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## Allied Irish Banks, p.l.c. (“AIB”) announces pre-tax profits of €1.9bn for 2015

### CEO COMMENT

Commenting on the results Bernard Byrne, CEO said:

*“There can be no doubt that the Group’s financial performance has confirmed our transition from a work-in-progress to a fully-functioning sustainable well-capitalised bank. This bank is now well-positioned to enable the State to recover its full investment of €20.8bn.*

*Our strong profitability, significant increased lending, material reductions in impaired loans, normalised capital structure and significant payments to the State made 2015 a milestone year for AIB.”*

### 2015 HIGHLIGHTS

- €1.9bn profit before tax, €0.8bn (+72%) increase on 2014 driven by high quality new lending, continued progress on operating expenses and net credit provision write-backs of €925m
- Operating expenses\*\* decrease of 8% on 2014 reducing costs by €450m or 26% from 2012
- €14.4bn in new lending approvals to customers; €8.7bn of drawdowns, up 49% on 2014
- Substantial reduction in impaired loans to €13.1bn, down €9.1bn since December 2014 and €15.8bn since December 2013
- Robust capital base with transitional common equity tier 1 (CET 1) ratio of 15.9% and fully loaded CET1 ratio of 13.0%; comfortably above minimum regulatory requirements
- Completed capital reorganisation in December 2015 and repaid €1.7bn in capital to the State, a further €1.8bn will be paid in July 2016 bringing total payments of c. €6.5bn to the State

### POSITIVE OPERATING PERFORMANCE CONTINUES IN 2015

- Total operating income up 4% to €2.6bn
- Net interest margin (NIM)\* of 1.97%, up from 1.69% in 2014 due to lower funding costs and stable assets yields; Q4 2015 exit NIM of 2.02%
- Fees and commissions higher by 4% due to increased levels of customer activity and transactions
- Total other income includes a 31% increase in business income mainly due to net trading income offset by lower income as a result of AFS disposals, settlements and re-estimation of cashflows on NAMA senior bonds
- Cost income ratio of 49% as operating expenses decline 8%\*\* or €107m while strategic investment continues
- Pre-provision operating profit\*\* of €1.3bn, 18% higher than 2014
- Credit provision write-backs in 2015 of €925m (FY 2014: €185m) reflecting progress in case-by-case restructuring of impaired loans and the improved economic environment.
- Profit before tax of €1.9bn is arrived at after allowing for exceptional items of €296m (FY 2014: €173m) which principally includes restitution, restructuring and voluntary severance.

\*excluding Eligible Liabilities Guarantee (ELG)

\*\* excluding exceptional items and bank levies

### **BALANCE SHEET AND FUNDING POSITION IMPROVING**

- Net loans broadly in line with December 2014 at €63bn matched by stable customer accounts, resulting in 100% loan to deposit ratio
- Strong funding profile, €3.25bn in market funding issuances in 2015 including €500m Additional Tier 1 capital and €750m of Tier 2 capital
- NAMA senior bonds at €5.6bn, a reduction of €3.8bn or 40% from end 2014, Net stable funding ratio of 111%
- Liquidity coverage ratio of 113%
- Robust capital ratios - total transitional capital of 18.9%; CET 1 transitional capital ratio of 15.9% and a fully loaded CET 1 ratio of 13.0% at 31 December 2015 reflecting profit generation and capital reorganisation

### **CONTINUING TO DELIVER VALUE TO CUSTOMERS AND SUPPORTING ECONOMIC GROWTH**

- Customer-led strategy evidenced by two rate reductions in standard variable rate and LTV mortgages for both new and existing customers across AIB, EBS and Haven in 2015
- Maintaining no. 1 market positions across personal products and key business lines
- Market leading position in mortgages with 34% share of new lending drawdowns in 2015
- Lending drawdowns of €8.7bn, an increase of 49% compared to 2014
- Lending drawdowns 41% higher in Ireland, 60% higher in the UK and 59% higher in Group & International year on year
- Business lending accounted for 55% of new lending with demand across a broad range of sectors
- 37,300 forbearance solutions provided to mortgage customers.
- c. 90% of business customers in financial difficulty have a solution agreed
- Ongoing strategic investment in customer proposition and market-leading digital distribution
- Three year €870m investment programme to deliver IT resilience, agility and a simple and efficient operating model focused on improving customer experience
- 60% of personal loans applications now through online channels
- Over 1 million active online users, 530,000 mobile users and the average monthly login frequency has more than doubled in 2015

### **CHAIRMAN'S COMMENT**

Commenting on the results Richard Pym, Chairman said:

*"These very solid results reflect the scale of AIB's financial transformation to sustainable profitability over the past number of years. Our strengthened capital position and ongoing improving risk profile reinforces our progress and paves the way for the State to potentially sell part of its shareholding in AIB. The bank is working very hard to demonstrate to our personal and business customers that they can rely on us to operate to the highest level of professionalism, integrity and service. We remain focused on supporting them and Ireland's economy."*

Details of AIB's 2015 full year financial performance, including all relevant disclosures and notes to financial statements, can be found on AIB's website [investorrelations.aib.ie](http://investorrelations.aib.ie)

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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 Risk and Uncertainties on pages 50 to 59 in the AIB Annual Financial Report 2015. 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 50 to 59 of the AIB Annual Financial Report 2015 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.