

Chair's Statement



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Jim Pettigrew
Chair

I am delighted to report that 2024 was another year of record performance and profitability for AIB Group. The Group generated net interest income of €4,129m, some 7.5% ahead of 2023. This yielded a profit before tax of €2,702m, which was 12.9% ahead of 2023. Profit after tax amounted to €2,351m which translated to earnings per share of 92.5 cent.

Our business performance is underpinned by our three-year strategy, our purpose, values and our focus on our medium-term targets. Sustainability remains at the heart of the Group's agenda as we support our customers in the transition to a greener future. Colin's Chief Executive's Review in the pages following sets out in detail the highlights from the year which yielded the excellent result.

Capital, dividend and other distributions

The Group continued to generate capital over the period and ended the year with a fully loaded CET1 ratio of 15.1%, ahead of our medium-term target of greater than 14%. This position already takes account of distributions, paid and proposed, to shareholders which are described below.

Your Board has decided to distribute a total of €2,561m for 2024 by way of a combination of share buybacks and a cash dividend to shareholders. On 2 September 2024, the Group announced the completion of a €500m directed buyback from the Minister for Finance, having announced our intention to do so with our Half Yearly results. I am pleased to announce that the Board has resolved to undertake a further directed buyback with the Minister, subject to both shareholder approval at the 2025 Annual General Meeting (the AGM) and reaching agreement with the Minister. If concluded, this will amount to a further €1,200m. The Required pre-approval for these two reductions in capital has been received from the European Central Bank.

Finally, subject to shareholder approval at the AGM, which will be held on 1 May 2025, a cash dividend of 36.984 cent per share will be paid on 9 May 2025 to shareholders on the register on 28 March 2025. This represents an increase of 39.2% over the cash dividend of 26.568 cent per share for the prior year and amounts, in total, to €861m.

State shareholding

The Irish State's holding reduced substantially during 2024 through a combination of the Minister for Finance's on-market share trading plan, an accelerated book build of c.5% in June 2024 by the Department of Finance, and through two directed buyback transactions executed between the Group and the Minister. These comprised a €999m off market purchase of c.7.6% on 3 May 2024 following the Extraordinary General Meeting, and the €500m off market purchase of c.3.8% on 2 September 2024 referenced above.

Since the year end, further sales under the Minister's share trading programme combined with an accelerated book build transaction in January 2025 have resulted in the State's shareholding falling to 12.39%.

On behalf of the Board, I welcome the new shareholders and acknowledge again our existing holders who increased their stakes in the Group during the disposals by the Minister. Thank you for your support and for your confidence in the Board and Management of the Group.

The Irish State's holding in the Group has reduced significantly since the commencement of the disposals by the Minister in 2022, the first such activity following the relisting of the Group's shares in the 2017 Initial Public Offering when it stood at 71.12%. Each transaction is important to, and welcomed by, AIB as it evidences a return to the Irish taxpayers of their investment in the Group, which was necessary during the global financial crisis.

Delivering on our promises

I was reflecting recently on the progress achieved since the refloat of the Group's shares in 2017. In the period since the end of 2016, we have:

- Recorded loan book growth of 9.5% from €65.2bn to €71.4bn.
- Reduced non-performing exposures from €14.1bn, or 21.6% of gross loans, to €2.0bn, or 2.8% of gross loans.
- Increased customer accounts from €63.5bn to €109.9bn.
- Secured a reduction on our Pillar 2 Capital Requirement from 3.25% to 2.40%.
- Generated significant capital, much of which was used to repay the Irish State, mainly through directed buybacks of shares.
- Reinstated the annual dividend and published a clear distribution policy for shareholders.
- Reduced the cost income ratio from 52% to 40% and made clear our medium term target for costs in absolute money terms.
- Delivered greater levels of customer satisfaction, with some net promoter scores at the highest level ever recorded at the end of 2024.

We have completed the first year of our three-year strategy 2024 to 2026 and have set out our medium-term targets, against which we expect our success to be measured in 2026. I remain confident that this strategy is the right one for the Group.

Stakeholder engagement

Elsewhere in the Annual Report we have set out how the Group has engaged with our various stakeholders, including our customers, employees, suppliers, investors, regulators, society and the community. I would encourage you to read these sections when you have time. Each is important to the Board, and this is reflected in our engagement with them.

Executive remuneration

Our ability to attract and retain our senior executives is severely hampered by the ongoing remuneration restrictions which remain in place for AIB. This places the Group at a material disadvantage to our domestic and non-domestic competitors for attracting and retaining high calibre candidates both within financial services and outside of the industry.

The 2025 Programme for Government commits the Irish Government to "normalising the domestic banking system to best serve the interests of the economy". Throughout the year, I have continued my engagement with the serving Minister for Finance to secure the lifting of the remuneration restrictions to enable the Board to mitigate the senior executive retention risk. I will continue to advocate on behalf of the Group for the elimination of this disadvantage.

In conclusion

Without doubt 2024 was an excellent year for the Group. We have made progress on our three-year strategy which was refreshed at the beginning of the year, and I remain very optimistic about the prospects for the Group in the years ahead.

Our customers are truly at the centre of everything your Board considers. I want to thank them for their loyalty and placing their trust in us to be at the centre of their financial lives. I want to thank our employees for their passion and commitment to our customers and to the Group, for showing up with energy every day and really bringing our purpose to life, empowering people to build a sustainable future.

I want to thank the Executive Committee, under Colin's exemplary leadership, and my Board colleagues for their commitment to the success of the Group and doing right by our many stakeholders. I add my thanks to the Irish taxpayer and the Minister for Finance for their support at the time of the global financial crisis, when the Group needed it, and in the years since. Finally, I want to thank you, our shareholders, for your continued support.

Jim Pettigrew
Chair

4 March 2025