EMBARGO 07:00 **6 March 2024**

"AIB delivered an exceptionally strong financial performance in 2023 with profit after tax of €2 billion, a RoTE significantly ahead of target and proposed distributions of €1.7 billion. 2023 was a landmark year for AIB as we concluded our 2021-2023 strategic cycle by enhancing the suite of products and services we provide to our record customer base of 3.3 million as well as transforming the business throughout a period of extraordinary change both globally and domestically.

During 2023, the Group returned to majority private ownership and we are keen to return further capital to the State with proposed distributions of c. €1.3 billion, including a €1 billion directed share buyback for which discussions are underway.

Supporting the transition to a lower-carbon economy is a strategic priority for AIB and in 2023 we provided €3.7 billion of new green lending which represented 30% of our total new lending of €12.3 billion. We also tripled our climate-action fund to €30 billion and have established a dedicated 'Climate Capital' segment, to further our progress in financing renewable energy and infrastructure development.

As we embark on our next three-year strategic cycle, we do so with a transformed, reshaped, and revitalised Group. Our priorities for 2024 and beyond include an enhanced focus on our customers, further greening of our loan book and driving greater operational efficiency. Delivering this strategy will ensure we meet our customers' needs, play our role in the economy and deliver sustainable profits and returns for our shareholders. With a new set of medium-term targets, including an upgraded RoTE target of 15%, we look to the future with confidence."

– Colin Hunt, Chief Executive Officer

KEY HIGHLIGHTS

Financial highlights ***(all comparisons versus 2022 unless otherwise stated)***

- Strong financial performance ahead of expectations:
  - Profit after tax €2,058m; EPS 75.7c; RoTE 25.7%(1)
- Total income increased 64% to €4,741m
  - 83% increase in net interest income (NII) to €3,841m
  - 13% increase in other income to €900m
  - 2024 income guidance: NII >€3.65bn and other income >€700m
- Proposed distributions of €1.7bn or 64.8c per share
  - €0.7bn cash dividend or 26.6c per share
  - €1bn regulatory approved buyback; directed buyback discussions underway
  - Payout ratio 82% of profit after tax
  - Above-policy payout commences return of excess capital
- Fully loaded and post-proposed distributions CET1 of 15.8% (Dec 22: 16.3%)
- Costs(2) increased 10% to €1,826m, with a cost income ratio (CIR) of 39% (2022: 57%)

- ECL charge of €172m (2022: €7m charge) equating to 27bps of gross loans; 2.3% ECL cover
- Gross loans increased 9% to €67.0bn (Dec 22: €61.2bn) including €4.7bn of Ulster Bank loans
    - New lending of €12.3bn including green lending of €3.7bn
    - Circa 3% NPE target achieved at 2.96% of gross loans (Dec 22 at 3.5%); NPEs €2.0bn
- Strong funding with 2% increase in customer accounts to €104.8bn
- Returned to majority private ownership as the State's shareholding reduced to c.40%

Strategic highlights

- Significant progress made over 2021-2023 strategic cycle demonstrates the transformation of AIB and positions the Group well for the future
    - Enhanced product suite in fee-based wealth management with AIB life and Goodbody
    - Record customer base of 3.3m customers (2020: 2.8m customers)
    - Successful Ulster Bank loan book acquisitions; €6.8bn migrated to date; €1bn due in 2024
- Leader in green lending and ESG bond issuances
    - €11.6bn cumulative green lending since 2019
    - €5.75bn ESG bonds issued to date
- Continuous c. €300m p.a. investment in progressive modern technology
    - 2.19m digitally-active customers compared to 1.72m in 2020, an increase of 27%
    - Enhanced mobile banking for our business customers through AIB Business (iBB) app
- The Group begins its next strategic cycle with refreshed 2026 medium-term targets:
    - **RoTE(1) 15**%
    - **CET1(3) >14%** with a buffer over MDA of at least 250bps
    - **Absolute cost(2) <€2bn** with a CIR ratio of <50%

FINANCIAL PERFORMANCE

The Group delivered an exceptional financial performance driven by increased income which contributed to profit after tax of €2,058m and a RoTE of 25.7%.

Net interest income of €3,841m (2022: €2,095m restated(4) from €2,159m) increased by 83% due to the changed interest rate environment and higher average customer loan volumes. The Group operated in a negative interest rate environment in H1 2022 and since July 2022 the ECB has increased euro interest rates on a graduated basis by 450 basis points, exiting 2023 with an ECB deposit rate at 4%. Net interest margin (NIM) for 2023 was 3.11% (2022: 1.69% restated from 1.74%) and the Q4 2023 exit NIM was 3.30%. For 2024 we expect NII of >€3.65bn based on rate assumptions of an ECB deposit rate of 2.75% and a BOE rate of 4.50% at December 2024.

Other income increased by 13% to €900m (2022: €800m restated from €736m) and includes a gain of €223m (2022: €62m) related to a forward contract for the acquisition of Ulster Bank loans. Net fee and commission income increased by 8% to €633m (2022: €588m) primarily reflecting higher card income and transaction volumes which included the full year impact of customers onboarded from banks exiting the Irish market. We expect 2024 other income of >€700m.

Operating costs were €1,826m (2022: €1,659m), an increase of 10% on the prior period. This increase incorporates the impacts of wage and general inflation, an allowance for limited variable remuneration payable in 2024 (following the relaxation of some pay constraints) and increased cost to service an enlarged Group and customer base. At December 2023 FTEs were 10% higher than the previous year at 10,551 (Dec 2022: 9,590). We expect costs to increase by 6-7% in 2024.

Overall credit quality remains robust against the backdrop of inflation and higher interest rates. There was a net credit impairment charge of 27bps or €172m in 2023 (2022: €7m charge) driven by a €327m charge (mainly property-related) partially offset by a €155m writeback in the corporate & SME portfolio reflecting strong credit performance and repayments in Covid-impacted sectors. Our approach remains conservative, comprehensive and forward-looking and is reflected in an ECL coverage rate of 2.3%. For 2024, we expect CoR at the lower end of a 20-30bps range.

Bank levies and regulatory fees of €185m in 2023 increased by €30m (2022: €155m) primarily due to a higher Deposit Guarantee Scheme (DGS) fee. The DGS fee for 2023 reflected an industry wide increase in the funding rate to facilitate the build-up of the DGS Contributory Fund to the target level. For 2024 we expect bank levies and regulatory fees to be c. €145m including an increase in the Irish Bank levy to c. €100m.

Exceptional items in the year were €150m, mostly recognised in H1 and primarily relate to costs for Belfry(5) investment property funds and inorganic transaction costs. Exceptional costs are expected to be c. €100m in 2024.

CUSTOMER LOANS

Gross loans of €67.0bn increased by €5.8bn (Dec 2022: €61.2bn) driven by the acquisition of loans from Ulster Bank and new lending exceeding redemptions. The Group completed the migration of a further € 0.9bn of Ulster Bank corporate and commercial loans in 2023 bringing the total fair value of loans migrated to €3.0bn. The Group also migrated Ulster Bank tracker (and linked) mortgages with a fair value of €3.8bn with the remaining c. €1bn loans to migrate in 2024.

Total new lending was €12.3bn (2022: €12.6bn) with a strong second half in which new lending grew by 22% versus H1 2023.

Mortgage market share was 33%(6) reflecting a strong performance in a market characterised by lower switching levels when compared with the prior year. New mortgage lending in Ireland was €4bn. Personal lending was up 23% to €1.2bn reflecting our enlarged customer base, an increase in consumer credit demand and our market-leading digital proposition with 89% of personal loan applications completed online. New lending to SMEs in Ireland increased by 3% to €1.6bn and early reaction to our new online business loan application process has been positive.

New lending in Capital Markets increased by 3% to €4.8bn with strong new lending in corporate, renewable energy & infrastructure partially offset by lower property lending reflecting reduced activity in the commercial real estate sector.

New lending in AIB UK was £1.2bn compared to £1.3bn in 2022 as we continue to focus on our chosen market sectors.

We continue to support our customers as we transition to a lower-carbon economy and new green lending of €3.7bn accounted for 30% of total new lending whilst our green mortgage products represented 45%(7) of new mortgage lending.

Reducing NPEs has been a longstanding priority for the Group and we have achieved our target of c. 3% with NPEs of €2.0bn or 2.96% gross loans (Dec 2022: €2.2bn or 3.5% gross loans). The 9% reduction reflects redemptions of €0.7bn and NPEs disposals of €0.3bn partially offset by new NPEs of €0.9bn. Asset quality remains resilient and we continue to carefully manage the loan book, particularly in those sectors impacted by inflationary pressures and higher interest rates.

We expect customer loans to grow by 2% in 2024.

FUNDING & CAPITAL

Strong funding and capital ensure AIB is well positioned for sustainable growth. Customer accounts increased by €2.4bn to €104.8bn with 77% in our Retail Banking segment (Dec 22: 74%). The Group continues to have strong funding and liquidity ratios with LDR of 63%, LCR of 199% and NSFR of 159% at December 2023 which compare to 58%, 192% and 164% respectively at December 2022.

The Group completed three MREL issuances in 2023 including a €750m social bond, a US$1bn bond and a €750m green bond bringing our MREL ratio at Dec 2023 to 34.0% of RWAs, well in excess of our target of 29.7% for 1 January 2024. Total proceeds raised from ESG bonds to date stand at €5.75bn. On average we expect three debt issuances per annum over the next three years.

Ratings: The Group is rated at investment grade with Moody's and Standard & Poor's (S&P). In June 2023 S&P upgraded the AIB Group plc senior rating to BBB from BBB- following an upgrade of Ireland's sovereign debt rating. Moody's revised the outlook for AIB Group plc upwards from Stable to Positive in December due to strong financial performance and improved asset quality.

Capital remains robust and ahead of minimum regulatory requirements. The Pillar 2 requirement decreased from 2.75% to 2.60% for 2024. The fully-loaded CET1 at Dec 2023 was 15.8% (Dec 22: 16.3%). The main drivers of the CET1 movement were strong organic capital generation (+370bps) offset by the completed 2023 share buyback (-40bps), the proposed dividend (-130bps), proposed share buyback (-180bps), other capital movements (+50bps) and RWA increases (-120bps) mainly from the full impact of the Ulster Bank loan acquisitions, increased operational risk RWAs and IRB model impacts. We are progressing RWA optimisation measures such as a significant risk transfer (SRT) transaction.

Shareholder distributions of €1.7bn are proposed and this above-policy payout marks the commencement of the return of excess capital. A cash dividend of 26.568c per share, equating to €696m, has been proposed and regulatory approval received for a share buyback of €1bn. Discussions with the Department of Finance in relation to a potential directed buyback of ordinary shares from the Minister for Finance are currently underway. Given the size of the potential related party transaction Shareholder approval will be required and it is our intention to seek approval at our AGM on 2 May 2024.

SUSTAINABILITY

Progressing our Sustainability agenda is a strategic priority for AIB. We continue to play our part to ensure a greener tomorrow by backing those building it today. The summary below shows some of the highlights of 2023 across each of the ESG categories/criteria:

Environmental

- The Group exceeded the 2023 €10bn Climate Action Fund, with €11.6bn(7) cumulative green lending since 2019. The Group has tripled its Climate Action Fund to €30bn by 2030 to help build the green infrastructure of the future
- AIB has aligned its activities into a new segment called Climate Capital to expand our capability and capacity as a leader in financing energy transition and infrastructure focusing on established renewables technology in Europe, UK and North America
- Our virtual Corporate Power Purchase Agreement will provide up to 80% of AIB's estimated electricity needs certified to a fully traceable renewable solar energy source

Social

- The Group has issued €5.75bn in ESG bonds for large-scale projects with environmental, social and climate action benefits in communities across Ireland in the areas of healthcare, education and social and affordable energy efficient housing
- AIB Community €1m Fund provided direct support to 80 charities primarily around Ireland but also in the United Kingdom. Recipients of the AIB Community €1m Fund are those charity organisations nominated by our customers, employees and the general public, and in 2023, such nominations nearly trebled
- Our annual Sustainability conference attended by 600 people in person and more than 8,600 online offered real meaning and direction from thought leaders in sustainability, helping everyone understand how they can take practical action in their sustainability journey
- We are supporting customers' financial wellbeing and bringing enhanced ESG advisory capabilities to our customers through Goodbody

Governance

- The Group returned to majority private ownership in June 2023 with the State's shareholding down from c. 57% at Dec 2022 via a number of mechanisms including accelerated book-builds, trading plan and a directed buyback to its current level of c. 40%
- Our remuneration policy was updated to reflect our intention to provide healthcare benefits from 2024 and variable remuneration based on financial and non-financial performance in 2023, payable in 2024

For more information please see the Detailed Sustainability Report on our website (aib.ie/sustainability).

NEW STRATEGIC TARGETS, OUTLOOK & GUIDANCE

Against an evolving Irish banking landscape, AIB Group is transformed, reshaped and revitalised. We delivered an enhanced product suite, embedded inorganic initiatives, transformed our operating model with increased digitalisation, welcomed new customers and led the ESG agenda. We closed Strategy 2023 as a leading financial services group well-positioned for the future. 2024 marks the beginning of a new three-year strategic cycle for the Group. Our purpose is empowering people to build a sustainable future, and over the next three years, we will develop deeper more enduring relationships with our customers, by better serving their financial needs. To do this, aligned to our existing strategic pillars, we have clearly set out three strategic areas of focus; Customer First, Greening the Loan Book and Operational Efficiency.

With this in mind, we have taken the opportunity to review the Group structure with greater emphasis on our customers and green finance with the creation of both a new Chief Customer Officer ExCo position and a dedicated Climate Capital segment to build on our track record in financing renewable energy projects both nationally and internationally.

As Ireland's largest financial services provider, AIB continues to be a driving force in the Irish economy. Our reshaped Group is generating sustainable profits and is well-positioned to support our 3.3 million customers, our shareholders and the wider economy now and into the future.

Notwithstanding the challenges of global uncertainty and an evolving operating environment, our strategy has positioned us well for the future. 2023 was an exceptional year for the Group and we are entering the next strategic cycle in a position of strength. The 2026 financial targets reflect our priorities and consideration of our stakeholders and are as follows:

- Sustainable returns: **RoTE of 15%**
- Prudent capital management: **CET1 >14%** with a buffer over MDA of at least 250bps
- Focus on efficiency: **Absolute cost <€2 billion** with a CIR of <50%.

With 2023 proposed distributions of €1.7bn and an above-policy payout we have now commenced the process of returning excess capital as we move towards our medium-term CET1 target.

The Group has had a good start to 2024 with both income and asset quality demonstrating resilience. We are optimistic about our business and look forward to AIB delivering sustainable returns for our shareholders over the years ahead.

Guidance full year 2024:

- NII is expected to be >€3.65bn
- Other income is expected to be >€700m
- Costs are expected to increase by 6-7%
- We expect a CoR at the lower end of a 20-30bps range
- Bank levies and regulatory fees are expected to be c.€145m
- Exceptional costs are expected to be c. €100m
- Customer loans are expected to grow by 2%

Further detail is provided in the 2023 annual financial report which can be found on aib.ie/investorrelations

Notes:

1) *2023 RoTE = (PAT – AT1) / (CET1 @ 13.5% of RWAs); medium-term target RoTE= (PAT – AT1) / (CET1 @ 14% of RWAs)*
2) *Costs before bank levies and regulatory fees and exceptional items*
3) *CET1 fully loaded*
4) *Net interest income includes a voluntary change in accounting policy whereby the interest income and expense on certain derivatives held with hedging intent, but for which hedge accounting is not applied (economic hedges) is now included within the applicable components of net interest income with all other fair value movements recognised in net trading income. Figures for the prior year have been restated on a comparative basis resulting in an increase in other income in 2022 by €64m and a corresponding decrease in net interest income of €64m*
5) *Belfry relates to a series of investment property funds which were sold to individual investors during the period 2002 to 2006. Further information is available on pages 278 to 279 of the 2023 Annual Financial Report*
6) *Source: Mortgage drawdowns BPFI for FY 2023*
7) *In H2 2023, our new green lending definition was expanded to include new mortgage lending to energy efficient homes (BER A1-B2/ EPC A-B), aligned to our Sustainable Lending Framework (SLF). Our green mortgage products may include lending to homes with a B3 BER rating*

Figures presented above may be subject to rounding and thereby may differ to the 2023 Annual Financial Report

- 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 27 to 30 in the 2023 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, the impact of higher inflation on customer sentiment and by Irish, UK and wider European and global economic and financial market considerations. Future performance will further be impacted by the direct and indirect consequences of the Russia-Ukraine War on European and global macroeconomic conditions. 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 27 to 30 of the 2023 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.