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AIB GROUP PLC HALF-YEAR RESULTS TO JUNE 2025

AIB announces a strong first half with profit of €0.9 billion and resumption of interim dividend

"AIB Group delivered another strong performance with a profit after tax of €927 million for the first half of the year. The Group continues to perform well in a resilient Irish economy against a backdrop of macroeconomic and geopolitical uncertainty. New lending was up €600 million to €6.9 billion, due to growth in mortgages, corporate and personal lending. Our return on tangible equity was 21.4% and with our robust capital position, today we are pleased to announce an interim ordinary dividend payment of €263m. June 2025 marked the milestone of AIB returning to full private ownership and we remain committed to delivering for our shareholders. We also remain committed to supporting the Irish economy and society as we continue to implement our strategy at pace through our strategic priorities of putting our 3.35 million customers first, further greening our business and achieving greater operational efficiency and resilience."

– Colin Hunt, Chief Executive Officer

KEY HIGHLIGHTS

Financial highlights: ***(all comparisons versus H1 2024 unless otherwise stated)***

- Strong profitability in H1 2025
  - Profit after tax €927m; EPS 39.0c; RoTE(1) 21.4%
  - RoTE in FY 2025 is expected to be >20%
- Total income decreased 10% primarily driven by lower interest rates
  - As expected net interest income (NII) decreased to €1,874m
  - Total other income was €358m; Net fee and commission income increased to €340m
- Costs(2) increased 3% to €979m as guided; cost income ratio (CIR) of 44%
- ECL charge of €85m representing 24bps cost of risk; 1.9% ECL cover unchanged
- Gross loans increased 1% to €71.6bn (Dec 24: €71.2bn)
  - New lending up 9% to €6.9bn; mortgage market share 32%(3)
- CET1 of 16.4%(4) excluding H1 2025 profits (Dec 24: 15.1%)
- Resumption of interim ordinary dividend of 12.328c(5) per share amounting to €263m
- Customer accounts up 2% to €112.5bn (Dec 24: €109.9bn)
- MREL issued: €700m AT1, senior non-preferred green €800m and $750m bonds
- The Group returned to full private ownership in June 2025

Strategic highlights: **Continued progress across our three strategic priorities**

- Customer first: developing more enduring relationships with our c. 3.35 million customers
  - Customer Satisfaction NPS, which relates to all the experiences our customers have across branches, call centres and our digital channels, has reached 62 in Q2 2025 up from 55 in Q2 2024
- Greening our business: mobilising capital to support climate action
  - €19.1bn or 64% of our €30bn Climate Action target has been deployed since 2019
- Operational efficiency and resilience: investing in capabilities, capacity & resilient platforms
  - AIB leading innovation in Irish banking with enterprise-scale deployment of Microsoft Copilot tools to simplify work and empower over 10,000 employees
- Agreed the sale of our minority stake in AIB Merchant Services to joint venture partner Fiserv, Inc.; transaction expected to complete later this year with c. 35bps positive impact on CET1

2025 Guidance:

- 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 gain expected to be c. €100m
- Customer loans are expected to grow by c. 3%
- Customer accounts are expected to grow by c. 3%
- RoTE is expected to be > 20%

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%

FINANCIAL PERFORMANCE

Underpinned by resilient income, the Group delivered a strong performance with profit after tax of €927m and a RoTE of 21.4%.

Net interest income of €1,874m (H1 2024: €2,075m) decreased by 10% as expected primarily due to lower interest rates partially offset by an increase in average loan volumes. Net interest margin (NIM) was 2.78% (H1 2024: 3.24%) and the deposit beta was c. 19%. Q2 2025 exit NIM was 2.70%. The outlook for NII remains resilient in a lower rate environment due to a number of factors including growth in our loan book, our stable and granular deposit base and proactive balance sheet management with €15bn added to our structural hedge programme and €2.2bn added to our investment securities portfolio in the first half. For 2025 we continue to expect NII of > €3.6bn based on rate assumptions of an ECB deposit rate of 1.75%, a BOE rate of 3.75% at December 2025 and a deposit beta of c. 20%.

Other income of €358m (H1 2024: €395m) decreased by 9% as higher fee and commission income was mainly offset by lower equity investment gains. Net fee and commission income increased by 1% to €340m (H1 2024: €336m) primarily reflecting higher card, wealth and insurance income partially offset by lower customer accounts and foreign exchange income. For 2025 we continue to expect other income of c. €750m.

Operating costs were €979m (H1 2024: €947m), up 3% in line with guidance and primarily reflecting the impact of inflation and higher opex-related investment spend partially offset by lower FTE numbers. FTE numbers reduced by 2% to 10,375 (H1 2024: 10,617). The cost income ratio was 44% (H1 2024: 38%). For 2025 we continue to expect costs to increase by c. 3%.

Overall credit quality remains robust. There was a net credit impairment charge of €85m representing 24bps cost of risk (H1 2024: €61m charge; 18bps CoR). ECL coverage rate remains unchanged at 1.9%. Our approach remains conservative, comprehensive and forward-looking and for 2025 we continue to expect CoR within the range of 20-30bps.

Bank levies and regulatory fees of €108m decreased by €20m (H1 2024: €128m) due to a reduction in the Irish bank levy and no Deposit Guarantee Scheme fees as the scheme has currently reached its target funding level. For 2025 we expect bank levies and regulatory fees to be c. €140m.

Exceptional items were €4m of costs (H1 2024: €55m cost) and for 2025 we expect an exceptional gain of c. €100m, primarily due to a gain from the sale of our minority stake in AIB Merchant Services to joint venture partner Fiserv, Inc.

CUSTOMER LOANS

Gross loans increased €0.4bn to €71.6bn (Dec 2024: €71.2bn) driven by new lending of €6.9bn offset by redemptions and €0.7bn negative FX impact. Loan growth in Climate Capital was lower than expected given our selective approach, uneven timing of transactions and a quieter market in H1. While we now expect customer loans to grow by c. 3% in 2025 (previously c. 5%), our pipeline is strong and our expectation of c. 5% CAGR to 2027 remains intact.

Total new lending increased by 9% to €6.9bn (H1 2024: €6.3bn).

First-time buyers are the key driver of activity in the mortgage market in Ireland. AIB's new mortgage lending in Ireland was up 4% to €1.9bn and reflected a mortgage market share of 32%(3). Personal lending in Ireland was up 3% to €0.7bn reflecting an increase in consumer credit demand and our market-leading digital proposition with 87% of personal loan applications completed online. New lending to SMEs in Ireland remained relatively stable at €0.8bn with 66% of small business loans originated on our new online business loan platform.

In Capital Markets, new lending was up 12% to €2.2bn. The growth in new lending was driven by corporate lending and some recovery in real estate new lending from a low prior year period.

Climate Capital delivered new lending of €0.6bn of which 64% was in Europe and the UK. We continue to finance the transition to renewable energy and social infrastructure.

UK new lending of £0.8bn (H1 2024: £0.4bn) was driven by strong corporate lending and mortgage lending in Northern Ireland.

Green and transition lending of €2.5bn accounted for 36% of new lending with €19.1bn deployed since 2019 as we continue to support our customers transition to a more sustainable future. Green mortgages represented 58% of new mortgage lending (H1 2024: 50%).

NPEs were unchanged at €2.0bn or 2.8% of gross loans (Dec 24: €2.0bn or 2.8% of gross loans). Asset quality remains resilient and we continue to carefully manage the loan book.

FUNDING & CAPITAL

Strong funding and capital ensure AIB is well-positioned for sustainable growth. Customer accounts increased by €2.6bn to €112.5bn with 92% of accounts ROI-based (Dec 24: 92%). The slowing trend of term migration has continued in the first half of 2025. Customer accounts are expected to grow by c. 3% in 2025. The Group has strong funding and liquidity ratios with LDR of 62%, LCR of 204% and NSFR of 165% at June 2025 (Dec 24: LDR 64%, LCR 201% and NSFR 162%).

The Group completed four MREL issuances in H1 2025 consisting of €700m AT1, $750m and €800m green senior non-preferred bonds. Our MREL ratio at June 2025 increased to 34.9% of RWAs, well in excess of our requirement of 28.9% for 1 January 2025. Total proceeds raised from ESG bonds to date stand at €7.2bn. On average we expect three debt issuances per annum across Euro and US dollar.

Capital remains robust and well ahead of minimum regulatory requirements. The CET1 ratio at June 2025 was 16.4%(4), up from 15.1% in December 2024 primarily due to the implementation of Basel IV (c. +120bps). Profits in the first half generated c. 150bps of CET1 and these profits are not included in the CET1 ratio pending a final decision on payout at year end. Strong organic capital generation supports the interim dividend and capacity for further distributions.

In the second half we expect c. 35bps positive CET1 impact from the sale of our minority stake in AIB Merchant Services and we are in discussions with the Department of Finance to retire the IPO warrants also in the second half of the year, with an estimated negative CET1 impact of c. 40bps(6). Other factors expected to impact capital over the medium-term include IRB model adoption and expansion of our SRT programme.

Distributions: Following the return to full private ownership the Group has normalised its approach to distributions. The Group has a sustainable ordinary dividend policy of 40-60% payout and has resumed interim dividends in H1 2025 with an ordinary cash dividend of 12.328c per share amounting to €263m. The basis for the interim dividend is equivalent to one third of the prior year's ordinary dividend. Subject to annual review, the Group has capacity for further distributions above our ordinary dividend policy range. We will maintain optionality with regard to share buybacks and/or special dividends as we move towards our CET 1 target of >14%.

SUSTAINABILITY

In AIB we are empowering people to build a sustainable future. Greening our business is a strategic priority for AIB. Some of the highlights of H1 2025 across each of the ESG categories were:

Environmental

- €19.1bn of green and transition lending since the Climate Action target launched in 2019 including €2.5bn in the first half (36% of new lending in H1 2025)

Social

- Supported c. 14,000 customers to buy their first home with €4bn of new lending to first-time buyers since 2024 and we are well-progressed towards > €6bn target by 2026

Governance

- The Group returned to full private ownership in June 2025

OUTLOOK

We are mid-way through our strategic cycle and at this juncture we are pleased with our progress. We continue to demonstrate resilience in income and volume growth, enabling strong capital generation and return. Our purpose is empowering people to build a sustainable future and we are progressing our three strategic priorities at pace; Customer first, Greening our business and Operational efficiency and resilience.

The global economic outlook is clouded by elevated levels of uncertainty, especially in relation to international trade and tariffs and geopolitical tensions. This uncertainty is expected to act as a drag on global economic activity. Ireland is not immune to this and the export sector could face significant challenges. However, domestic demand continues to register a solid performance and several factors, such as strong employment and an increasing population, support growth in the Irish economy.

As we look to the second half of 2025 and beyond, we are confident in the strong fundamentals of our business and our ability to play a positive role in the Irish economy, helping to build a more sustainable future for our customers while delivering sustainable returns for our shareholders.

Further detail is provided in the 2025 Half-Year Financial Report which can be found on our website at 2025 Results Centre

Analyst presentation

Colin Hunt, CEO and Donal Galvin, CFO will host a presentation via webcast and conference today at 09.00 IST, details available at AIB Group plc 2025 Half Year Results

Interim dividend record and payment dates

- Record date: 22 August 2025
- Payment date: 11 November 2025

Glossary:

EPS: Earnings per share; RoTE: Return on tangible equity; FTE: Full-time equivalent

SRT: Significant risk transfer; MDA: Maximum distributable amount

LDR: Loan to deposit ratio; LCR: Liquidity coverage ratio; NSFR: Net stable funding ratio

Notes:

1) *RoTE= (PAT-AT1)/(CET1 @ 14% of RWAs)*
2) *Costs before bank levies and regulatory fees and exceptional items*
3) *Source: Mortgage drawdowns BPFI for June YTD 2025*
4) *The CET1 ratio does not include interim profits for the half-year 2025 pending a final decision on payout at year end*
5) *Interim dividend is one third of full year 2024 36.984c ordinary cash dividend*
6) *Estimate subject to share price, exercise price and volatility*

Figures presented above may be subject to rounding and thereby may differ to the 2025 Half-Year Financial Report

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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, 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 and updated on page 30 of the Half-Year Financial Report 2025. 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 macroeconomic uncertainty, tariffs, 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 and updated on page 30 of the Half-Year Financial Report 2025 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.