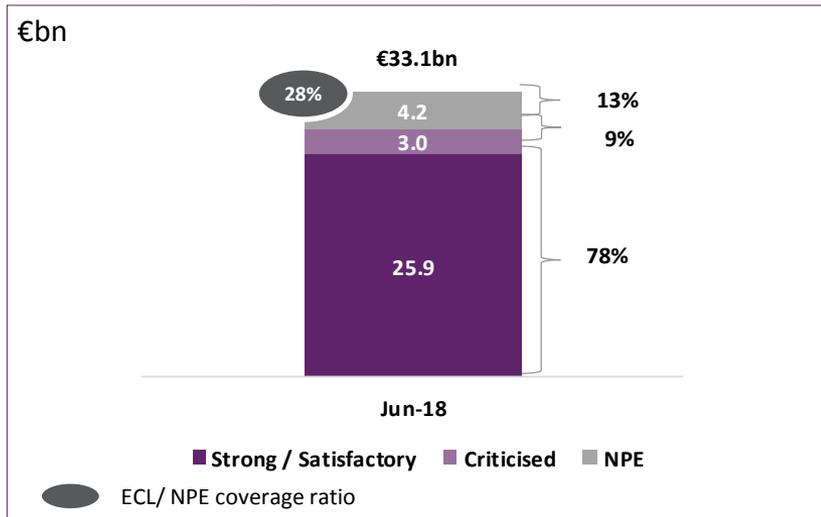
(2) RoTE reflects a strong underlying performance enhanced by one-off items

Residential mortgages

Improving asset quality, lower NPEs

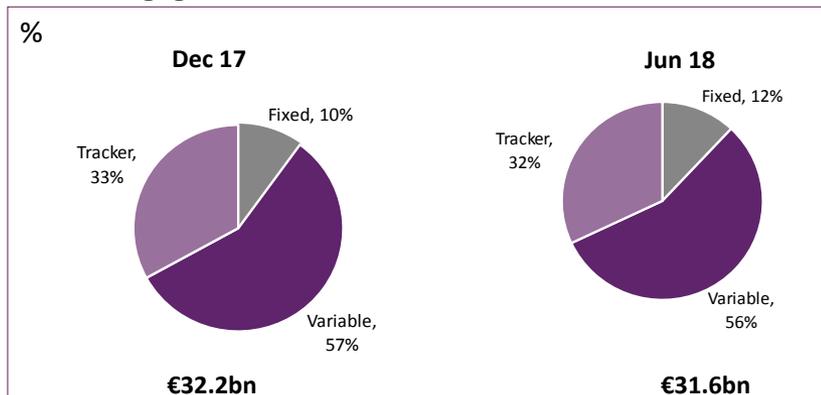


Residential mortgages



- Continued improvement in overall asset quality
- 78% of portfolio is strong / satisfactory
- NPEs 13% of portfolio, down from 14% at Dec 17, with coverage of 28%
- Weighted average LTV for new ROI mortgages 73%

ROI mortgages

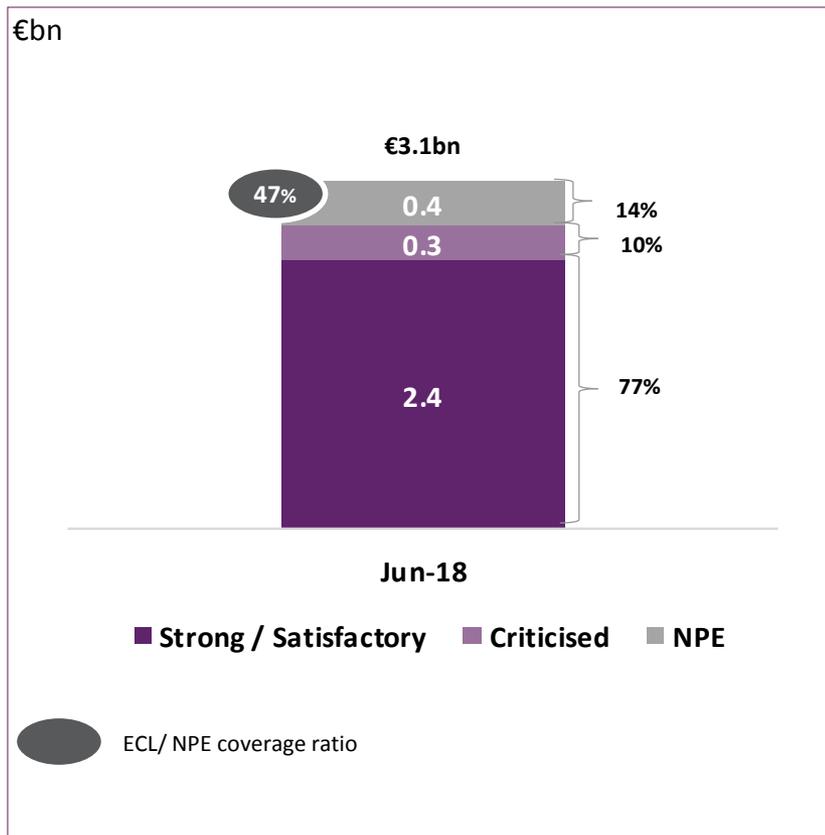


Personal loans



Demand remains strong for personal loans, lower NPEs

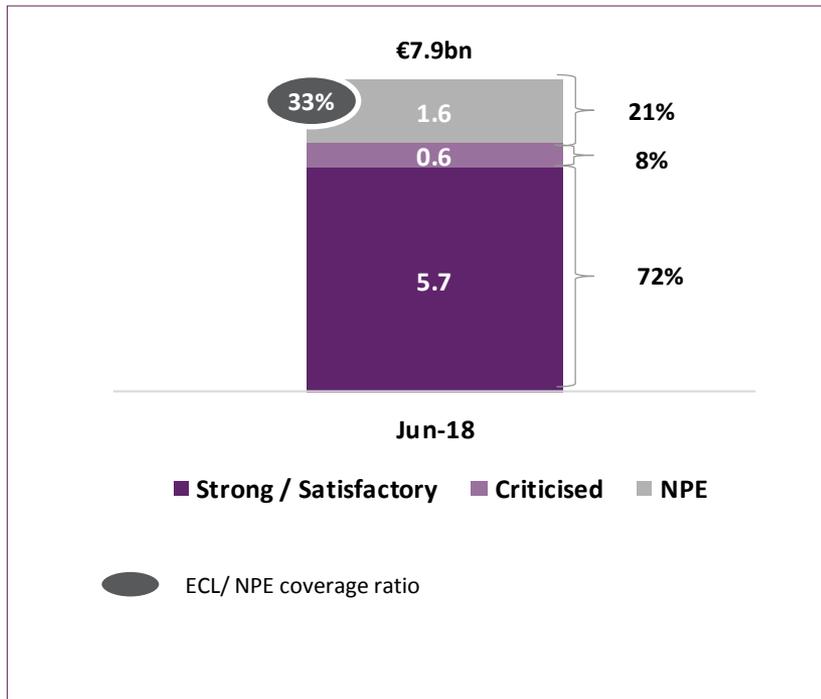
Personal loan



- Portfolio comprises €2.3bn loans and overdrafts and €0.8bn in credit card facilities
- Demand remains strong, increased online approval through internet and mobile credit application activity
- NPEs 14% of portfolio down from 18% at Dec 17 with coverage of 47%

Property & construction

Lower NPEs



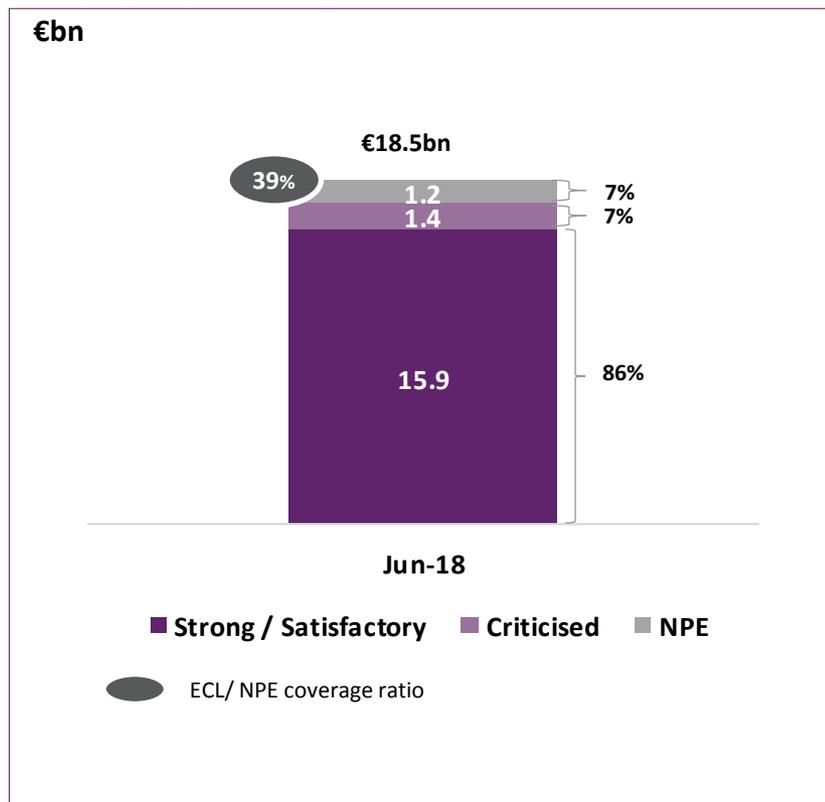
- Portfolio €7.9bn down €0.7bn (6%) due to continued restructuring, write-offs, amortisation and repayment and the sale of a portfolio of loans
- 72% of the portfolio is strong / satisfactory
- NPEs 21% of portfolio down from 33% at Dec 17 with coverage of 33%
- Investment Property €6.0bn (75% of the total portfolio) of which €4.8bn is commercial investment

Non-property business



Improvement in asset quality of new lending and reduction in impaired loans

Non-property business portfolio



- Portfolio €18.5bn, up €0.8bn comprises Corporate and SME lending
- Overall improvement in asset quality with new lending exceeding amortisation and repayment with upward grade migration in the portfolio
 - 86% of the portfolio is strong / satisfactory
 - 7% of portfolio is NPE, down from 11% Dec 17 with coverage of 39%