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AIB GROUP PLC – SALE OF NON PERFORMING LOAN PORTFOLIO

AIB Group plc ("AIB") has agreed to sell a non performing loan portfolio to Everyday Finance DAC ("Everyday") as part of a consortium arrangement with Everyday and affiliates of Cerberus Capital Management. This is another important step in our non performing exposure (NPE) deleveraging strategy and we remain on track to reach c. 5% by end 2019.

The loan portfolio has a gross NPE value of €1 billion and a fully loaded risk weighted assets position of €0.75 billion. In the year to December 2018, the loan portfolio incurred a loss of €11m.

At completion, AIB will receive cash consideration of approximately €0.8 billion. The proceeds will be used for general corporate purposes including the continuation of support for customer restructuring. The conclusion of the transaction will be capital accretive.

Further Information:

- The portfolio consists of c. 2,200 non performing customer connections, with around 95% of connections over 2 years non performing and 80% of connections over 5 years non performing.
- The portfolio is predominantly underpinned by investment asset properties. It also includes limited agriculture exposure. The average balance per customer connection is €0.5 million and the portfolio extends across c. 5,000 assets.
- While not categorised as a principal dwelling home (PDH) portfolio sale, for c. 10% of customer connections, the PDH property has been included as it is cross-secured to wider commercial connected debt. In all of these cases, extensive and renewed efforts were made by AIB to engage with the customers, resulting in some customers being excluded where they availed of the opportunity to be restructured.
- The portfolio excludes performing restructured customer connections. This acknowledges the significant progress made with customers to date. We continue to encourage customers in arrears to engage with AIB to reach solutions which now includes an Enhanced Mortgage to Rent option.
- AIB continued to restructure connections during the sales process. This, along with significant engagement and business as usual activity, led to a c. €0.5 billion reduction of potentially in-scope customer connections.
- The buyer Everyday is a regulated entity and will be responsible for all regulated activities in relation to the portfolio. Link ASI Limited will service the portfolio on behalf of Everyday under an outsourcing arrangement between the two parties.
- AIB will now contact impacted borrowers to inform them that their loans are being transferred, and to confirm existing legal and regulatory protections remain in place.

AIB has reduced NPEs from €31 billion in 2013 to €6.1 billion at 31 December 2018. Over 90% of this progress was achieved through case by case restructuring and working with customers to rightsize sustainable debt based on customer affordability.

AIB is committed to reducing NPEs to a more normalised level and is on track to reach c. 5% by end 2019. We continue to have c. 1,500 people working with customers who are in difficulty across the country and our preference remains to provide solutions through customer engagement on a case by case basis.

-ENDS-

This announcement contains inside information.

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Forward Looking Statements

This announcement 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 and uncertainties' on pages 62 to 68 of the Annual Financial Report 2018. In addition to matters relating to the Group's business, future performance will be impacted 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 62 to 68 of the Annual Financial Report 2018 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.