

Chief Executive's Review



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Colin Hunt
Chief Executive Officer

Introduction

2024 was another very strong year for AIB as we commenced our current three-year strategic cycle focusing on Customer first, Greening our business and Operational efficiency & resilience. The Irish economy continued its solid performance, reducing inflation, expanding modified domestic demand, increasing consumer spending and maintaining strong employment levels during a year of global volatility. Against this backdrop, I am pleased to report a very strong set of results, with profit after tax of €2,351m, a CET1 capital position of 15.1%, a return on tangible equity of 26.7% and robust growth in new lending.

A key development during the year was the continued normalisation of the Group's share register, with the State's shareholding more than halving in 2024 and momentum maintained into 2025. Total payments to the State now stand at €18.5bn, including c. €4.4bn returned over the last 15 months. The process of repaying Irish taxpayers for their support, enhancing liquidity in AIB shares and normalising the share register has been a key focus for the Group. With the State shareholding at c. 12.39% at the time of writing, this puts the opportunity of full private ownership in 2025 within the bounds of possibility.

We continue to make progress on the commitments made at the time of the Group's IPO.

Generating and returning capital to our shareholders has been a priority for the Group. Following commencement of additional distributions above our policy in 2024, we are pleased to announce a proposed payout of 109% of profit after tax subject to shareholder approval at the AGM on 1 May. As such, the Board is recommending a cash dividend of 36.984 cent per share subject to shareholder approval, representing an increase of 39.2% compared to last year.

The Group continues to have strong funding and liquidity ratios, with a loan to deposit ratio of 64%, a liquidity coverage ratio of 201% and a net stable funding ratio of 162%, which compare to 63%, 199% and 159% respectively at December 2023.

Strong balance sheet growth continued in 2024 with new lending of €14.5bn, an increase of 17% compared to 2023, and gross loans totalling €71.2bn, an increase of 6% and a 10-year high. Our customer accounts grew by 5% in 2024, totalling €109.9bn. AIB continues to be the number one provider of personal main current accounts in Ireland, holding 40% of the market (+15 population) in 2024. It is important to note just how significantly our customer numbers have grown since the IPO: from 2.7 million in 2017 to 3.35 million today. Meanwhile, we have increased efficiency through digitalisation and simplification, and expanded our product offering to service our enlarged customer base.

The Group's net interest income (NII) increased by 7% to €4.1bn, reflecting higher average interest rates and customer loans partly offset by an increase in interest expense. Our net interest margin (NIM) was 3.16%. We are, however, navigating a dynamic interest rate environment, and so our work on diversifying income streams continues in order to ensure sustainable growth and resilience. In particular, we further developed our pensions, savings and investments offering in 2024. Goodbody, which the Group acquired in 2021, celebrated 150 years in business, and proved to be a key enabler in driving our broader product offering and further deepening customer relationships. Meanwhile, new customers at AIB life – our joint venture with Great-West Lifeco – increased by 68% in its first full year of operation, and our growing team of Financial Advisors engaged 32,000 customers on their financial goals and futures. Strategically, and

importantly, we have established a working ecosystem between AIB, Goodbody and the AIB life platform – a system that will serve our customers and the Group very well in the coming years.

AIB remains Ireland's foremost business bank and a leading mortgage provider, with the largest mortgage loan book in the country and a market share of 36% in 2024 (up from 33% in 2023), while also leading the sustainability agenda in financial services in the country. Our UK business also made good progress in 2024, having validated our sector-focused strategy.

Our current strategy to 2026 focuses on three interconnecting areas: Customer first, Greening our business and Operational efficiency & resilience. Our focus on Customer first will ensure we understand our customers, respond to their needs and deliver excellent services. In Greening our business, we aim to continue to grow our green loan book and support the vital transition to lower carbon emissions while we enable more sustainable practices through education and innovation. In delivering Operational efficiency & resilience, we will modernise our business, maximising productivity and improving our customers' experience while harnessing new technologies.

We significantly progressed this strategy in 2024.

Customer first

At the beginning of 2024, we set out to develop deeper, more enduring relationships with our customers, aiming for an enhanced customer experience across all of our channels. Having established a Chief Customer Officer role and business area within the Group, we focused on implementing incremental changes to our services throughout the year, building on our recognised key strengths.



Supporting home ownership

In October 2024, AIB announced two new shorter-term green fixed mortgage rates as part of our commitment to sustainability and supporting customers in their transition to a low-carbon society. The launch of these new green products followed a number of cuts to mortgage rates across AIB, EBS and Haven. AIB also extended the Approval in Principle period from six to 12 months, giving customers more time to find and purchase their new homes. AIB customers who are building their own home can also now avail of the full range of AIB mortgage products including our green rates. These enhancements reflect our unwavering dedication to providing choice, value and convenience to our customers throughout their home ownership journeys.

Chief Executive's Review *continued*

We maintain Ireland's largest branch network, and welcomed 11 million branch visits throughout the year. This is a vital part of the role AIB plays in our communities – a role we do not take lightly. We recognise that our customers value the face-to-face service provided in our branches, particularly when it comes to important financial decisions and support. That's why we have prioritised and invested in simplifying journeys, which has enabled our frontline colleagues to have more added value conversations. As announced in 2024, we're investing €40m by the end of 2025 in a range of upgrades to branches and ATMs, ensuring environments where all our customers are comfortable discussing their finances, while also reducing our operational carbon emissions by 10%.

At the same time, customer service expectations continue to heighten around digital financial services. AIB has long held the reputation of being the leading digitally-enabled Irish bank and we intend to maintain that position with, among other improvements, the development of an upgraded mobile offering, which commenced in 2024. In the meantime, we continued to innovate, launching, for example, Ireland's only end-to-end digital Home Energy Upgrade proposition through our App.

We are already seeing a positive response from our customers. We finished the year with encouraging Net Promoter Scores (NPS) – the measure by which we gauge customer satisfaction across many services and products. Our Homes Aggregated (66), Personal Relationship (36) and Channel (53, consisting of branches, Customer Engagement Centres and digital) NPS were in each case the highest scores AIB has ever recorded and surpassed our year-end targets. Meanwhile, our SME Aggregated (64) NPS surpassed our target, with these customers telling us that their experiences across our products and channels have improved.

Greening our business

Sustainability continues to play a central role in our Group strategy. Our focus area of Greening our business encompasses both our customer products and supports and the internal business practices we are implementing to ensure AIB continues to play a key role in the transition to a lower-carbon future.

Of all our new lending in 2024, 35% was green, amounting to €5.1bn. We have now issued, in total, €16.6bn of new green finance since 2019 as we continue to support our customers in the transition to a more sustainable future, deploying our €30bn Climate Action Fund. Our Climate Capital core segment had a strong performance in its first year of operation, with gross loans of €5.5bn in 2024, and our green mortgage offerings across our brands performed very well with 52% of all new mortgage lending going to finance energy efficient homes.

I invite you to read more about the Group's sustainability performance within the Sustainability Reporting section of this Annual Financial Report (pages 43 to 121).

I am, and always have been, an advocate for the critical role education plays in creating strong and resilient economies and communities. Quality education is the key to prosperity and opens a world of opportunities, making it possible for everyone to contribute to a healthy, vibrant society. The transition to a lower-carbon future creates real opportunity for learning and innovation. That is why, in November, at our annual Sustainability Conference – a stakeholder event that has grown in significance and audience number over the last eight years – I announced that AIB is committing over €20m in new sustainability-focused education and research initiatives. This includes €10m for the new AIB Trinity Climate Hub at Trinity College Dublin, which will bring researchers together to

address challenges around maintaining a stable and liveable climate, securing biodiversity and the ecosystem services provided by nature, adapting to climate change, and reversing water degradation.

Operational efficiency & resilience

AIB has continued to pursue a strategy of progressive modernisation across our technology and data systems. This strategy is calibrated to strike a strong balance between ensuring AIB remains resilient and secure while evolving our digital, operations and people capabilities in line with customer and regulator expectations. Progress throughout the year included strengthening our infrastructure, enhancing the employee experience, and mobilising and progressing key transformational programmes, with a continued focus on digitalisation.

2024 was a year of heightened cyber threat activity. We continue to implement improvements in our infrastructure that enable safe and secure banking, including investment in our critical payments infrastructure. From a regulatory perspective, AIB is fully DORA ready, as the Act applies from January this year.

As for our people, the Group is focused on having the right capabilities in place to enable our strategy. In 2024 we commenced the roll-out of Dynamic Workforce Planning, which is an enterprise-wide, data-led and capability-focused approach to workforce planning that considers operational capacity and organisational resilience. Through this approach we will accelerate our ability to deliver the right capability by enabling the business to source the right talent and support longer-term planning and more sustainable, strategic decisions on the workforce.

Focus on Climate Capital

In its first year, our Climate Capital segment established itself as a key player in renewable energy and sustainable infrastructure lending in Ireland and further afield, with a year-end balance sheet of €5.5bn. With a bias towards renewables, the green qualifying activities it supported in 2024 included onshore and offshore wind developments in France, solar assets in the UK, and utility-scale renewable ventures in North America. In Ireland, Climate Capital funded key renewables transactions in the Onshore Wind and Solar sectors. It also supported broader infrastructure development including telecoms, transport and Public-Private Partnerships.



Optimising operations with AI

In 2024, AIB took significant steps to harness the potential of artificial intelligence (AI), aiming to transform customer experiences and streamline operations. We established our AI Centre of Excellence developing a core capability to support delivery of the bank's strategy. The capability will evolve over 2025, with a concentration on key use cases across customer engagement, developer and engineering productivity and operational efficiency, while ensuring responsible and transparent use of AI. One output came at the end of the year, when we launched Abi, a new digital assistant in our Customer Engagement Centre. Abi initially supports eight key customer needs but we plan to increase this number in 2025.



Our employee satisfaction continues to grow, with the latest Engage Survey returning an impressive employee satisfaction rate of 89%. We continue to focus on building a values-based, people-led culture, where colleagues throughout the organisation are empowered, accountable and focused on customer outcomes, with our enhanced reward proposition as of 2024 offering a progressive and sustainable level of benefit.

Total operating expenses in 2024 amounted to €1,971m, up 8% compared to the previous year in line with guidance, with a cost income ratio of 40%. The increase was due to higher average staff numbers, salary inflation, an increase in allowance for variable pay and the introduction of health insurance.

Outlook

Turning to the year ahead, while the outlook is somewhat clouded by geopolitical uncertainties, growth is anticipated for the global economy, with the International Monetary Fund (IMF) forecasting a slight acceleration in global growth to 3.3% from 3.2% in 2024. This will be characterised by relatively rapid US growth (2.7%) and more sluggish growth in the Eurozone (1%) in 2025. However, recent forecasts from the Economic and Social Research Institute (ESRI) and Central Bank of Ireland (CBI) show they expect continued strong Irish growth, with both GDP and modified domestic demand growing by 3-4% in 2025.

Several factors should underpin Irish growth. Inflation has returned to target and monetary policy is expected to be loosened further in the coming year. Combined with solid wage growth, this will boost real household disposable incomes. Fiscal policy is set to remain supportive in the context of the healthy state of the public finances. Our economy will continue to operate at a structurally higher growth rate than European peers amid rapid population growth and a robust industrial base.

Ireland's growing population is a key driver of prosperity and resilience in a competitive global landscape. From the Group's perspective, not only does continued growth provide AIB with potential new customers – both personal and business – it also increases the necessity for the development of infrastructure, improved public transport systems, continued housing development and enhanced urban planning, all with sustainability as a key consideration. The Group is well placed to take advantage of these opportunities in the coming years, with a growing loan book and resilient and diversifying income streams.

The IDA reports that Ireland's foreign direct investment proposition remains strong against an increasingly competitive international backdrop and uncertainty around US economic policy. While Ireland remains exposed to the threat of trade protectionism globally, our specialism in defensive export sectors provides a bulwark to potentially weaker global trade flows. Meanwhile, private sector balance sheets remain characterised by low debt and high levels of savings. These buffers will be vital if any downside risks emerge to impact growth in the highly open Irish economy.

Looking forward, AIB Group is well positioned for the future with a resilient balance sheet, diversifying income and an exceptional customer franchise. In 2025, we embark on the second year of our three-year strategy, guided by our three medium-term (end-2026) financial targets: a return on tangible equity of 15%, a CET1 ratio greater than 14%, and an absolute cost base of less than €2bn with a corresponding cost income ratio of less than 50%.

I would like to thank our customers for their business in 2024. I would also like to thank my fellow Board and Executive Committee members, and all my colleagues across the Group, for their support as we continue to progress our three areas of strategic focus. As a sustainability leader and a key support to our communities, we will continue to execute our plans at pace; prudently growing our loan book, diversifying our income, driving efficiencies and generating sustainable returns.

Colin Hunt
Chief Executive Officer

4 March 2025