








## OUR STRATEGIC PROGRESS

# GROWTH & TRANSFORMATION

In 2022, AIB made significant progress towards completion of a multi-year strategic transformation programme, enabling the Group to deliver on our growth agenda.

	2022 focus	Update
<b>1</b> CUSTOMER FIRST	DELIVERING FOR CUSTOMER NEEDS ACROSS THE GROUP 	<ul style="list-style-type: none"> <li>c.450,000 new accounts opened in 2022, a 76% increase on 2021</li> <li>€2.1bn of Ulster Bank corporate and commercial loans migrated to AIB; full loan book transfer expected H1 2023</li> <li>Agreed acquisition of c. €5.7bn Ulster Bank performing mortgage portfolio with c. 47,000 customers; CCPC clearance received in early January 2023</li> <li>Enhanced wealth management proposition: Goodbody integrated; regulatory approval for joint venture with Great-West Lifeco received – available to AIB customer base later this year</li> </ul>
<b>2</b> SIMPLE & EFFICIENT	CUSTOMER & CHANGE DELIVERY, RESILIENCE FOCUS 	<ul style="list-style-type: none"> <li>Delivered enhanced digital services for customers, including new digital account opening solutions; c. 70% of eligible customers chose to open their new account with AIB digitally</li> <li>Strategically investing in building our future workforce, including recruitment of over 300 digital, data and change roles, strengthening in-house core capabilities and supporting the delivery of our transformation agenda</li> <li>Ongoing progress on cyber enhancements and operational capabilities, ensuring our digital services are secure for our customers</li> </ul>
<b>3</b> RISK & CAPITAL	CAPITAL, CREDIT AND LEGACY ITEMS 	<ul style="list-style-type: none"> <li>Revised medium-term RoTE and absolute cost targets with continued focus on enhancing shareholder value and delivering sustainable returns</li> <li>Completed a Share Buyback Programme, repurchasing 40.9m ordinary shares for an aggregate of €91m; resumption of capital distribution including payment of ordinary dividend of €122m (4.5c/share)</li> <li>State shareholding reduced from 71.12% to 56.89% in 2022, as a result of disposals as part of a pre-arranged trading and two share placings in an accelerated book building process to institutional investors</li> <li>Progress made on legacy items; further reduction of NPEs; conclusion of Tracker Mortgage Enforcement programme; review of Belfry investment funds</li> </ul>
<b>4</b> TALENT & CULTURE	FACILITATING FUTURE OF WORK MODEL; INCLUSION & DIVERSITY 	<ul style="list-style-type: none"> <li>Flexible hybrid working model implemented, enabled by clear principles, best-in-class technologies, national property footprint and people policies</li> <li>I&amp;D strategy embedded; 'Investors in Diversity' Gold accreditation</li> <li>Agreement with Financial Services Union on three-year pay deal and increase in minimum entry salary, providing certainty on pay to March 2025</li> </ul>
<b>5</b> SUSTAINABLE COMMUNITIES	ENVIRONMENT 	<ul style="list-style-type: none"> <li>Raised €1.5bn in two green bond issuances</li> <li>26% of new lending in 2022 was green and transition</li> <li>Completed emissions reduction target-setting for Corporate loan portfolio; set Financed Emissions Targets for 75% of our loan book</li> <li>Signed Corporate Power Purchase Agreement (CPPA) with NTR plc to provide 80% of AIB's energy requirements from solar farms</li> </ul>
	SOCIAL 	<ul style="list-style-type: none"> <li>Raised €1bn in the first social bond issuance by an Irish bank</li> <li>Supported social housing by providing funding of €91m in 2022, representing c. 570 homes</li> <li>Broadened our human rights due diligence across Corporate and Retail Banking, HR, Risk and Procurement to identify potential 'salient' human rights impacts relevant to the Group for action</li> <li>Supported 70 local charities in Ireland and the UK through the AIB Community €1 Million Fund</li> <li>Contributed €500k to the Ukraine Emergency Appeal</li> <li>Three-year partnership with AsIAm, Ireland's national autism charity</li> </ul>
	GOVERNANCE 	<ul style="list-style-type: none"> <li>AIB ranked in the top 5% of banks globally by Sustainalytics</li> <li>Maintained Low ESG Risk rating from Sustainalytics (and achieved their 2023 Industry and Region Top Rated badges), AA Leader rating from MSCI and membership of the S&amp;P Global Sustainability Yearbook with a score of 69/100 in their 2022 Corporate Sustainability Assessment</li> <li>Goodbody now a member of Sustainable Trading, an ESG benchmark in financial markets trading</li> <li>New ESG Framework to integrate ESG into existing Committees</li> <li>Experienced and gender balanced Board with appropriate combination of independent skills</li> </ul>

Key:



Digitalisation



Ways of working



Sustainability



Business model

## OUR STRATEGY IN ACTION

# CUSTOMER FIRST



### Market-leading Mortgages

New mortgage lending across AIB, EBS and Haven totalled €4.6bn in 2022, which was 48% higher than 2021 and driven by strong mortgage lending in Ireland of €4.5bn, up 53% and representing a market share of 32%.

### Supporting the Tourism Industry

AIB was the proud sponsor of the Irish Tourism Industry Confederation's (ITIC) conference in April. This was the first major tourism in-person event to take place after Covid-19 and it was attended by leading tourism interests and businesses in Ireland. The theme of the conference was 'A Sustainable Recovery in a Competitive World'.

## 76%

INCREASE IN NEW ACCOUNTS Vs 2021

### Support for Domestic Abuse Survivors

AIB UK is the first UK bank to provide support to existing customers who are domestic abuse victims-survivors disadvantaged due to a poor credit rating. This initiative will help them to obtain lending to start rebuilding their lives.

### Record New Accounts

In 2022, we opened a record c. 450,000 new accounts, 76% more than 2021, due to developments in the Irish banking landscape. To meet this challenge, we increased our branch resources and our enhanced digital account opening capacity so that c. 70% of personal customers had the option of opening their account digitally. At the end of 2022, AIB had 3.2 million customers.

### Welcoming Ukrainian Customers

We supported the banking needs of people arriving from Ukraine into Ireland by mobilising a task force to anticipate their needs. This resulted in the provision of an account opening guide in Ukrainian and Russian, making remote account opening

### MEASURE

## CUSTOMER SATISFACTION Transactional Net Promoter Score (NPS)<sup>1</sup>

Measured after customer transactions for key touch points

### OUTCOME IN 2022

## +39

Customer First is a core pillar of AIB's strategy and we know that we have more to do. We have taken on board our customers' feedback and are committed to enhancing their experience in 2023 and beyond.

### TARGET

## +53

End 2023

available to Ukrainian passport holders and enhancing our Direct Helpline to include language support. Over 12,000 accounts for Ukrainian refugees have been opened with AIB.

### Backing Green Job Creation

In July, we provided a cornerstone investment of €30m to a new SME fund to back businesses accelerating Ireland's transition towards a low-carbon economy. We appointed Foresight Group to manage the fund, which aims to raise €75m to stimulate job creation and ensure a greener future across the island of Ireland.

1. Transactional Net Promoter Score (NPS) is an aggregation of 20 customer journeys across Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking.

# SIMPLE & EFFICIENT



### Streamlined Credit Decisions

Since the end of March, a streamlined process has been delivering instantaneous credit decisions for c. 50% of SME Credit Card customers, with more than 80% of those customers being auto-approved for their credit card.

**INSTANTANEOUS CREDIT DECISIONS ON c. 50% OF SME CREDIT CARDS**

### Valuations, the Simple Way

In June, we launched a new customised technology platform for residential valuations. The solution utilises DocuSign for digital signing of valuation reports, removing paper-based documentation and improving turnaround times.

### In-App Charitable Donations

In response to the humanitarian crisis in Ukraine, we launched capability in our Mobile App enabling customers to directly donate €150k to GOAL's Ukraine Emergency Appeal.

### Pay a Contact

In February, we launched 'Pay a Contact', which allows customers to instantly transfer money to any other AIB customer using just their mobile number, removing the need for sharing account details such as IBAN for payments. The feature was rolled out to all AIB Mobile App customers, which totalled nearly 1.8m at end-2022.

### AIBMS in Croke Park

AIB Merchant Services has installed more than 400 Clover payment devices in Croke Park stadium resulting in faster transactions and shorter queues. Each transaction was upwards of 5 seconds faster at the 2022 All Ireland Football final, leading to a cumulative time saving of 67 hours for fans.

#### MEASURE

## DIGITALLY ACTIVE CUSTOMERS

Number of active customers on digital channels

#### OUTCOME IN 2022

**2.10m**

#### TARGET

**>2.25m**

End 2023

#### MEASURE

## ABSOLUTE COST BASE<sup>1</sup>

Cost of running the business, excluding exceptional costs

#### OUTCOME IN 2022

**€1.66bn**

#### TARGET

**<€1.75bn**

In 2024

1. Before bank levies, regulatory fees and exceptional items. For exceptional items see pages 60 and 69.

# RISK & CAPITAL



## €4.25bn in Green & Social Bonds

We completed two Green Bond issuances in June and November, each raising €750m, along with a €1bn Social Bond in March. At 31 December 2022, AIB has raised a total of €4.25bn from issuing green and social bonds.

## Global Industry Recognition

AIB was included in S&P's Global Sustainability Yearbook 2022, following the Corporate Sustainability Assessment (CSA) of the bank's sustainability performance. Companies in the yearbook must be within the top 15% of their industry and must achieve a score within 30% of their industry's top performing company.

## Risk in Conversation

In November, we held our third Risk Awareness Week, inviting employees to take part in events, training sessions and panel discussions all around the theme of risk management. With an extensive and dynamic choice of activities, it was a lively and informative five days.

## Returning State's Investment

The State's shareholding in AIB reduced from 71% to just under 57% at 31 December 2022 through a variety of means. This is an important development in the process of returning the State's investment in the Group and a normalisation of the share register.

## €1bn

### SOCIAL BOND – THE FIRST BY AN IRISH BANK

## Quality Loan Book

As at 31 December 2022, 90% of AIB's loan book is of strong or satisfactory quality (up from 87% at 2021 year end). Maintaining the quality of new lending is critical, with >98% of our new lending being of strong or satisfactory credit quality in 2022.

## MEASURE

# RETURN ON TANGIBLE EQUITY

A measure of how well capital is deployed to generate earnings growth

## OUTCOME IN 2022

# 9.6%

## TARGET

# >13%

In 2024

## MEASURE

# CET1 RATIO (FULLY LOADED)<sup>1</sup>

A measure of our ability to withstand financial stress and remain solvent

## OUTCOME IN 2022

# 16.3%

## TARGET

# >13.5%

End 2024

1. Excludes the impact of the proposed buyback of €215m, CET1 impact -0.4%.

# TALENT & CULTURE



## MEASURE

# INCLUSION & DIVERSITY

Women as a % of management

## OUTCOME IN 2022

# GENDER BALANCED<sup>1</sup>

## TARGET

# GENDER BALANCED

Ongoing

### Backing our People

In 2022, we supported our employees with the cost of living challenges with a once-off award of up to €1,000 through our internal recognition programme, Appreciate. We were recognised by LinkedIn in 2022 as one of the top 25 workplaces to grow your career in Ireland. And 77% of colleagues were satisfied with AIB as a place to work, in our most recent engagement survey.

### Supporting Family Life

In October, AIB extended our Parents Leave, offering a total of seven weeks' fully paid leave for both parents during the first two years of a child's life. In addition to this market-leading approach, we also formally introduced Fertility Leave, Compassionate Leave for pregnancy loss and Surrogate Leave.

# 1,000

## MENTAL HEALTH ADVOCATES TRAINED

### Increasing our Early Talent Pipeline

At the 2022 gradireland Graduate Recruitment Awards, AIB was voted the Most Popular Graduate Recruiter in Banking, Investment and Financial Services, for the third year in a row. In September, we established the AIB Apprenticeship Programme, welcoming 25 apprentices across Ireland and the UK.

### A Safe and Supportive Working Environment

AIB has an always-on commitment to promoting good mental health through our programmes such as Time to Talk and Time to Text. In September, we marked a milestone of 1,000 Mental Health Advocates who have completed accredited mental health training in order to provide support to their colleagues. Modules on mental health are also included in our Leadership Development programmes. We also enhanced our existing supports for employees experiencing domestic violence, including additional paid leave and access to counselling services.

### Inclusion and Diversity (I&D)

We continued our commitment to Inclusion and Diversity with the launch of our new I&D strategy in Q1 2022. This included enterprise-wide universal inclusion campaigns, partnerships with external organisations, progressive policies, diversification of our recruitment practices and mandatory I&D training for all employees. During the year, AIB was an early signatory of Ireland's first Women in Finance Charter.

# 77%

## OF COLLEAGUES SATISFIED WITH AIB AS A PLACE TO WORK

### Trinity Centre for People with Intellectual Disabilities (TCPID)

AIB signed a new three-year partnership with the Trinity Centre for People with Intellectual Disabilities and commenced the first ever placement from the programme in 2022 with AIB.

1. The Equileap annual Gender Equality Global Report & Ranking equates 'gender balanced' with between 40% and 60% women

# SUSTAINABLE COMMUNITIES



## Backed by Renewable Power

In October, we appointed NTR plc for the development of a Corporate Power Purchase Agreement (CPPA) to source energy generated from two dedicated solar farms to be constructed in Co. Wexford. We aim to source 100% of our power requirements from certified renewable energy sources by 2030.

## €1 Million for 70 Causes

In May, we launched our first AIB Community €1 Million Fund, supporting 70 charities in Ireland and the UK. We asked our customers, the public and our employees to nominate charities that matter most to them in their communities. You can see the full list of charities supported by the Fund at [aib.ie/community](http://aib.ie/community)

## 145 GOAL Miles

Communities across Ireland came together to raise €420k as part of the 2022 GOAL Mile, proudly supported by AIB. Over 145 GOAL Miles took place across Ireland with 25,000 participants in total, resulting in the highest number of GOAL Miles in Ireland to date.

## Energy Efficiency for SMEs

In September, we launched an Energy Efficiency Loan scheme, making €70m available to help eligible SMEs and farmers cut their energy bills and reduce their carbon emissions by investing in energy-saving measures.

## Responding to Crisis

AIB Group committed €500k for the Ukraine Emergency Appeal; €250k to GOAL for urgent, on-the-ground humanitarian aid and €250k to the Irish Refugee Council. In February, AIB employees donated over €91k through our Payzone platform which was doubled through AIB Matched Funding.

## Inclusive Working

In partnership with Cork City Council and the Open Doors Initiative, AIB supported the opening of Ireland's first Inclusive Working Hub in Cork called the The Impact Hub@Crann. The Hub will enable people with disabilities to better participate in employment and create business and job opportunities.

## MEASURE

### REDUCTION IN OPERATIONAL EMISSIONS

% reduction in Scope 1 & 2 emissions year-on-year

## OUTCOME IN 2022

# 10%

## TARGET

# NET ZERO BY 2030 (OWN OPERATIONS)

## MEASURE

### GREEN FINANCE

Amount of new lending per year for climate action

## OUTCOME IN 2022

# €3.3bn

## TARGET

# €2bn per year