



19 April 2018

AIB GROUP PLC STATEMENT ON REVIEW OF REMUNERATION POLICY

During the IPO the Board highlighted the elevated risk associated with the current remuneration structure. AIB is one of only three Irish institutions in the banking and, indeed, commercial sector that are subject to pay caps, prohibitions on variable pay and on share-based or other retention mechanisms.

As such the introduction of a fit-for-purpose remuneration policy, in line with best practice already set out in the European Banking Authority's Guidelines on Sound Remuneration Policies*, is an objective of the Board. A resolution to this issue will apply a level playing field across all institutions, taking into account the nature, scale and complexity of the activities of each.

To begin to address this issue, a proposed approach was outlined in the 2017 Annual Financial Report which included a deferred share incentive plan based on delivery of the Group's strategic objectives, including returning the State's investment.

At next week's AGM, all shareholders will have the opportunity to have their say on the Group's Remuneration Policy which outlines our approach in further detail.

We welcome the Minister's announcement today of his intention to establish a review on banking remuneration practices, which is consistent with our objectives, and note the decision regarding his voting intentions at the upcoming AGM.

Institutional shareholders and proxy advisers have also recognised the need for a fit-for-purpose remuneration policy in the interests of all those invested in AIB.

Our ability to retain and attract the skills necessary to maximise the value of the bank for all shareholders, including the taxpayer, is in part dependent on our ability to compete with the remuneration practices of other employers. Accordingly, we look forward to the swift conclusion of the review.

-ENDS-

**The European Banking Authority's Guidelines on Sound Remuneration Policies came into effect on 1 January 2017. The key objectives of the Guidelines are to ensure that remuneration policies promote sound and effective risk management, do not provide incentives for excessive risk taking and are aligned with the long-term interests of the Group.*

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