BACKING OUR CUSTOMERS

ANNUAL FINANCIAL RESULTS

for the financial year ended
31 December 2020

AIB Group plc

Forward looking statement

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 50 to 53 in the 2020 Annual Financial Report. In addition to matters relating to the Group’s business, future performance will be impacted by direct and indirect impacts of the COVID-19 pandemic and 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 50 to 53 of the 2020 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.

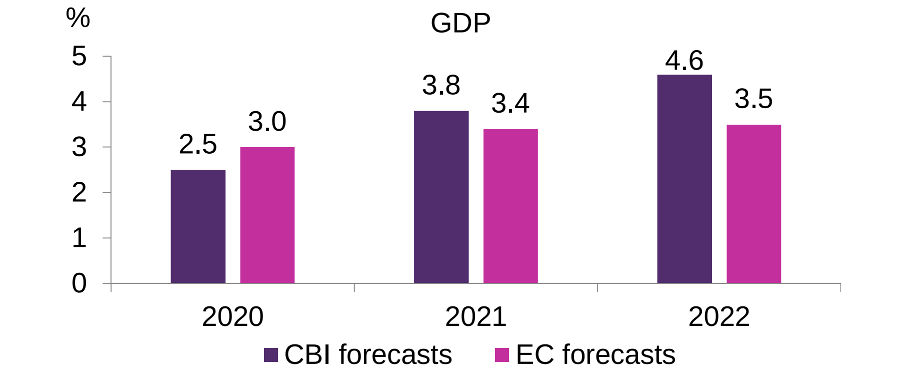
Figures presented in the presentation may be subject to rounding and thereby differ to the 2020 Annual Financial Report.

Highlights

1 **Strategy 2023**	• Progress made on both cost and growth initiatives; Goodbody acquisition agreed • Potential acquisition of Ulster Bank's c. €4bn corporate & commercial loan book
2 **Strong balance sheet**	• Strong capital CET1 15.6% • Conservative approach to ECL, 240bps cost of risk
3 **Resilient Irish economy**	• Several factors to support recovery - vaccine rollout, Brexit deal, Government support, stable house prices and significant deposits
4 **Sustainability leader**	• Continued strong green lending: 16% of new lending • Recognised externally: ESG ratings, CDP 'A' rating and industry awards
5 **Market leading financial services provider**	• Leading market shares and No 1 digital bank • Complete product suite for all our customers

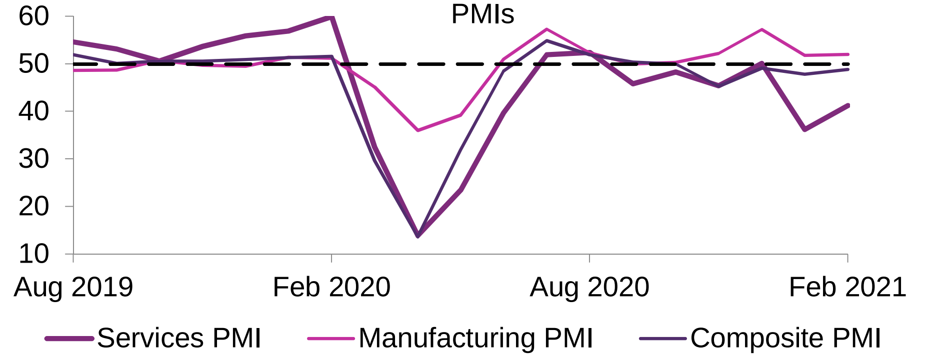
Irish economy to recover in 2021-22

Strong GDP growth expected in 2021 and 2022



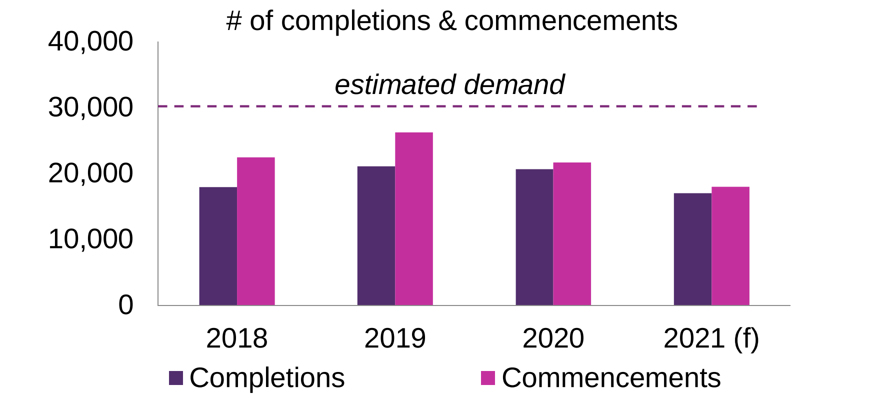
Source: CBI 'Quarterly Bulletin Q1 2021', EC 'Economic Forecast Winter 2021'

Businesses adapting to tighter restrictions and aided by Government measures; fiscal support 18% of GNI*



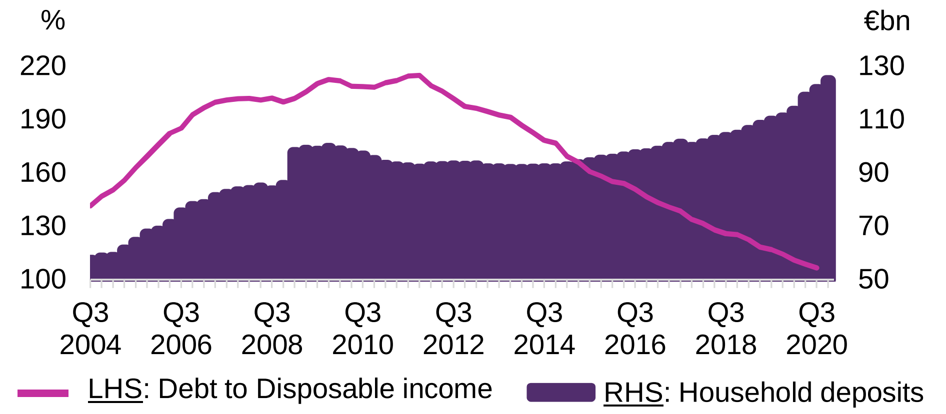
Source: Markit via Thomson Datastream. GNI – Modified Gross National Income*

Housing output continues to be well below demand



Source: CSO, Dept. of Housing, AIB ERU

Household deposits underpin future consumer spending



Source: CSO, CBI, AIB ERU

COVID-19 response – action when and where most needed

Supporting our customers

>66,000 payment breaks granted in Retail Banking; 88% returned to terms

First Irish bank to offer SME Credit Guarantee Scheme

>99% of branches kept open during the pandemic

Supporting our colleagues

>80% of employees working from home

Regular check in survey to ensure employee voice is heard

'Right to Disconnect' Policy launched to ensure people can "switch off"

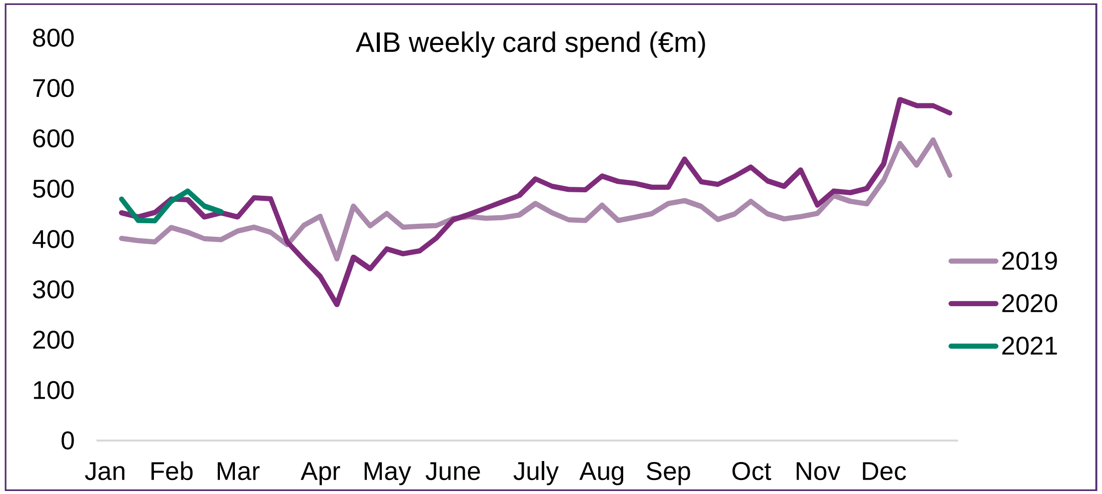
Supporting our communities

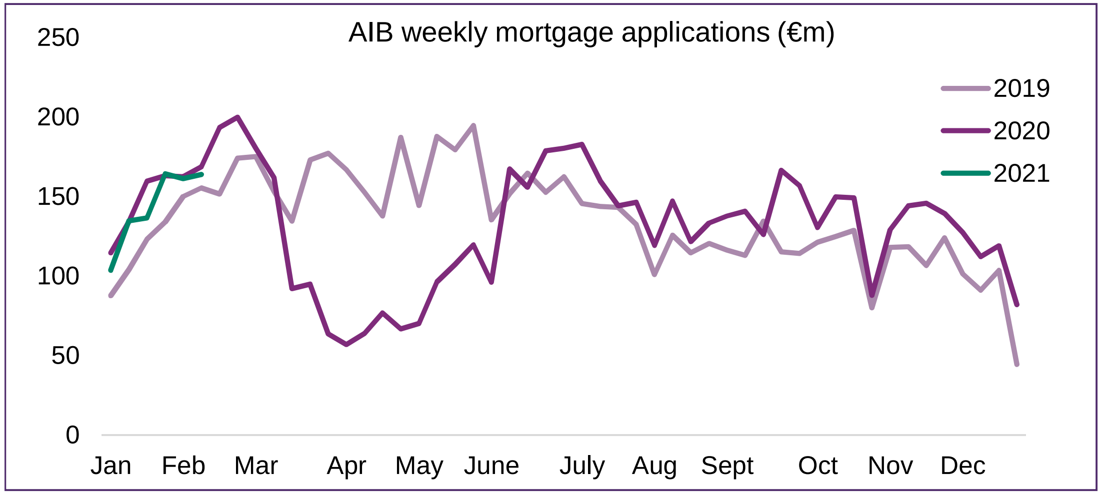
Donated €2.4m to Trinity College Dublin to set up the AIB COVID-19 Research Hub

30th year of partnership with the GAA

Fundraising through our AIB Together community programme

2021 activity in line with 2020 despite Q1 lockdown





Increase in customer activity and digital adoption

Shift from cash

39%* reduction in volume of ATM withdrawals

71%* increase in volume of Digital Wallet payments

** versus FY 2019*

End to end digital mortgage journey

28%** of value of applications now online

28%** of volume of applications now online

*** % of AIB applications in 2020*

Capitalising on our position as Ireland's No 1 digital bank

Market leading financial services provider

1.72m
active digital customers

#1
Irish banking app

#1
Personal bank and mortgage provider

#1
Corporate bank for FDI
Leading market share in key corporate sectors

>30% SME share
Leading market share in key SME sectors

15.6% CET1
Strong capital base

> 8% RoTE
Progressing strategy to deliver by 2023

€9.2bn
New lending in 2020

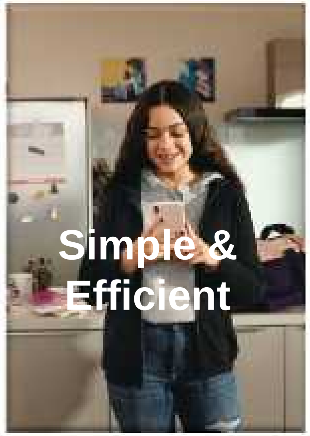
€1.5bn
Green lending: 16% of new lending

#1 Sustainable Irish bank
First to commit to Net Zero
First to issue Green Bond
Founding signatory of UN Principles of Responsible Banking

AIB is Ireland's
- leading financial services provider
- No 1 digital bank
- Sustainability leader

Note: Market shares as follows: Personal Main Current account 36%; Personal loan (excl. car) 20%; Personal Credit Cards 35%; Mortgages (new flow) 28.4%; SME Main Current Account 44%; SME Leasing Agreement 20%; SME Main Loan 41% and SME Credit Cards 43%
Source: Ipsos MRBI Personal Market Pulse Q4 2020 and Ipsos MRBI Retail AIB SME Financial Market Monitor and the AIB Business Financial Market Monitor

Strategic review complete – progress towards medium-term targets underway


Strategic Pillars	**Customer First**	**Simple & Efficient**	**Risk & Capital**	**Talent & Culture**	**Sustainable Communities**
Progress in 2020	Support through COVID-19 and Brexit	> 1 million daily logins in 2020	Conservative approach to ECL 240bps	41% female as a % of management	Range of green products(1) launched

Cost < €1.35bn | CET1 > 14% | RoTE > 8%

(1) Green mortgage, Green consumer loan, electric vehicle proposition, Sustainability linked corporate loans, Green Bond Framework and Socially Responsible Investment (SRI) Bond Framework

Strategy 2023 – priorities and initiatives

	Progress update	By 2023 cost reduction €230m
Digitalisation:		
Refocused branch network	H1 21: Maintaining community presence as branch evolves to sales and advisory model; branch amalgamation underway	c. €65m
End-to-end credit	H1 21: Programme in place, currently in design phase	c. €35m
Ways of working:		
Property strategy	H1 21: Exit one further Dublin office (Burlington Road)	c. €15m
Change delivery	H1 21: Process underway to bring roles in house that were previously contracted out	c. €15m
Business model:		
AIB GB (SME exit)	H1 21: Sale process launched; Corporate Advisors appointed	c. €35m
Legacy /simplification	Q1 21: Two NPE portfolio sales; reducing NPE ratio by 1% to c. 6%	c. €65m

Complete customer product suite, diversifying income

Acquisition of Goodbody agreed*

Goodbody

Wealth Management
c. €8bn AuM

Investment Banking
c. 300 institutional clients

Asset Management
3 specialist strategies

- Consideration of €138m
  - €82m enterprise value
  - €56m excess cash on balance sheet
- Earnings and RoTE accretive in first year of ownership
- Excellent strategic fit; positions AIB as a leading Irish financial services provider
- Enhances the product offering for customers especially in a low interest rate environment
- Provides revenue diversification (2020: Revenue €71m)

*subject to regulatory approvals

JV with Great-West LifeCo

GREAT-WEST LIFECO INC.

AIB-branded JV with Great-West LifeCo

- Move AIB beyond distributor model, providing scale in Retail Wealth segment with enhanced growth and earnings potential
- Competitive and comprehensive selection process held with multiple life companies
- Exclusivity with Great-West LifeCo to establish a 50:50 joint venture
- AIB-branded JV to significantly enhance our Retail Wealth proposition which includes life, pensions & savings products
- Strong strategic alliance leveraging Great-West LifeCo experience with AIB's customer franchise to deliver an innovative and distinctive consumer offering
- Launch planned for H1 2022**

**subject to completion of negotiation and regulatory approvals

Sustainability leader

‘ensuring a greener tomorrow by backing those building it today’

- 70% green lending ambition by 2030
- Net Zero in own operations by 2030
- 1st Irish Bank Green Bond issue €1bn
- 1st disclosures under TCFD & UNEP FI PRB[1]

‘backing economic & social inclusion’

- €300m social housing fund launched
- Backing entrepreneurs
- Financial literacy focus[2]
- AIB Together Community partnerships

‘at the heart of our business’

- Embedded into Strategy 2023
- ESG training – Board, Executive, Employee
- Excluded activities list[3]
- Signatory for UN Global Compact & enhanced policies[4]

Total green lending €1.5bn in 2020

(1) Task Force on Climate-related Financial Disclosures; UN Environment Programme Finance Initiative Principles for Responsible Banking
(2) AIB Schools Programme, Vulnerable Customer Training, Fraud Prevention training and alerts
(3) Excluded Activities list published - see https://aib.ie/corporate/sector-expertise/excluded-activities
(4) Responsible Supplier Code, Refreshed Code of Conduct and Human Rights Commitment Statement published

2021 priorities

1 **Strategy 2023 implementation**	• Deliver on cost reduction • Integrate and maximise inorganic initiatives
2 **Asset quality**	• Maintain quality of new lending • Continue to reduce legacy NPEs and work toward c. 3% target
3 **Navigating uncertainty**	• Rebooting Irish economy • Enhance engagement for COVID-19 impacted customers
4 **Value delivery**	• Return to profitability / organic capital generation and allocation • Strategic growth initiatives
5 **Sustainability**	• Continue to grow green lending book • Science based targets and further ESG integration

Uncertainty remains high, progress on strategy 2023 continues at pace to generate value for all our stakeholders

Financial performance

Financial performance FY 2020

Operating profit[1] €0.7bn; loss after tax €0.7bn

- €1.46bn ECL charge (CoR 240bps); in line with c.235-250bps guidance
- ECL consistent with our conservative, comprehensive and forward looking approach

Total income €2.4bn decreased 12%

- Net interest income €1,872m (-10%) and other income €499m (-19%)

Costs €1,527m[2] well managed and in line with expectations

- FTEs reduced 3% vs Dec 2019 to 9,193 at Dec 2020

Performing loans €55.2bn decreased 6% as redemptions exceeded new lending and higher flow to NPEs

- New lending €9.2bn; down €3.1bn (-25%); recovery in H2 up 9% v H1

Strong funding position compounding excess liquidity

- Customer deposits €82bn increased 14% contributing to higher cash held at the CBI of €19bn
- MREL target exceeded; two issuances in 2020 – €625m AT1 and €1bn inaugural Green Tier 2

CET1 FL 15.6%; Transitional 18.9%

- Comfortably ahead of regulatory requirements and >14% medium-term target reflecting 120bps of regulatory adjustments

(1) Operating profit before impairments and exceptional items
(2) Excludes exceptional items, bank levies and regulatory fees

Income statement

Income statement – pre-provision operating profit €0.7bn

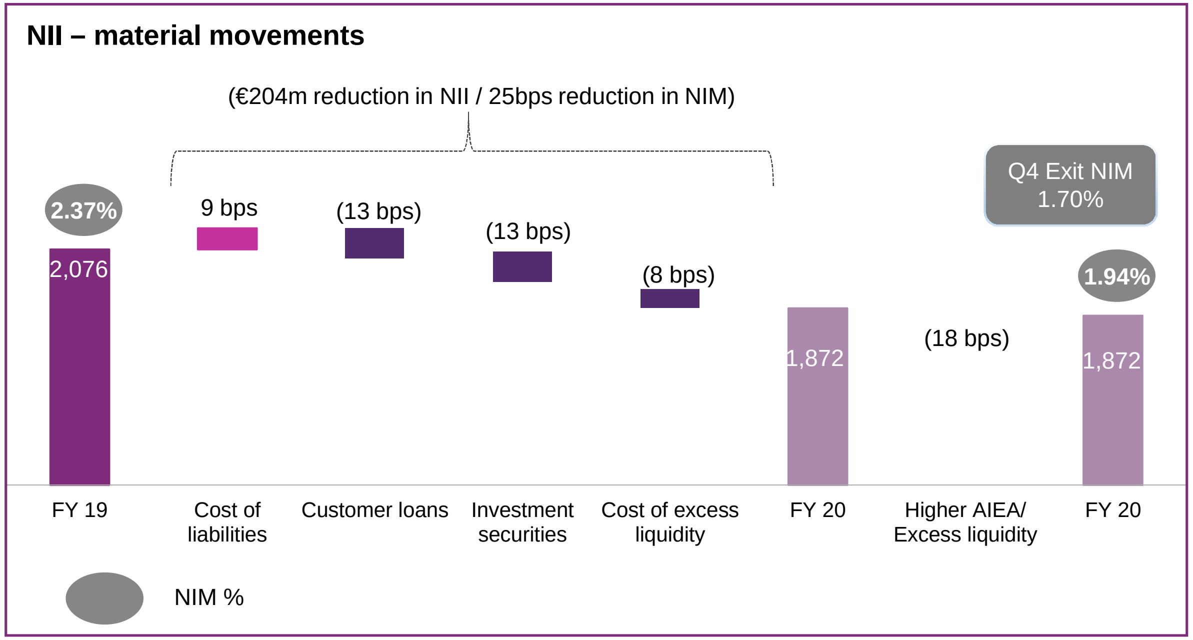
Summary income statement (€m)	FY 2020	FY 2019
Net interest income	**1,872**	2,076
Other income[1]	**499**	619
Total operating income	**2,371**	**2,695**
Total operating expenses[1]	**(1,527)**	(1,504)
Bank levies and regulatory fees	**(115)**	(104)
Operating profit before impairment and exceptional items	**729**	**1,087**
Net credit impairment charge	**(1,460)**	(16)
Associated undertakings	**15**	20
(Loss)/Profit before exceptionals	**(716)**	**1,091**
Exceptional items	**(215)**	(592)
(Loss)/Profit before tax	**(931)**	**499**
Income tax credit / (charge)	**190**	(135)
(Loss)/Profit	**(741)**	**364**

Metrics	FY 2020	FY 2019
Net interest margin (NIM)	**1.94%**	2.37%
Cost income ratio (CIR)[1]	**64%**	56%
Return on tangible equity (RoTE)[2]	**(11.2)%**	4.5%
Return on assets (RoA)	**(0.7)%**	0.4%
Earnings per share (EPS)	**(30.0)c**	12.1c

(1) Excludes exceptional items, bank levies and regulatory fees
(2) RoTE using (PAT – AT1) / (CET1 @ 14%)

- Net interest income reduced 10% impacted by the lower interest rate environment
- Other income €499m – down 19%; net fee and commission income down 16%
- Total income €2,371m - down 12%
- Operating expenses €1,527m – up 2% as guided
- Bank levies up €11m mainly due to an increase in the Deposit Guarantee Scheme
- Net credit impairment €1,460m charge
- Associated income €15m includes AIB Merchant Services
- Exceptional items €215m

Net interest income down 10% vs FY 2019



- NII €1,872m down €204m / 10% from FY 2019 impacted by:
  - +€81m: lower cost of liabilities
  - -€152m: lower customer loan income from reduced volumes and lower interest rate environment
  - -€83m: lower investment securities income as higher yielding assets rolling off and lower rate environment
  - -€50m: cost of excess liquidity placed with central banks and lower interest rate environment
- Excess liquidity management actions in place
  - tailored negative deposits strategy
  - grossing up impact of excess liquidity distorts NIM by -18bps
  - each €1bn excess liquidity impacts NIM c. 2bps
- TLTRO III – €4bn drawdown in Sept 2020
  - Benefit not yet accrued; NIM distortionary

Various factors to impact - expect moderate decline in NII in FY 2021

Other income – COVID-19 impact lowers fees & commission 16%

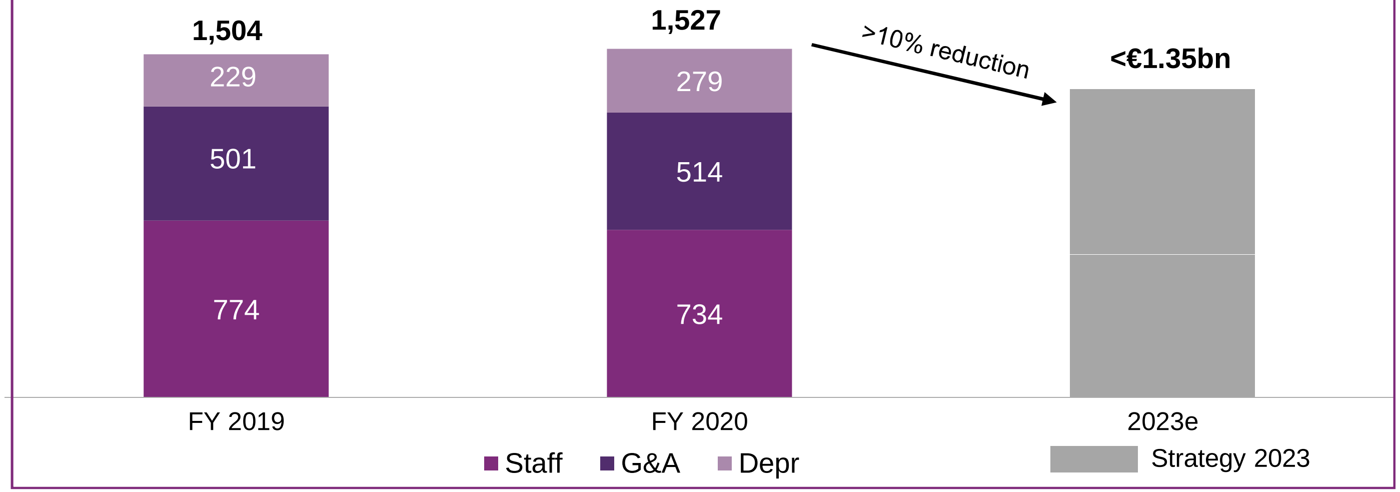
Net fees and commission income (€m)	FY 2020	FY 2019
Customer accounts	**179**	214
Credit related fees	**40**	50
Card	**69**	84
Other fees and commissions	**38**	51
Customer related FX	**54**	71
Payzone	**15**	2
Total net fees and commission income	**395**	**472**

Other income (€m)	FY 2020	FY 2019
Net fee and commission income	**395**	472
Other business income	**3**	19
Business income	**398**	**491**
Gains on disposal of investment securities	**-**	45
Realisation of cash flows on restructured loans	**42**	62
Other gains / losses	**59**	21
Other items	**101**	**128**
Total other income	**499**	**619**

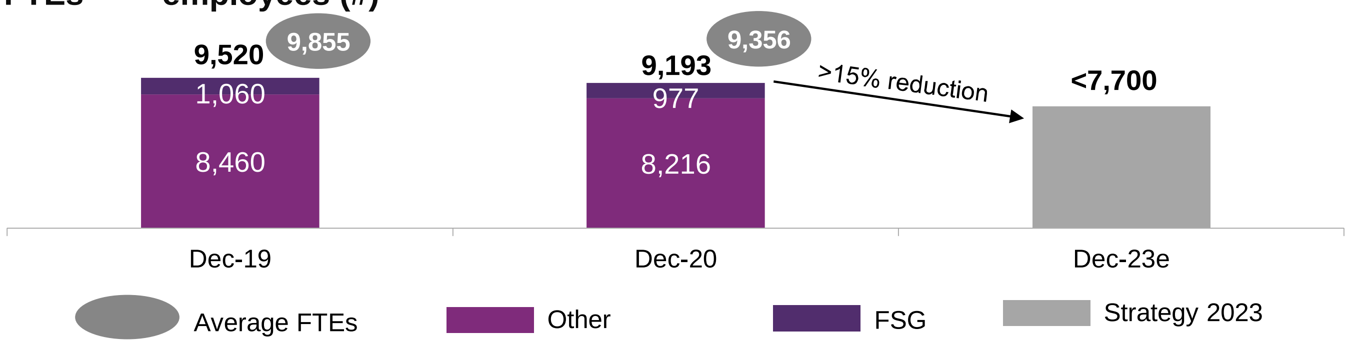
- Other income €499m down 19%
- Fee and commission income €395m, down €77m (16%) predominantly due to reduced economic activity:
  - customer account fees reduced due to
    - higher volume of contactless payments
    - lower business cash handling fees
    - lower customer ATM usage
  - card income reduced due to lower credit card spend
  - other fees & commission down due to lower wealth and insurance income
  - customer related FX lower due to less transactions
- Other business income includes
  - €23m NAMA subordinated bond dividend (matured)
  - -€23m includes revaluation of bank and customer long-term derivatives and foreign exchange contracts
- Other items €101m
  - €59m other gains include
    - €36m net income from equity investments
    - €24m gain on disposal of leverage loans

Costs – in line with expectations

Operating expenses [1] (€m)



FTEs [2] – employees (#)



- Costs €1,527m, up 2% as guided
- Factors impacting costs
  - increased depreciation €50m
  - COVID-19 related expenditure offset by lower travel & business expenses and other operational costs
  - lower FTEs partially offset by wage inflation
- FTEs reduced on average by 499 (-5%)
  - a further c. 1,500 (>15%) reduction by 2023
- Exceptional items €215m primarily includes:
  - €117m restitution costs[3]
  - €36m UK restructuring costs
  - €30m impairment of intangibles
  - €22m other one-off system and resourcing costs incurred due to the implementation of COVID-19 related payment breaks
  - €9m voluntary severance

Costs expected to marginally decline in FY 21

(1) Excluding exceptional items, bank levies & regulatory fees
(2) Full time equivalent - period end
(3) Restitution costs €117m includes €46m customer redress and €71m of associated costs

ECL and asset quality

ECL charge €1.46bn – conservative, forward looking and comprehensive

ECL €1.46bn / CoR 240bps (H1 €1.2bn); ECL cover doubled to 4% in 2020

ECL charge (€m)	H1 2020	H2 2020	FY 2020
Macro economic assumptions	**705**	(304)	401
Credit deterioration / stage transfers	**366**	288	654
Post model adjustments	**131**	307	438
ECL charge on customer loans	**1,202**	**291**	**1,493**
Other ECL / recoveries	14	(47)	(33)
Total ECL charge	**1,216**	**244**	**1,460**

Cost of risk (bps)(1)	196	41	240

Significant differences between COVID-19 pandemic and global financial crisis:
- Pro-active customer engagement
- Profile and quality of loan book
- Unprecedented Government supports and favourable macro economic policies
- Incomparable debt to income and deposit levels

Three drivers of ECL charge

1 **Macro economic scenarios - €0.4bn**
In H2 the economic environment improved reducing ECL charge by €0.3bn; uncertainty remains from Q1 lock down duration and impact

2 **Downward staging movements - €0.7bn**
In H2 increased ECL charge €0.3bn from downward staging movements and increases within stage in COVID-19 impacted sectors

3 **Post model adjustments - €0.4bn; €0.2bn legacy NPE mortgages and €0.2bn COVID-19 overlays**
In H2 post model adjustments increased ECL charge by €0.3bn

Cost of Risk expected to be c. 40bps in FY 21(2)

(1) CoR 240bps equates to ECL FY20 €1,460m / average loans; CoR H1 196bps and H2 41bps reflect six months only
(2) Based on current view of macroeconomic assumptions

Outlook for macroeconomic environment improved in H2 2020

1 **Updated macroeconomic scenarios reflected an improved economic environment in H2 reducing ECL by €0.3bn; FY 20 impact €0.4bn**

Base scenario (50%)	2021[1]	2022	2023
Irish GDP	5.0	4.5	3.5
Irish Unemployment	10.0	7.5	6.4
Irish House Price Index (HPI)	-3.0	3.0	3.0
Irish Commercial Real Estate Index	-4.0	6.0	3.0

- Macroeconomic scenarios improved in H2 as Irish economy performed better than expected (GDP and HPI improved; unemployment remained elevated) and conclusion of the EU-UK Free Trade Agreement

FY 2020 macroeconomic scenarios and weightings for ECL:

- Base scenario (50%)
- Downside scenario 1 'Lower growth in 2021' (25%)
- Downside scenario 2 'Extended high unemployment' (5%)
- Upside scenario 'Quick economic recovery' (20%)

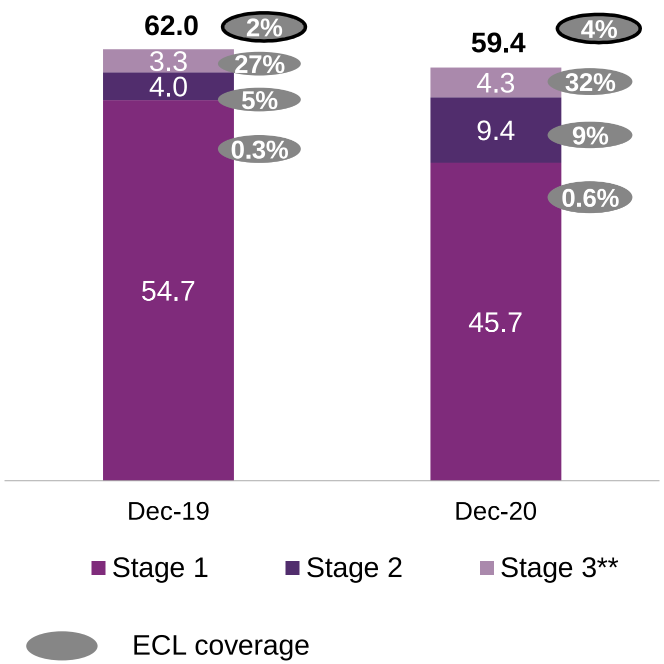
FY 2020 – impact of updated macroeconomic scenarios on ECLs by asset class	H1 2020 €m	H2 2020 €m	FY 2020 €m
Mortgages	166	(45)	121
Personal	39	10	49
Property & Construction	267	(146)	121
Corporate & SME	233	(123)	110
Total	**705**	**(304)**	401

(1) See post model adjustment on Slide 24 reflecting a revised weaker economic outlook for 2021

Downward stage migration in COVID-19 impacted sectors

2 Impact of credit deterioration and stage transfers in H2 increased ECL €0.3bn; FY 2020 €0.7bn

Loan book* by Staging & Coverage (€bn)



Stage 2 – increased €5.4bn
Stage 3 – increased €1.0bn

Staging impact on ECL (€m)	H1 2020	H2 2020	FY 2020
Net transfer Stage 1 to Stage 2	154	7	161
Net transfer to Stage 3	55	48	103
Increases within stage / other	157	233	390
Total	**366**	**288**	**654**
By asset class (€m)			
Mortgages	5	(32)	(27)
Personal	41	(7)	34
Property & Construction	76	38	114
Corporate & SME	244	289	533
Total	**366**	**288**	**654**

- Stage 2 +€5.4bn to €9.4bn (16% of loans) of which:
  - +€3.9bn Corporate & SME
    - +€1.6bn Hotels, bars & restaurants
    - +€0.3bn Retail (non-food) / Wholesale
    - +€0.7bn Syndicated & International Finance
  - +€1.6bn Property & Construction mainly in Commercial Real Estate (CRE)
- Stage 3 + €1.0bn (7% of loans); CRE Retail shopping centres, hotels, bars & restaurants

** Loan book at amortised cost*
*** Includes Purchased or Originated Credit Impaired Loans (POCI)*

Post model adjustments (PMAs)

3 **PMAs increased ECL in H2 by €0.3bn due to increasing cover for legacy NPE mortgages and COVID-19 overlays FY 2020 €0.4bn**

€0.2bn

Legacy NPE mortgages

increasing cover for legacy NPE mortgages requiring alternative recovery strategies

€0.2bn

COVID-19 overlays

to cover latent risk of further credit deterioration in impacted sectors:

- c. €50m: expired payment breaks in **Retail Banking**
- c. €80m: risk of credit deterioration in **CIB**
- c. €60m: risk of credit deterioration in **UK Corporate**
- c. €30m: to reflect **macroeconomic adjustment for Q1 2021 lockdown**

Balance sheet

Balance sheet – strong funding & liquidity to support economic recovery

Balance sheet (€bn)	Dec 2020	Dec 2019
Performing loans	**55.2**	58.8
Non-performing loans	**4.3**	3.3
Gross loans to customers	**59.5**	62.1
Expected credit loss allowance	**(2.5)**	(1.2)
Net loans to customers	**57.0**	60.9
Investment securities	**19.5**	17.3
Loans to central banks and banks	**27.3**	13.5
Other assets	**6.6**	6.9
Total assets	**110.4**	98.6
Customer accounts	**82.0**	71.8
Deposits by banks	**4.7**	0.8
Debt securities in issue	**5.5**	6.8
Other liabilities	**4.8**	5.0
Total liabilities	**97.0**	84.4
Equity	**13.4**	14.2
Total liabilities & equity	**110.4**	98.6

Assets

- Performing loans decreased €3.6bn (-6%)
- New lending €9.2bn exceeded by redemptions €11.1bn
  - New lending €3.1bn lower than FY 2019 due to reduced economic activity impacting all asset classes
- Investment securities €19.5bn increased €2.2bn as the Group invested in Irish Government bonds
- Loans to central banks includes €19bn with the CBI; €13.8bn increase due to excess liabilities from increased customer account balances and €4bn TLTRO III drawdown

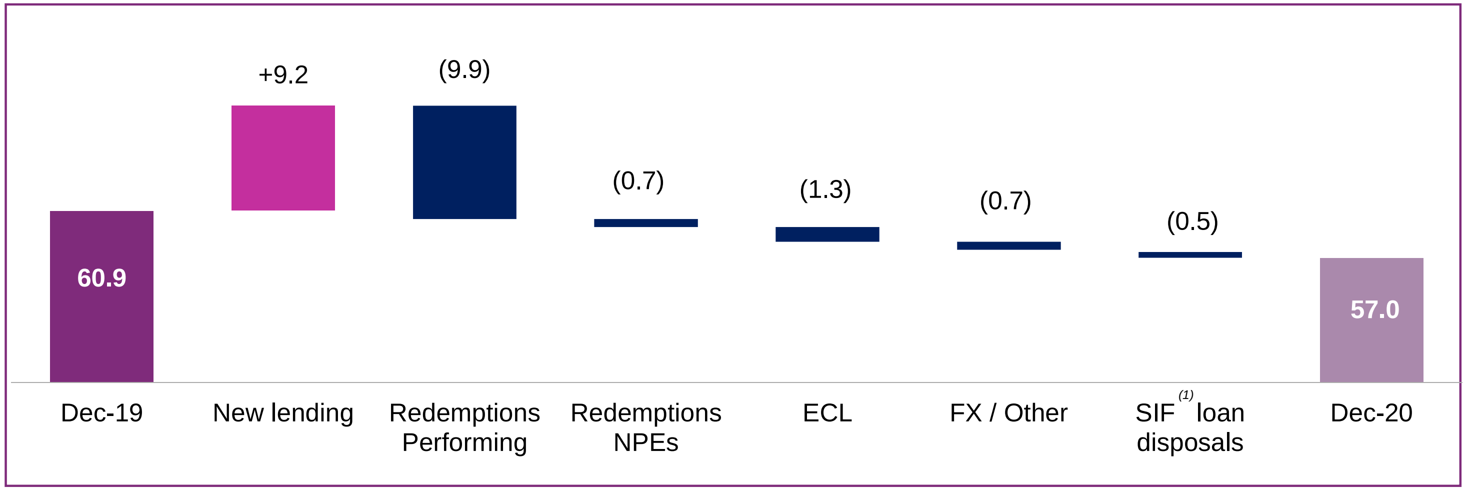
Liabilities

- Customer accounts €82bn increased €10.2bn mainly due to increased current accounts reflecting higher rate of savings

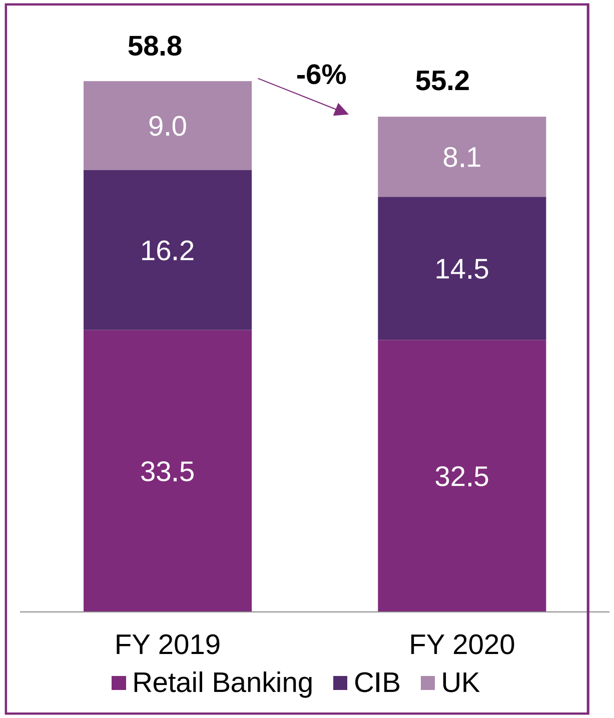
Key capital metrics (%)	Dec 2020	Dec 2019
CET1 ratio (FL)	**15.6**	17.3
Leverage ratio (FL)	**8.3**	9.7

Net loans – 6% decline as redemptions exceeded new lending

Net loans movement (€bn)



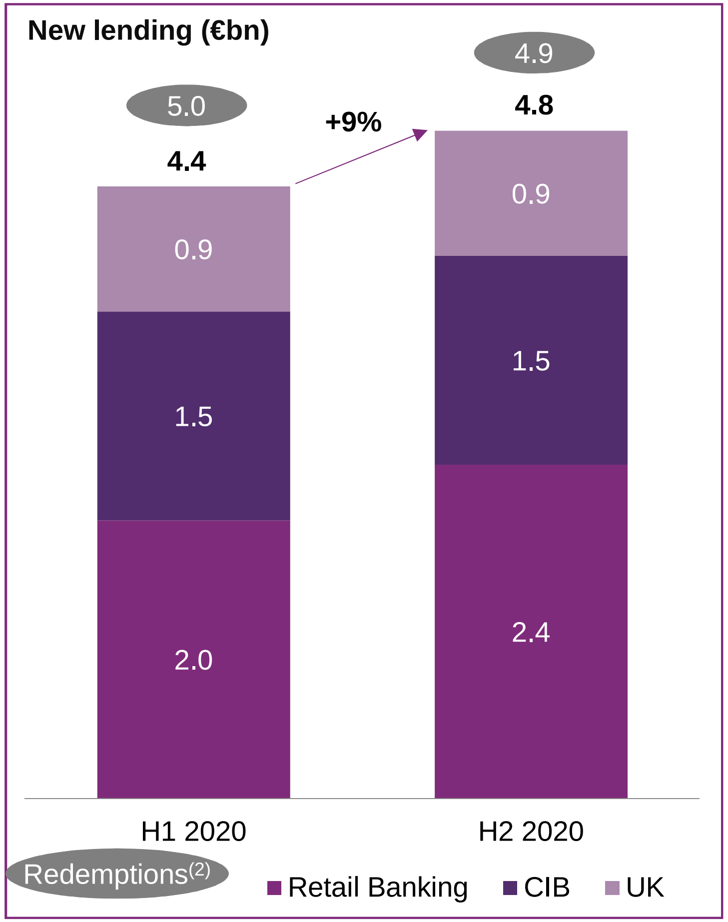
Performing gross loans (€bn)[2]



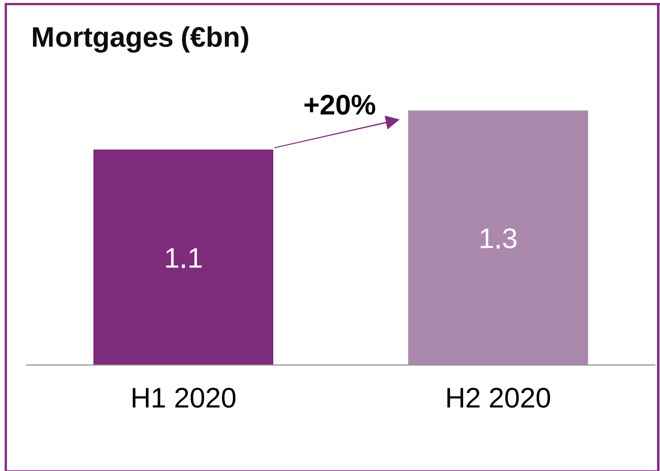
(1) *Syndicated and International Finance*
(2) *Performing gross loans total of €55.2bn and €58.8bn includes Group segment €0.1bn in both years*

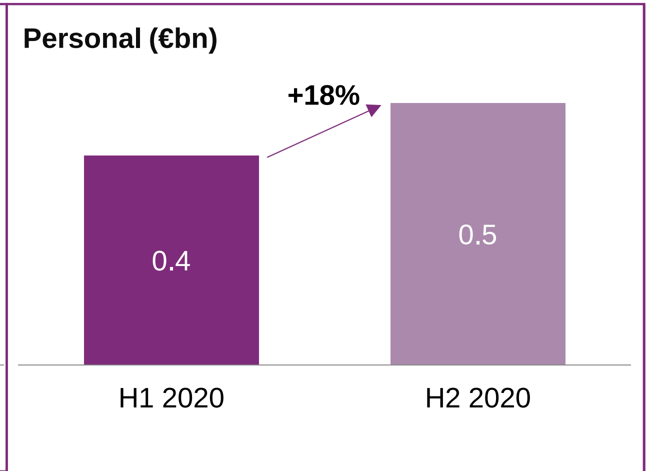
New lending of €9.2bn; up 9% in the second half

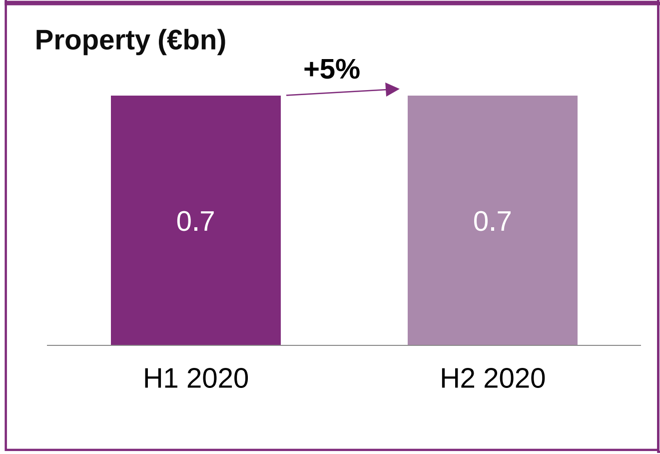
New lending -25% to €9.2bn; recovery in H2

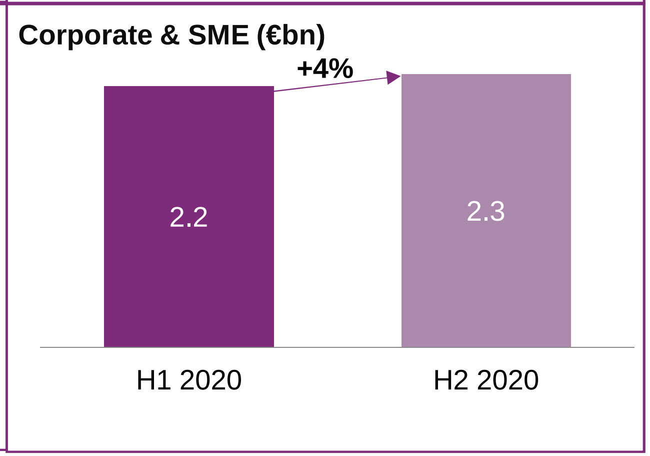


New lending grew across all asset classes[1] in H2





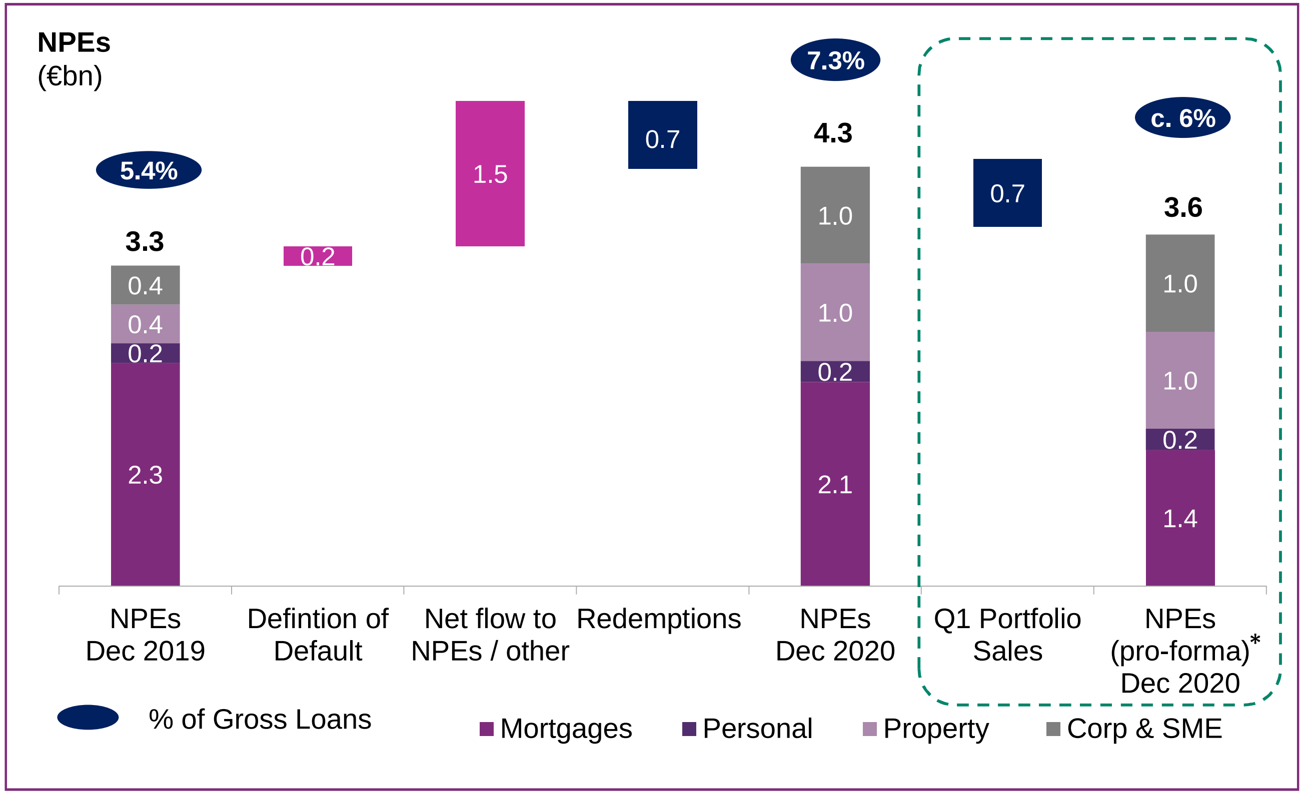


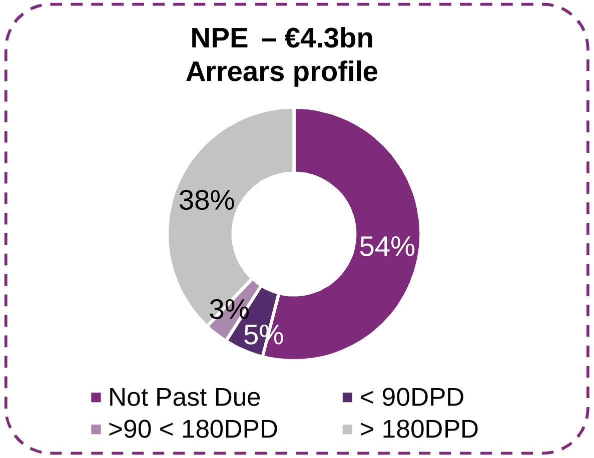


(1) Includes UK

(2) Excludes €0.7bn NPE redemptions and €0.5bn SIF deleveraging

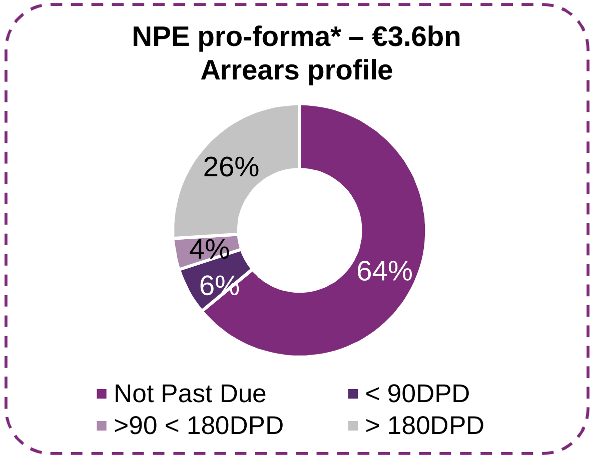
NPE normalisation remains a priority; target c. 3% by 2023





Weighted average LTV ROI mortgages:

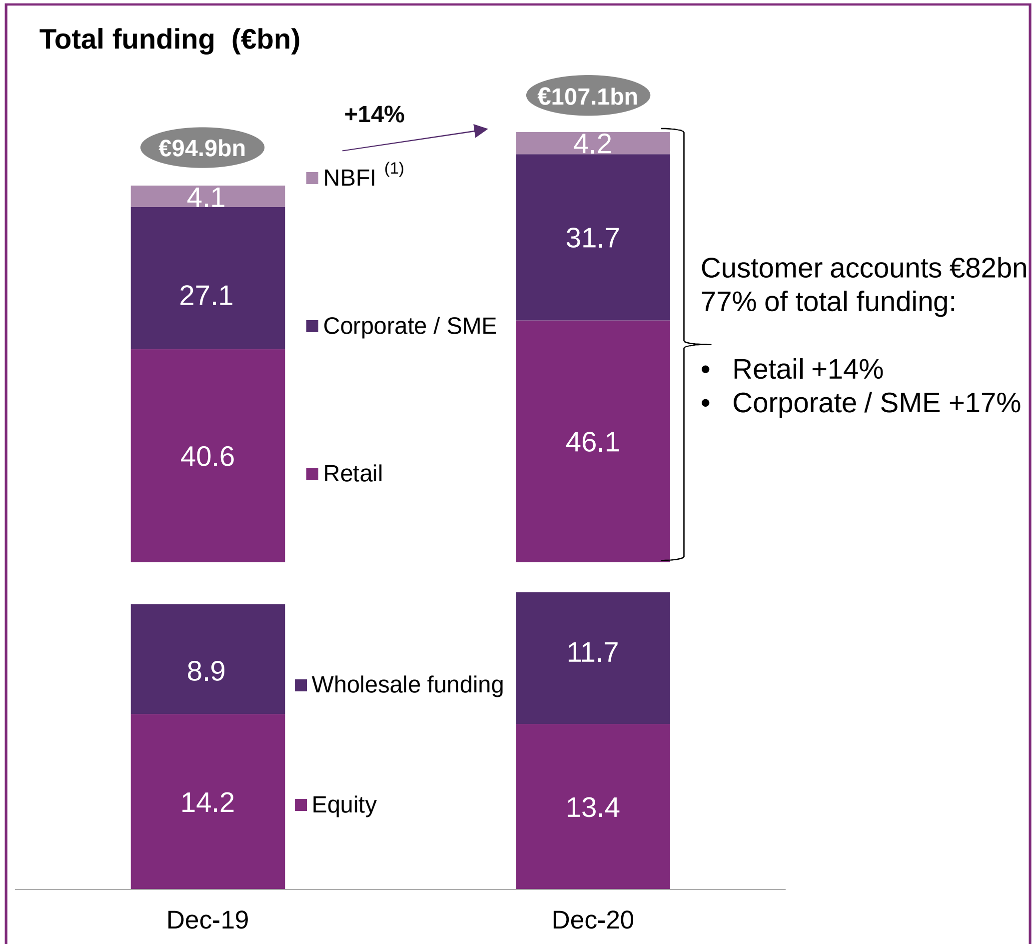
- Stock: 57% (2019: 57%)
- New lending: 69% (2019: 68%)
- Stage 3: 61% (2019: 63%)



*Dec 20 Pro-forma: Post Q1 2021 portfolio sales

Funding and Capital

Strong funding driven by increased customer deposits



Liquidity metrics (%)	Dec 2020	Dec 2019
Loan to deposit ratio (LDR)	**69**	85
Liquidity coverage ratio (LCR)	**193**	157
Net stable funding ratio (NSFR)	**148**	129

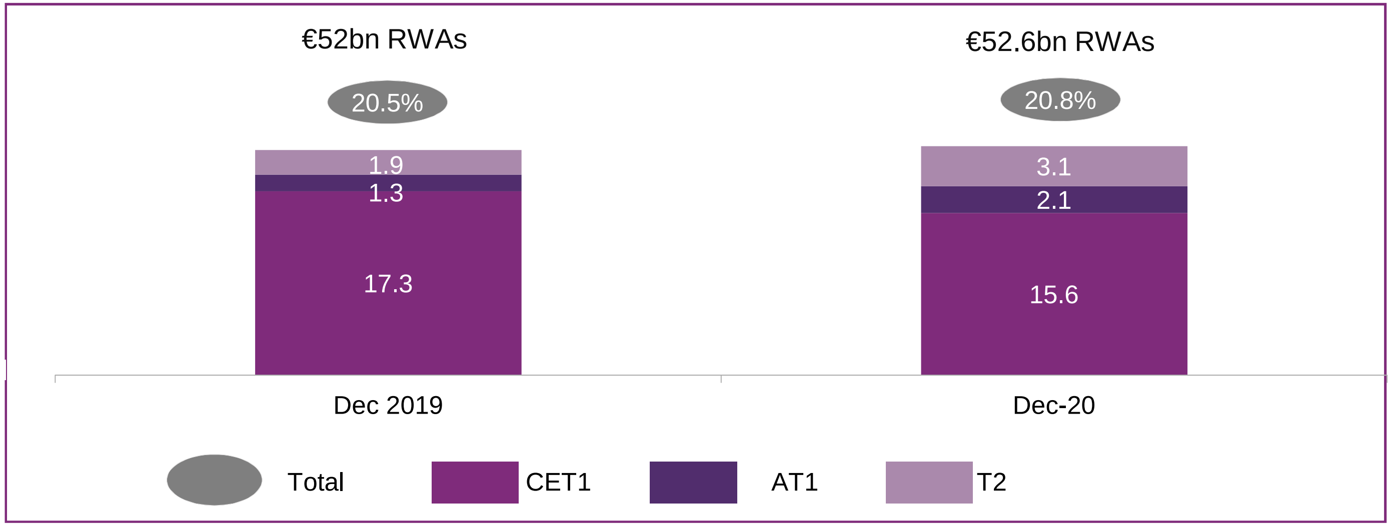
MREL

- MREL target met
- €6bn MREL issued - €1.6bn executed in 2020

(1) Includes Credit Unions & Government deposits

Reported CET1 (FL) 15.6% in excess of >14% target

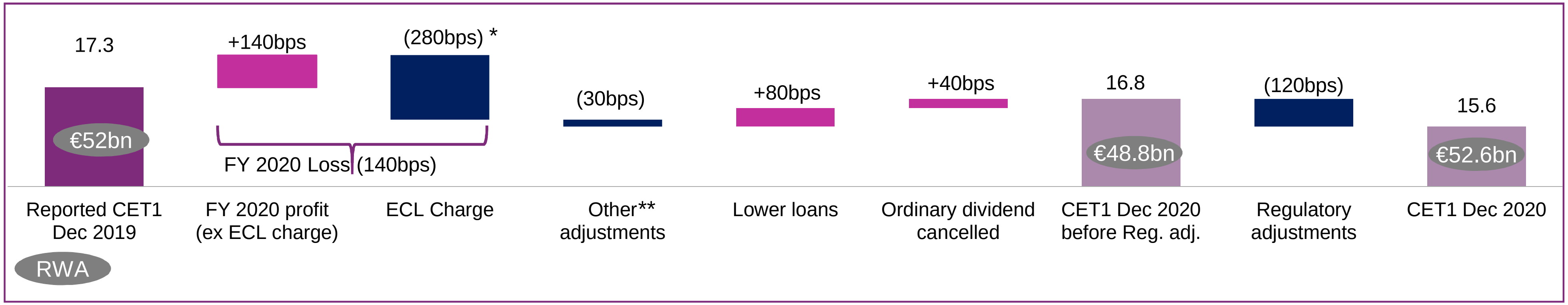
Reported - Capital ratios fully loaded (FL) (%)



Reported CET1 (FL) ratio 15.6% including impact of regulatory adjustments -120bps:

- TRIM review -130bps
  - Mortgages -50bps
  - Leverage -60bps
  - Corporate -20bps
- Other regulatory +10bps
  - Software +60bps
  - SME 501 +30bps
  - Calendar provisioning -60bps
  - Other IRB models -20bps

CET1 (FL) movements (%)



*simple calculation for illustrative purposes; **Other adjustments -30bps includes AT1 coupon and investment securities reserves*

Capital – medium-term target: CET1 >14%

Capital requirements	Dec 2020	Dec 2021
Pillar 1	4.50%	4.50%
Pillar 2 requirement (P2R)	**1.69%**	**1.69%**
Capital Conservation Buffer (CCB)	2.50%	2.50%
O-SII Buffer	1.00%	1.50%
Countercyclical Buffer (CCyB)	0.00%	0.00%
Total CET1	**9.69%**	**10.19%**
AT1	**2.06%**	**2.06%**
Tier 2	**2.75%**	**2.75%**
Total capital	**14.50%**	**15.00%**

Strong buffer to MDA / SREP of 9.69%

- CET 1 (FL) 15.6%; 5.9% buffer
- CET 1 Transitional 18.9%; 9.2% buffer

Capital outlook 2021

- Capital tailwinds
  - SME 501
  - Calendar provisioning

Inorganic opportunities

- Accretive to RoTE
- RoTE target >8% by 2023

Distribution policy

- Monitoring regulatory developments
- Existing policy 40-60% ordinary dividend pay-out
  - No dividend accrued for 2020
  - Will assess balance between dividends and buybacks at the appropriate time

Despite near term uncertainty we remain positive in our return to profitability in 2021; we will generate growing and sustainable earnings and resume dividend distributions

Medium-term targets (2023)

OUR STRATEGY 2023

Medium-term targets by 2023[1]

Focused cost[2] discipline
<€1.35bn

Appropriate capital target
CET1[3] > 14%

Deliver sustainable returns
RoTE[4] > 8%

Our Strategy 2023 is set and we are implementing at pace

(1) *Excludes potential inorganic opportunities*
(2) *Costs before bank levies and regulatory fees and exceptional items*
(3) *Fully loaded*
(4) *RoTE = (PAT – AT1) / (CET1 @ 14% of RWAs)*

Our Strategy 2023

For reference:

A number of slides from Investor and Analyst Update

2 Dec 2020

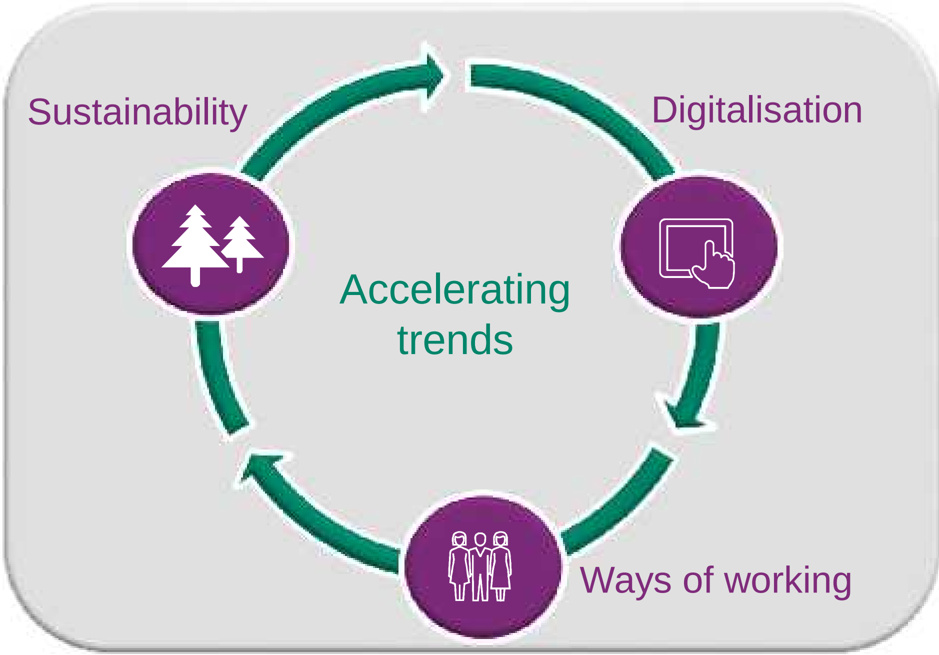
Strategic review complete

Proven strategy compounded by accelerating trends

Strategic Pillars

- Customer First
- Simple & Efficient
- Risk & Capital
- Talent & Culture
- Sustainable Communities

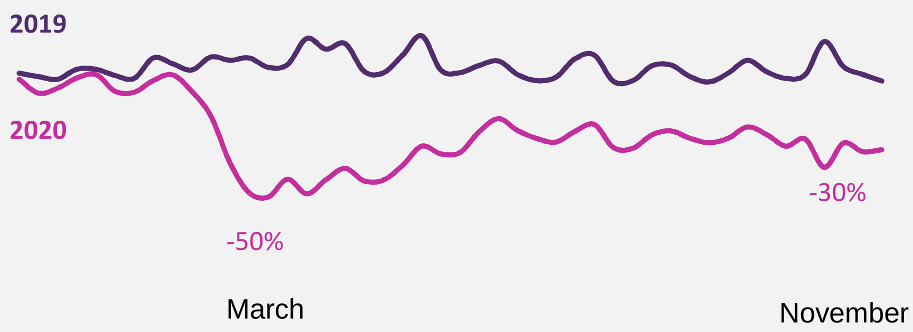
Accelerating trends



Digitalisation – refocused customer engagement

Reconfigured sales and advisory model due to accelerated digital adoption, increased mobile enablement, declining cash usage and reduced branch footfall

Branch footfall *(weekly)*



Community Presence

Outcomes

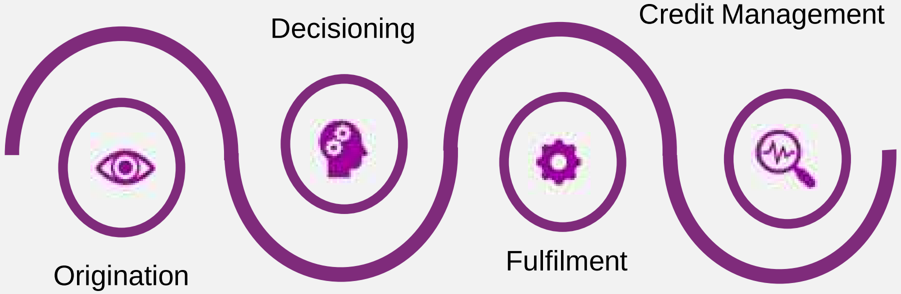
- ✓ A refocused branch network embedded in the community
- ✓ Evolution of branch services beyond transactional support towards sales and advisory
- ✓ Network Optimisation: Five urban overlapping branches to close in H1 2021
- ✓ Increased mobile enablement and digital straight-through processing

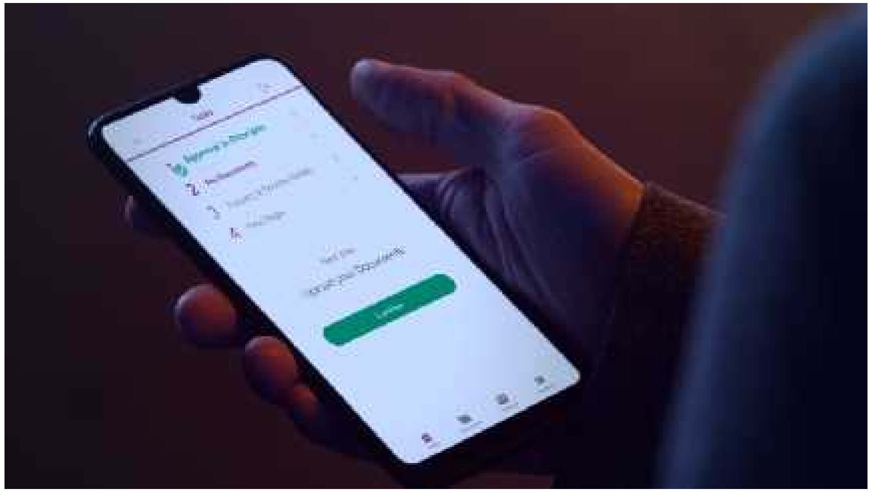
c. €65m cost saving

Digitalisation – End to End credit

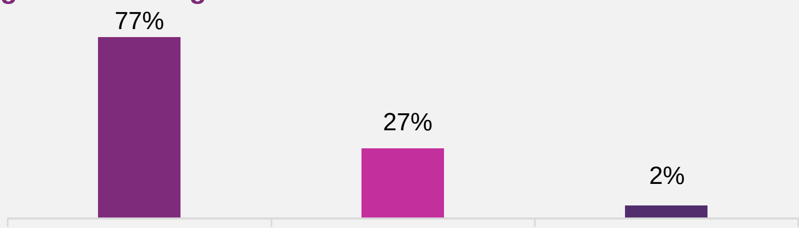
Data-driven, digitally-enabled, agile & frictionless credit

End to End





Origination via digital



% of loan applications received via digital channels year to date

Outcomes

- ✓ Enhanced customer experience with faster response and turnaround times
- ✓ Automation of back office and workflow processes
- ✓ Auto-decisioning below €1m
- ✓ Leaner, more efficient and agile credit organisation
- ✓ Reducing resources, change & resilience cost

c. €35m cost saving

Ways of working – Property

Responding to workforce trends to provide greater flexibility while saving costs

Dublin office estate - represents c. 50% of our property costs

Dublin office estate costs c. €50m

50% reduction in location

40% reduction in capacity

Exited in 2020

2020 **2023**

2020 Working location

80% **Remote working**

Office 20%

Outcomes

- ✓ Customer needs met irrespective of location of staff
- ✓ Facilitating greater flexibility for employees
- ✓ 50% reduction in Dublin office estate locations
  - ✓ 40% reduction in capacity
- ✓ Lower carbon footprint

c. €15m cost saving

Ways of working – Change Delivery

Creating roles whilst delivering sustainable annual cost savings & reducing risk

Creation of 400 new AIB roles

Change | Technology | Data

Shift the change management agenda in-house

	External expertise		AIB employees
Current workforce model, paying a premium	75%	:	25%
Working towards 50/50 model	50%	:	50%

Outcomes

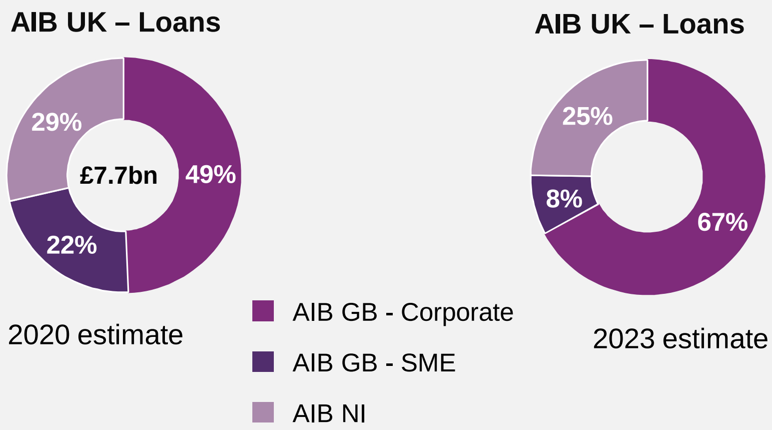
- ✓ Creation of 400 roles in change and digital disciplines
- ✓ Reduced third party dependency
- ✓ Enhanced in-house talent and career opportunities
- ✓ Workforce will provide a sustainable foundation to protect & run AIB's digital platforms and deliver strategic change

c. €15m cost saving

Business model – UK

Refocusing on GB Corporate banking market and exiting the SME market in GB

Reshaping the business towards higher return assets



Outcomes

- ✓ Withdraw from the ‘high cost to serve’ GB SME segment lending; lower number of FTEs and property footprint
- ✓ Refocusing the business towards the Corporate Banking market
- ✓ Targeted growth in renewables, infrastructure, healthcare, manufacturing and warehousing / logistics
- ✓ AIB NI focus on driving efficiency, maintaining business growth and future optionality

c. €35m cost saving

Business model – product gaps

Exploring opportunities to enhance and diversify our revenue to become a full service provider of financial services for our customers

Expanding the product range

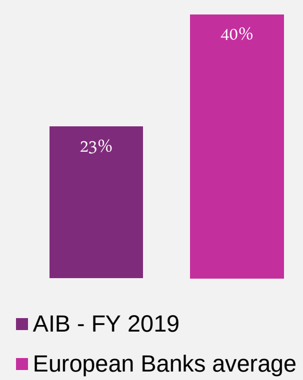
2020

Mortgages
Loans
Payments
Credit cards
Transaction services
Deposits

2023

Mortgages
Loans
Payments
Life
Pensions
Savings & Investments
Wealth management
Credit cards
Transaction services
Deposits
Capital markets

Non interest income as % of Total Income



Based on 24 major European retail and commercial banks (2019)

Outcomes

- ✓ Broaden our offering addressing product and service gaps to ensure we can serve customers at each step of their financial lives
- ✓ Closing the product gaps particularly in mass affluent segment and corporate advisory
- ✓ Strengthening and deepening customer relationships
- ✓ Deliver additional non-interest income growth streams

Appendices

OUR SUSTAINABILITY JOURNEY

2017

- Establishment of Energy, Climate Action & Infrastructure team
- Sponsorship of UCD Chair in Behavioral Economics DCU Chair in Data Analytics
- Procured 100% renewable energy
- 1st Sustainability Conference
- 1st Sustainability Report
- Establishment of Sustainability Board Committee SBAC

2018

- Signed the Low Carbon Pledge to reduce emissions by 50% by 2030
- Achieved CDP Climate A Leadership Rating
- Group wide certification to ISO 14001 & ISO 50001 *(Energy & Environmental Mgt. Standards)*
- Completed Materiality Exercise with 1,400 Stakeholders
- 2nd Sustainability Conference
- 2nd Sustainability Report
- Partnerships with FoodCloud and SOAR

2019

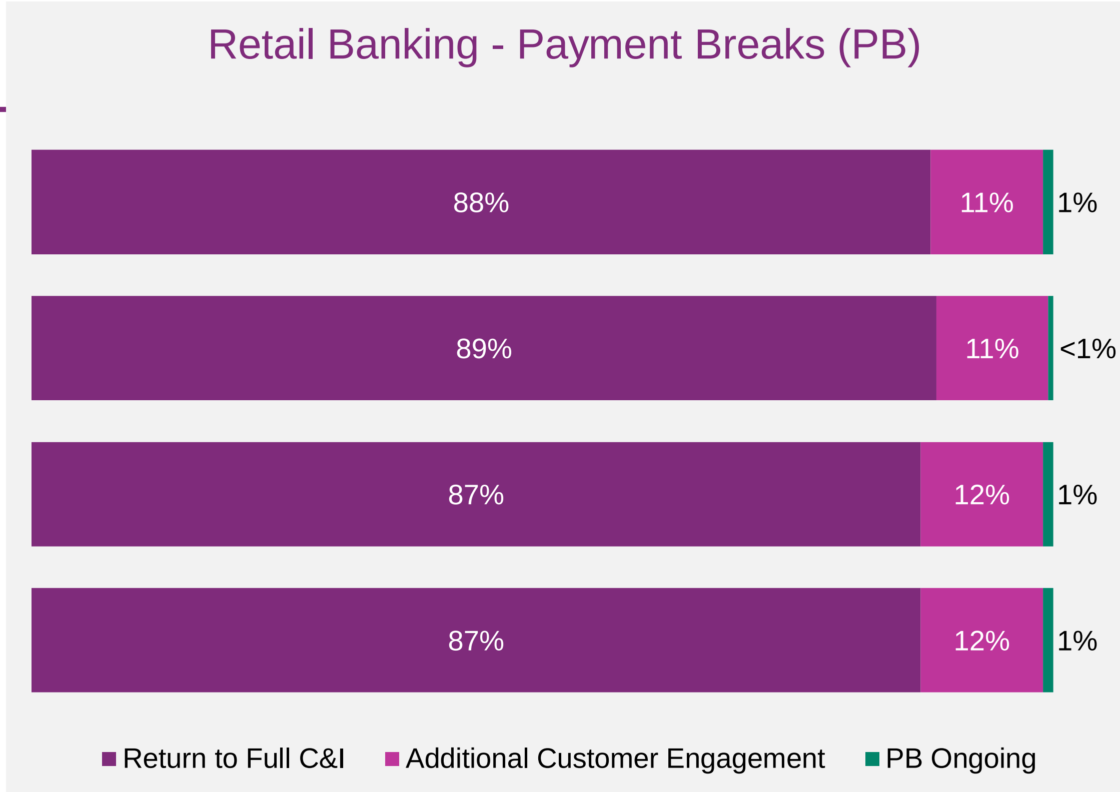
- Sustainable Communities becomes AIB's 5th strategic pillar
- Main sponsor of Climate Finance Week
- Pledge to Do More Commitment
- Launch of Green Mortgage
- Founding Signatory of the UNEP FI Principles for Responsible Banking
- Supporter of the TCFD *(Commitment to disclose climate related i nancial risks)*
- Achieved the Business Working Responsibly Mark
- 3rd Sustainability Conference
- 3rd Sustainability Report
- Eliminated Plastic Co ee Cups & Disposables *(12.5m items)*

2020

- Pledged to become Carbon Neutral in our Operations by 2030
- Achieved CDP Climate A Leadership Rating
- Awarded Chambers Ireland Outstanding in Sustainability 2020
- Published a defined list of Excluded Business Activities
- Issued 1st Green Bond for €1bn
- Published Responsible Supplier Standards
- Launched a socially responsible framework
- Committed €5m to Community causes for COVID
- Launched new COVID-19 propositions and additional supports for Vulnerable customers
- Named Large Green Organisation of the Year
- Main Sponsor of 3rd Climate Finance Week
- 4th Sustainability Report based on refreshed Materiality exercise

Retail Banking Payment Breaks: 88% return to full capital & interest (C&I) (volume basis)

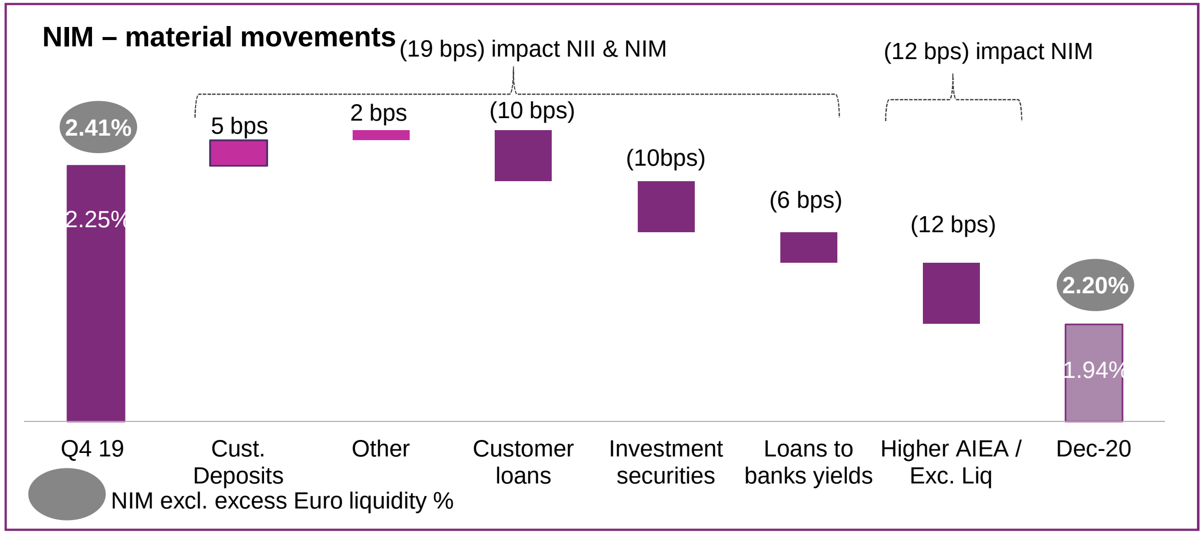
	Payment Breaks granted (#)	Total amount granted (€m)	Total amount outstanding (€bn) / (#)
Total	**66,334**	**€4,302m**	**€32m / 647**
Mortgages	22,644	€3,081m	€12m / 76
Personal	25,621	€260m	€4m / 368
Business	18,070	€960m	€16m / 203

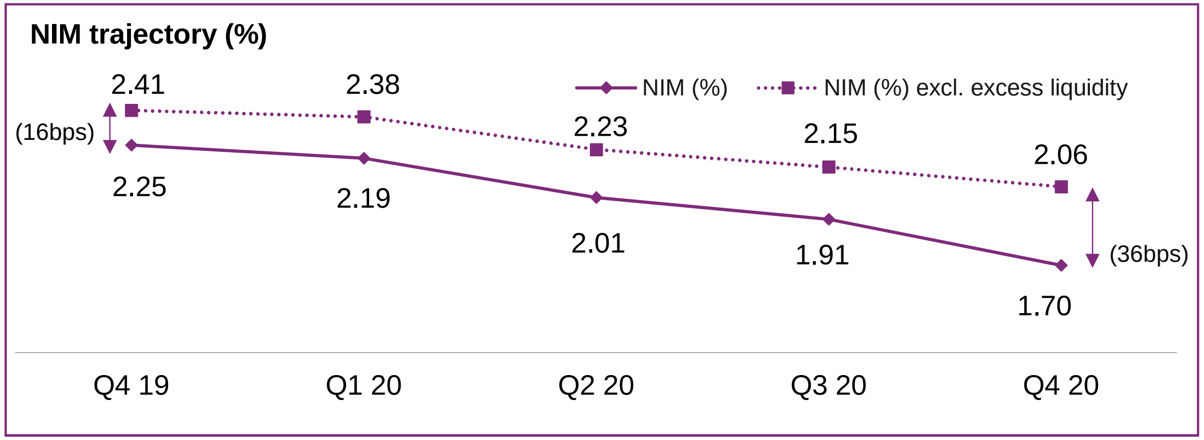


Notes:

- ***Return to Full C&I*** *reflects those customers who are performing and making full repayments post-PB. It excludes those in arrears management, forbearance or NPE processes.*
- ***Additional customer engagement*** *(Total: 11%) refers to customers who have entered arrears management (4%), forbearance process (4%) or are in an NPE Process (Post-Covid 1%, Pre-Covid 2%:). It is important to note that not all customers who make up the 11% will require a forbearance as many are resolved through BAU arrears and NPE processes.*
- *Data as at 12th February 2021*

Net interest margin (NIM)





Average balance sheet

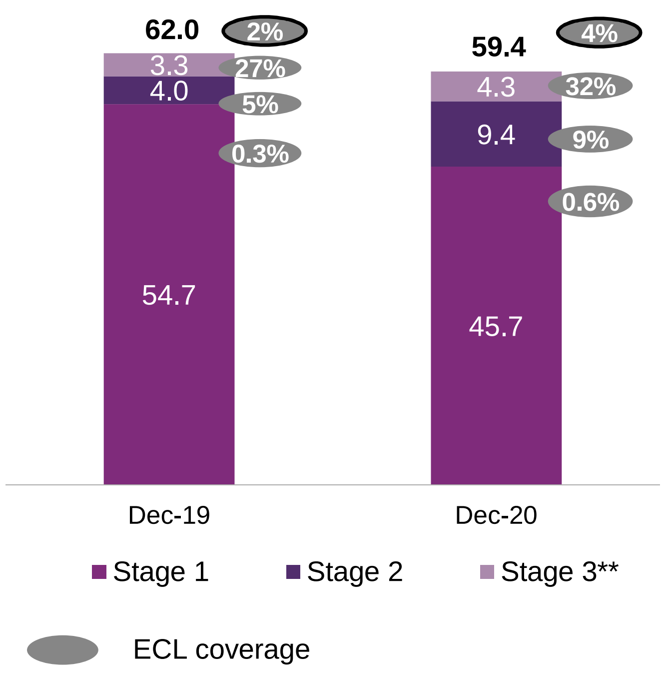
	FY 2020			FY 2019		
	Average Volume €m	Interest €m	Yield %	Average Volume €m	Interest €m	Yield %
Assets						
Customer loans	**59,586**	**1,965**	**3.29**	61,405	2,117	3.45
Investment securities	**18,389**	**112**	**0.61**	16,755	195	1.17
Loans to banks	**18,062**	**(28)**	**(0.15)**	9,319	22	0.24
Interest earning assets	**96,037**	**2,049**	**2.13**	87,479	2,334	2.67
Non interest earning assets	**7,227**			8,108		
Total Assets	**103,264**	**2,049**		95,587	2,334	
Liabilities & equity						
Customer accounts	**40,766**	**54**	**0.13**	38,765	109	0.28
Deposits by banks	**1,870**	**(3)**	**(0.15)**	957	11	1.15
Other debt issued	**6,089**	**68**	**1.11**	6,488	91	1.41
Subordinated liabilities	**1,481**	**45**	**3.05**	856	33	3.82
Lease liabilities	**408**	**13**	**3.18**	446	14	3.06
Interest earning liabilities	**50,614**	**177**	**0.35**	47,512	258	0.54
Non interest earning liabilities	**38,682**			33,881		
Equity	**13,968**			14,194		
Total liabilities & equity	**103,264**	**177**		95,587	258	
Net interest income / margin		**1,872**	**1.94**		2,076	2.37

Loans to customers

€bn	Performing Loans	Non-Performing Loans	Loans to Customers
Gross loans (1 Jan 2020)	**58.8**	**3.3**	**62.1**
New lending	9.2	-	9.2
Redemptions of existing loans	(10.4)	(0.7)	(11.1)
Write-offs / restructures	-	(0.1)	(0.1)
Net flow to NPE	(1.8)	1.8	-
Foreign exchange / other movements	(0.6)	-	(0.6)
Gross loans (31 Dec 2020)	**55.2**	**4.3**	**59.5**
ECL allowance	(1.1)	(1.4)	(2.5)
Net loans (31 Dec 2020)	**54.1**	**2.9**	**57.0**

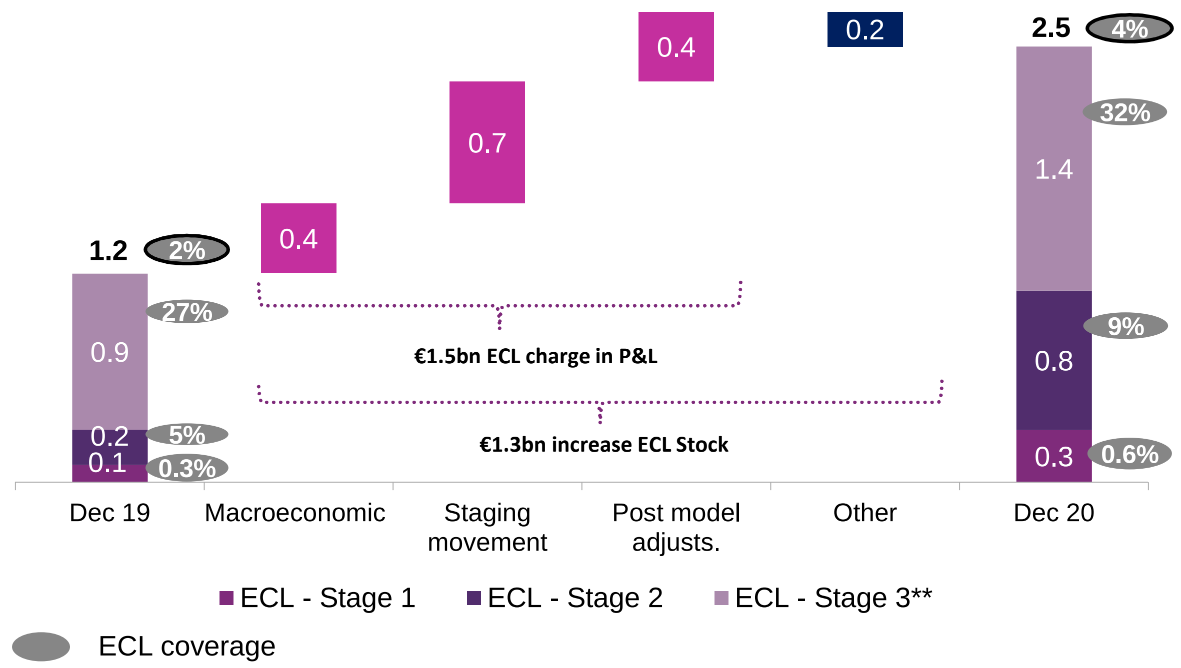
Overview – stage 2 increases, coverage increases

Loan book* by Staging & Coverage (€bn)



- Stage 2 exposures – increased €5.4bn
- Stage 3 exposures – increased €1.0bn

ECL stock movements (€bn)



- Provision coverage doubled on the total loan book to 4%
- Provision coverage increased across all stages

** Loan book at amortised cost*
*** Includes Purchased or Originated Credit Impaired Loans (POCI)*

Loan book by Staging and Coverage

Dec 2020 Gross loan exposures (€bn)	Stage 1	Stage 2	Stage 3*	Total exposure
Mortgages	26.5	2.0	2.1	30.7
Personal	2.2	0.3	0.2	2.8
Property & Construction	4.3	2.1	1.0	7.3
Corporate & SME	12.6	5.0	1.0	18.7
Total	**45.7**	**9.4**	**4.3**	**59.5**
Stage composition	**77%**	**16%**	**7.2%**	**100%**
ECL	**0.3**	**0.8**	**1.4**	**2.5**
ECL coverage	**0.6%**	**9%**	**32%**	**4%**

Dec 2019 Gross loan exposures (€bn)	Stage 1	Stage 2	Stage 3*	Total exposure
Mortgages	27.0	2.1	2.3	31.5
Personal	2.5	0.3	0.2	3.0
Property & Construction	6.5	0.4	0.4	7.3
Corporate & SME	18.7	1.1	0.4	20.3
Total	**54.7**	**4.0**	**3.3**	**62.0**
Stage composition	**88%**	**6%**	**5.4%**	**100%**
ECL	**0.1**	**0.2**	**0.9**	**1.2**
ECL coverage	**0.3%**	**5%**	**27%**	**2%**

Movements in loan exposures & ECL (€bn)	Stage 1	Stage 2	Stage 3*	Total exposure
Mortgages	(0.4)	(0.2)	(0.2)	(0.8)
Personal	(0.3)	0.1	0.0	(0.2)
Property & Construction	(2.2)	1.6	0.5	(0.1)
Corporate & SME	(6.1)	3.9	0.6	(1.6)
Total	**(9.0)**	**5.4**	**0.9**	**(2.7)**
ECL movement	**0.1**	**0.7**	**0.5**	**1.3**

** includes Purchased or Originated Credit Impaired Loans (POCI)*

Loan book by Staging – €59.4bn loan exposures

- Stage 2 loan exposures increased by €5.4bn to €9.4bn (16% of the loan book) in those sectors adversely impacted by COVID-19
  - Corp & SME Stage 2 loan exposures increased €3.9bn as sectors like Hotels, Bars, Restaurants, Retail (non-food) / Wholesale have felt the impact of the 'lockdown' in Ireland
  - Property & Construction loan exposures increased €1.6bn mainly in Commercial Real Estate
- Stage 3 loan exposures increased by €0.9bn to €4.3bn (7.2% of the loan book) as flow to default exceeded redemptions

ECL - €1.46bn charge

- Coverage has increased across all stages – total loan book coverage has doubled to 4%; Stage 1 coverage has doubled to 0.6%
- Increase in exposures in Stage 2 & Stage 3 along with increased coverage rates (9% and 32%) drives ECL increase of €0.7bn & €0.5bn

Stage 2 movements

Dec 2020 Gross loan exposures (€bn) *(excluding Mortgages & Personal)*	Stage 1	Stage 2	Stage 3*	Total exposure
Property & Construction	4.3	2.1	0.9	**7.3**
Hotels, Bars & Restaurants	0.6	1.9	0.4	**2.9**
Retail /Wholesale	1.0	0.5	0.1	**1.6**
Manufacturing	1.1	0.4	0.1	**1.6**
Energy	1.7	0.1	0.0	**1.8**
Transport	0.9	0.3	0.1	**1.3**
Financial	0.4	0.0	0.0	**0.4**
Agriculture	1.2	0.3	0.1	**1.6**
Other Services	2.9	0.8	0.2	**3.9**
Syndicated & International Finance	2.9	0.7	0.0	**3.6**
Total	**17.0**	**7.1**	**1.9**	**26.0**

Movements Gross loan exposures (€bn) *(excluding Mortgages & Personal)*	Stage 1	Stage 2	Stage 3*	Total exposure
Property & Construction	(2.2)	1.6	0.5	(0.0)
Hotels, Bars & Restaurants	(1.9)	1.6	0.3	(0.0)
Retail /Wholesale	(0.3)	0.3	0.0	(0.0)
Manufacturing	(0.5)	0.3	0.1	(0.2)
Energy	0.3	0.0	0.0	0.3
Transport	(0.3)	0.3	0.1	0.1
Financial	(0.2)	0.0	(0.0)	(0.2)
Agriculture	(0.3)	0.2	0.0	(0.0)
Other Services	(1.0)	0.5	0.1	(0.4)
Syndicated & International Finance	(1.8)	0.7	0.0	(1.1)
Total	**(8.3)**	**5.6**	**1.1**	**(1.6)**

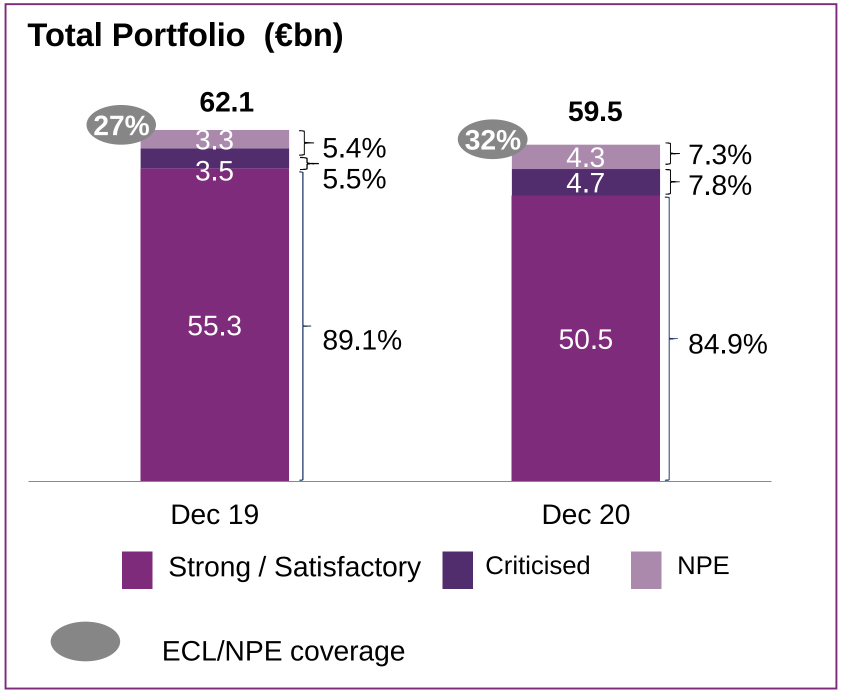
** includes Purchased or Originated Credit Impaired Loans (POCI)*

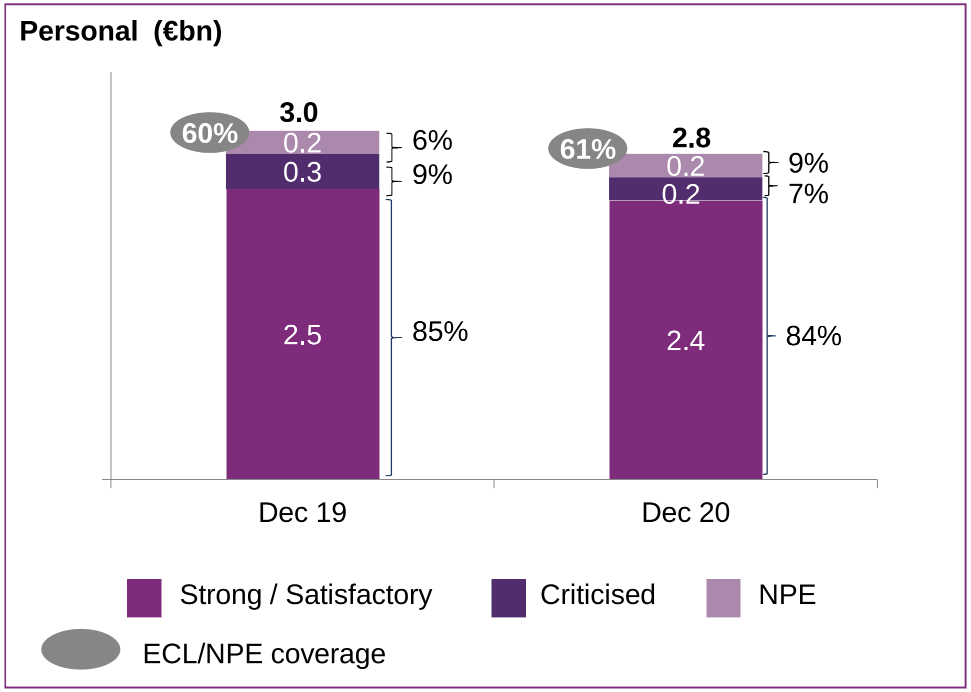
- The majority of the Stage 2 loan exposures increase (€5.6bn) is primarily due to movements in Property and Corporate & SME sectors particularly impacted by COVID-19 restrictions
  - **Property & Construction** - €1.6bn increase in Stage 2 loan exposures. Retail / Shopping Centres in particular have been adversely impacted
  - **Hotels, Bars & Restaurants** - €1.6bn increase in Stage 2 loan exposures
  - **Retail/Wholesale** - €0.3bn increase in Stage 2 loan exposures
  - **Syndicated and International Finance (SIF)** - €0.7bn increase in Stage 2 loan exposures reflecting the slowdown of the global economy. We have tightened our risk appetite for this business. Exposures in SIF are well diversified by name and sector with the top 20 names accounting for 26% of the total and 67% of the book is rated B+ or above.

Asset quality by portfolio

€bn	Mortgages	PDH	BTL	Personal	Property	Corporate & SME	Total
Dec 2020							
Customer loans	**30.6**	**28.5**	**2.1**	**2.8**	**7.4**	**18.7**	**59.5**
Total ECL cover (%)	**3%**			**8%**	**5%**	**6%**	**4%**
of which NPEs	**2.1**	**1.8**	**0.3**	**0.2**	**1.0**	**1.0**	**4.3**
ECL on NPE	**0.7**	**0.6**	**0.1**	**0.2**	**0.2**	**0.3**	**1.4**
ECL / NPE coverage %	**34%**			**61%**	**22%**	**32%**	**32%**
Dec 2019							
Customer loans	31.5	29.0	2.5	3.0	7.3	20.3	62.1
Total ECL cover (%)	2%			6%	3%	2%	2%
of which NPEs	2.3	2.0	0.3	0.2	0.4	0.4	3.3
ECL on NPE	0.5	0.5	0.1	0.1	0.1	0.2	0.9
ECL / NPE coverage %	22%	21%	22%	60%	35%	32%	27%

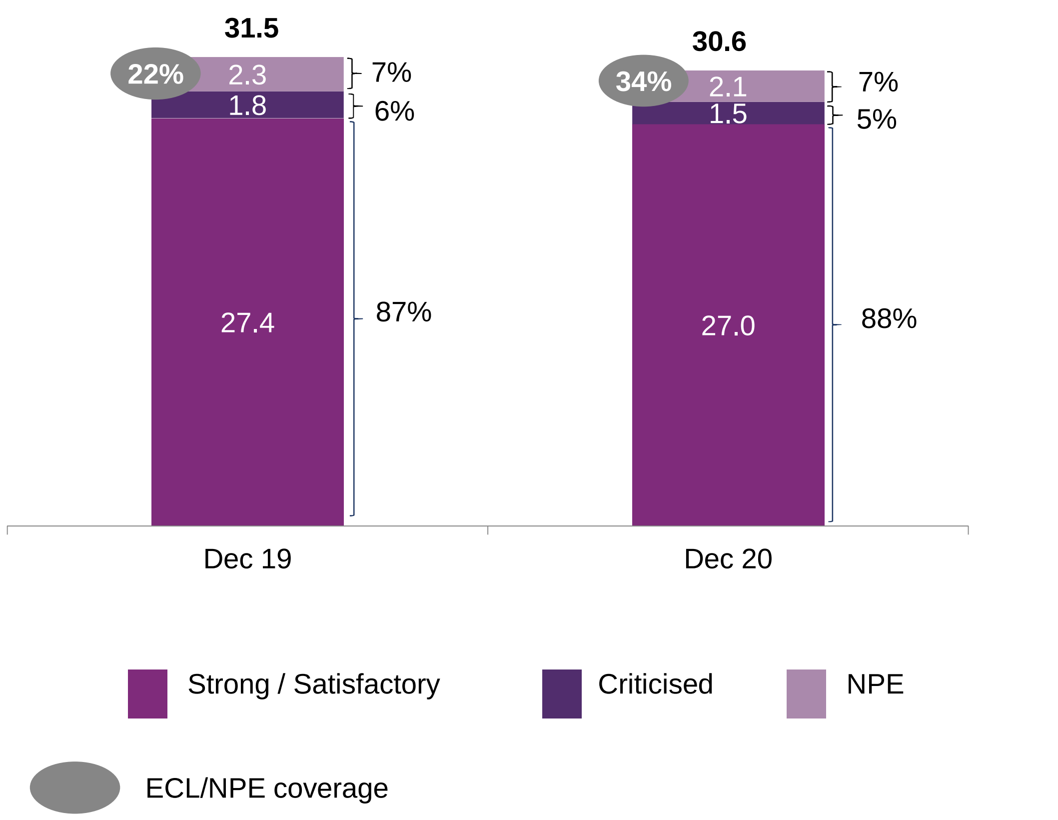
Asset quality – Total Portfolio and Personal Portfolio



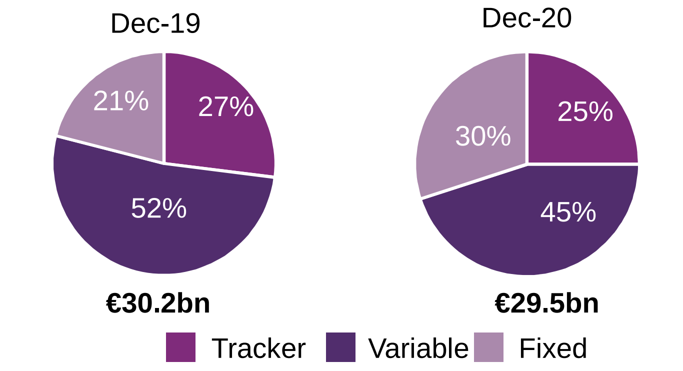


Asset quality - Mortgages

Credit quality (€bn)

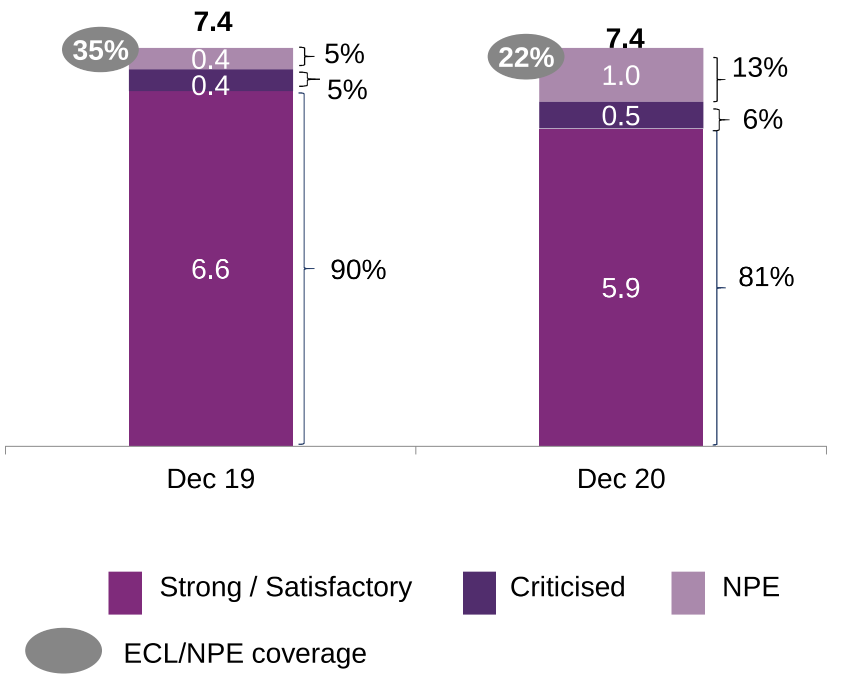


RoI mortgages

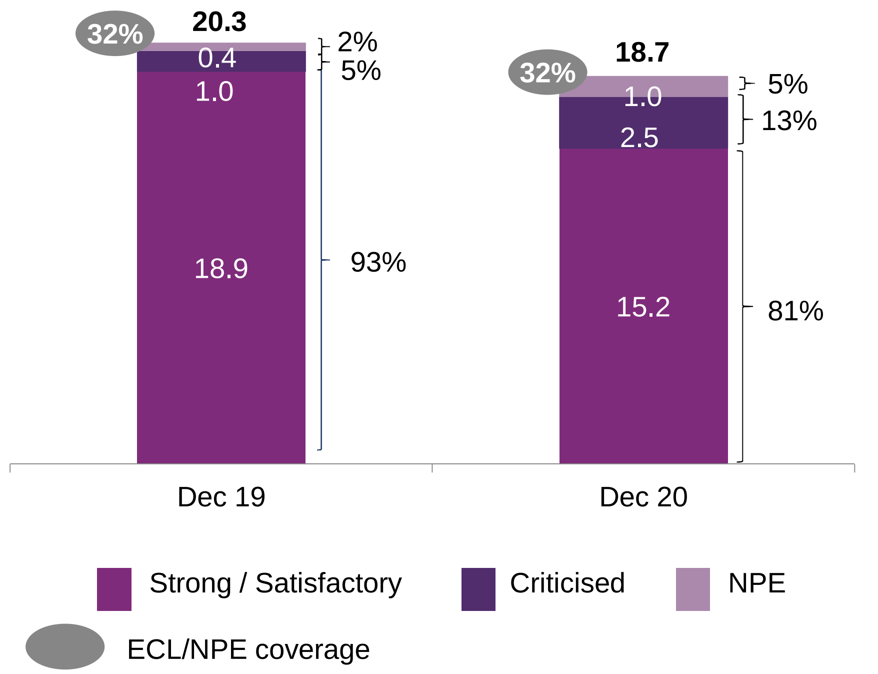


Asset quality – Property & construction and Corporate & SME

Property & construction (€bn)



Corporate & SME (€bn)



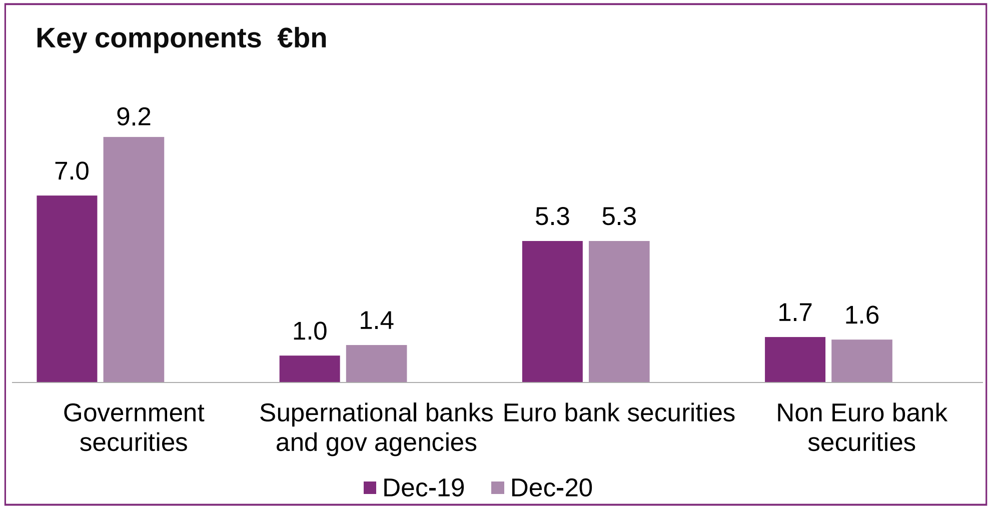
Asset quality – internal credit grade by ECL staging*

	Dec 2020					Dec 2019				
€m	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	**35,341**	**1,257**	**-**	**5**	**36,603**	42,123	329	-	2	42,454
Satisfactory	**9,411**	**4,384**	**-**	**1**	**13,796**	11,346	1,452	-	-	12,798
Total strong / satisfactory	**44,752**	**5,641**	**-**	**6**	**50,399**	53,469	1,781	-	2	55,252
Criticised watch	**834**	**2,814**	**-**	**2**	**3,650**	1,111	1,163	-	1	2,275
Criticised recovery	**27**	**953**	**-**	**2**	**982**	119	1,048	-	8	1,175
Total criticised	**861**	**3,767**	**-**	**4**	**4,632**	1,230	2,211	-	9	3,450
NPE	**100**	**-**	**4,075**	**174**	**4,349**	24	-	3,140	183	3,347
Total customer loans	**45,713**	**9,408**	**4,075**	**184**	**59,380**	54,723	3,992	3,140	194	62,049

** Excludes €76m loans FVTPL (Dec 19 €77m)*

- Stage 1 loans €45.7bn decreased €9.0bn from Dec 19, 98% are strong / satisfactory
- Stage 2 loans €9.4bn increased €5.4bn from Dec 19, 60% are strong / satisfactory
- Stage 3 loans €4.1bn increased €0.9bn as Covid-19 affected credit quality in highly impacted sectors

Investment securities – debt securities €19.3bn



- €19.3bn up from €16.5bn mainly due to €2.8bn increase in Irish Government securities
- Average yield of 0.61%, down from 1.17% from FY 2019
  - yield reducing as higher yielding assets mature

Reported capital ratios

Transitional capital ratios

	Dec 20	Dec 19
Total risk weighted assets (€m)	**53,036**	52,121
Capital (€m)		
Shareholders equity excl AT1 and dividend	**12,307**	13,023
Regulatory adjustments	**(2,260)**	(2,434)
Common equity tier 1 capital	**10,047**	10,589
Qualifying tier 1 capital	**1,115**	625
Qualifying tier 2 capital	**1,519**	926
Total capital	**12,681**	12,140
Transitional capital ratios (%)		
CET1	**18.9**	20.3
AT1	**2.1**	1.2
T2	**2.9**	1.8
Total capital	**23.9**	23.3

Fully loaded capital ratios

	Dec 20	Dec 19
Total risk weighted assets (€m)	**52,579**	51,999
Capital (€m)		
Shareholders equity excl AT1	**12,307**	13,023
Regulatory adjustments	**(4,123)**	(4,018)
Common equity tier 1 capital	**8,184**	9,005
Qualifying tier 1 capital	**1,115**	655
Qualifying tier 2 capital	**1,655**	1,007
Total capital	**10,954**	10,667
Fully loaded capital ratios (%)		
CET1	**15.6**	17.3
AT1	**2.1**	1.3
T2	**3.1**	1.9
Total capital	**20.8**	20.5

RWA (Transitional)

Risk weighted assets (€m)	Dec 20	Dec 19	Mvmt
Credit risk	**47,807**	46,811	996
Market risk	**429**	473	(44)
Operational risk	**4,686**	4,700	(14)
CVA	**114**	137	(23)
Total risk weighted assets	**53,036**	52,121	915

Shareholders' Equity (€m)

Equity – Dec 2019	**14,230**
Loss FY 2020	(741)
Investment securities & cash flow hedging reserves	(2)
AT1 (HoldCo)	619
Redemption AT1 (OpCo)	(503)
Other	(181)
Equity – Dec 2020	**13,422**
less: AT1	**(1,115)**
Shareholders' equity excl AT1	**12,307**

Loan book analysis, interest rate sensitivity and ECL sensitivities

Concentration by sector (%)	FY 2020
Agriculture	**3**
Energy	**3**
Manufacturing	**4**
Property & construction	**12**
Distribution	**8**
Transport	**3**
Financial	**1**
Other services	**9**
Resi mortgages	**52**
Personal	**5**
Total	**100**

Concentration by location (%)	FY 2020
Republic of Ireland	**77**
United Kingdom	**15**
North America	**4**
Rest of World	**4**
Total	**100**

ECL sensitivities*
Customer loans

€m	Reported	Base 100%	Downside scenario 1 100%	Downside scenario 2 100%	Upside scenario 100%
ECL allowance	**2,510**	**2,455**	**2,671**	**3,047**	**2,314**
Delta to reported		**(55)**	**161**	**537**	**(196)**
Delta to base			**216**	**592**	**(141)**

Sensitivity of projected net interest income to interest rate movements	FY 2020 €m	FY 2019 €m
+100 basis point parallel move in all interest rates	219	234
-100 basis point parallel move in all interest rates	(202)	(274)

**FY 2020 macroeconomic scenarios and weightings:* *Base scenario (50%); Downside scenario 1 'Lower growth in 2021' (25%); Downside scenario 2 'Extended high unemployment' (5%); Upside scenario 'Quick economic recovery' (20%)*

Credit ratings

	Moody's	Fitch Ratings	Standard & Poor's
AIB Group plc (HoldCo) Long term issuer rating	**Baa2**	**BBB**	**BBB-**
Outlook	Stable	Negative	Negative
Investment grade	✓	✓	✓
AIB p.l.c. (OpCo) Long term issuer rating	**A2**	**BBB+**	**BBB+**
Outlook	Stable	Negative	Negative
Investment grade	✓	✓	✓

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