



23 June 2021

AIB forms JV with Great-West Lifeco to provide life, pension and investment solutions

Allied Irish Banks, p.l.c. (“**AIB**”)¹ today announces that it has reached an agreement to form a joint venture with Canada Life Irish Holding Company Limited (“**Canada Life**”), a subsidiary of Great-West Lifeco Inc. It is intended that the business’ operations will be conducted through a joint venture vehicle owned 50% by AIB and 50% by Canada Life.

The move to create this joint venture is aligned with AIB’s stated ambition to complete its customer product suite and diversify income. Through this strategic initiative AIB intends to offer customers a range of life protection, pensions, savings and investment options enhanced by integrated digital solutions with continued access to our qualified financial advisors.

Following a competitive and comprehensive selection process, AIB chose Canada Life given its broad expertise which will be key to the long-term success of the newly formed joint venture business. Canada Life has deep experience in the Irish bancassurance market through Irish Life Assurance plc (“Irish Life”), a subsidiary of Great-West Lifeco.

Colin Hunt, Chief Executive Officer of AIB, said:

“Today’s announcement marks another key milestone in the delivery of AIB’s strategy to enhance and diversify our revenue, to become a full provider of financial services for our customers and to build long-term, sustainable profits for our shareholders. This deal moves AIB beyond a distributor model to create a strong strategic alliance that marries the product and services expertise of Great-West Lifeco with AIB’s market-leading customer franchise, technology and distribution. It will allow our customers to plan their finances and investments and puts us at the heart of our customers’ financial lives.”

AIB currently operates under a tied agency distribution agreement with Irish Life. AIB will enter into a new distribution agreement with the new joint venture company. Through enhanced customer engagement and increased product sales, AIB expects the new joint venture to further improve non-interest income from distribution commission. The existing agreement is to remain in place until the launch of the joint venture.

Due to the “green field” nature of the initiative, associated set-up costs and the long-term nature of the products, AIB expects the joint venture to deliver a meaningful financial contribution in the medium to long term. AIB anticipates its equity investment will be c. €90 million, equating to c. 10bps CET1. This investment will cover AIB’s share of the set-up costs and regulatory capital required for the joint venture.

¹ Subsidiary of AIB Group plc

Declan Bolger, Head of Great-West Lifeco's operations in Ireland, said:

"We are delighted to be deepening our strategic partnership with AIB through the establishment of this new joint venture company. It is an excellent strategic fit for Great-West Lifeco and aligns with our long-term plans for diversified growth in the Irish market. We are excited by the opportunity to create a new venture serving the needs of AIB's customers and leveraging the strengths of our group to provide innovative life, pension and investment solutions."

The joint venture will be incorporated under Irish law and seek to become a life insurance undertaking regulated by the Central Bank of Ireland, ("CBI") and will be required to satisfy certain conditions prior to approval. Competition clearance will also be sought from The Competition and Consumer Protection Commission ("CCPC"). Regulatory submissions are expected to be filed in H2 2021 and subject to approval from the regulatory bodies, it is anticipated the joint venture could be launched in H2 2022.

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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 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.