



23 November 2021

AIB Group plc announces sale of SME portfolio in Great Britain

As previously announced as part of its Strategic Transformation Programme, AIB Group plc confirms that its subsidiary AIB Group (UK) p.l.c. (“AIB UK”) has reached an agreement to sell c. £0.6bn of performing small and medium enterprise (SME) loans in Great Britain (GB) to Allica Bank Limited following a competitive sales process.

AIB UK will receive cash consideration of approximately £0.6bn⁽¹⁾. The proceeds will be used for general corporate purposes. As at June 2021, the loan portfolio had a gross carrying value of c. £0.6bn and risk-weighted assets (RWA) of c. £0.4bn. The sale is expected to be marginally accretive to capital. In the year ended 31 December 2020, the loan portfolio incurred a loss before tax of c. £9m.

Subject to approvals, migration will be on a phased basis with the process expected to commence in 2021 and complete over 2022.

This transaction enables AIB UK to reduce both its staff numbers and property footprint and assists in the achievement of c. €35m cost savings, thereby marking another significant step in the implementation of AIB Group strategy and the commitment to reduce costs by €230m by 2023.

Following the exit from the GB SME sector, AIB UK will focus on growing its Corporate Banking business to companies in its chosen segments, including renewables, infrastructure, real estate, healthcare and manufacturing sectors.

AIB UK will now contact impacted customers to inform them that their loans are being transferred.

Further information:

- This transaction relates to GB-based SME customers only. The asset finance, invoice discounting and merchant services businesses in Great Britain will continue to operate as previously. Customers in Northern Ireland are not impacted by this transaction.
- Allica Bank is a UK authorised bank supporting SMEs.

(1) *The exact size of the portfolio and consideration payable, including a small element of deferred consideration, will depend on movements in the portfolio up to completion as well as the receipt of required approvals and the transfer of some liabilities.*

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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, 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 Annual Financial Report 2020 and updated on page 36 of the Half-Yearly Financial Report 2021. 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 Annual Financial Report 2020 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 may be subject to rounding.