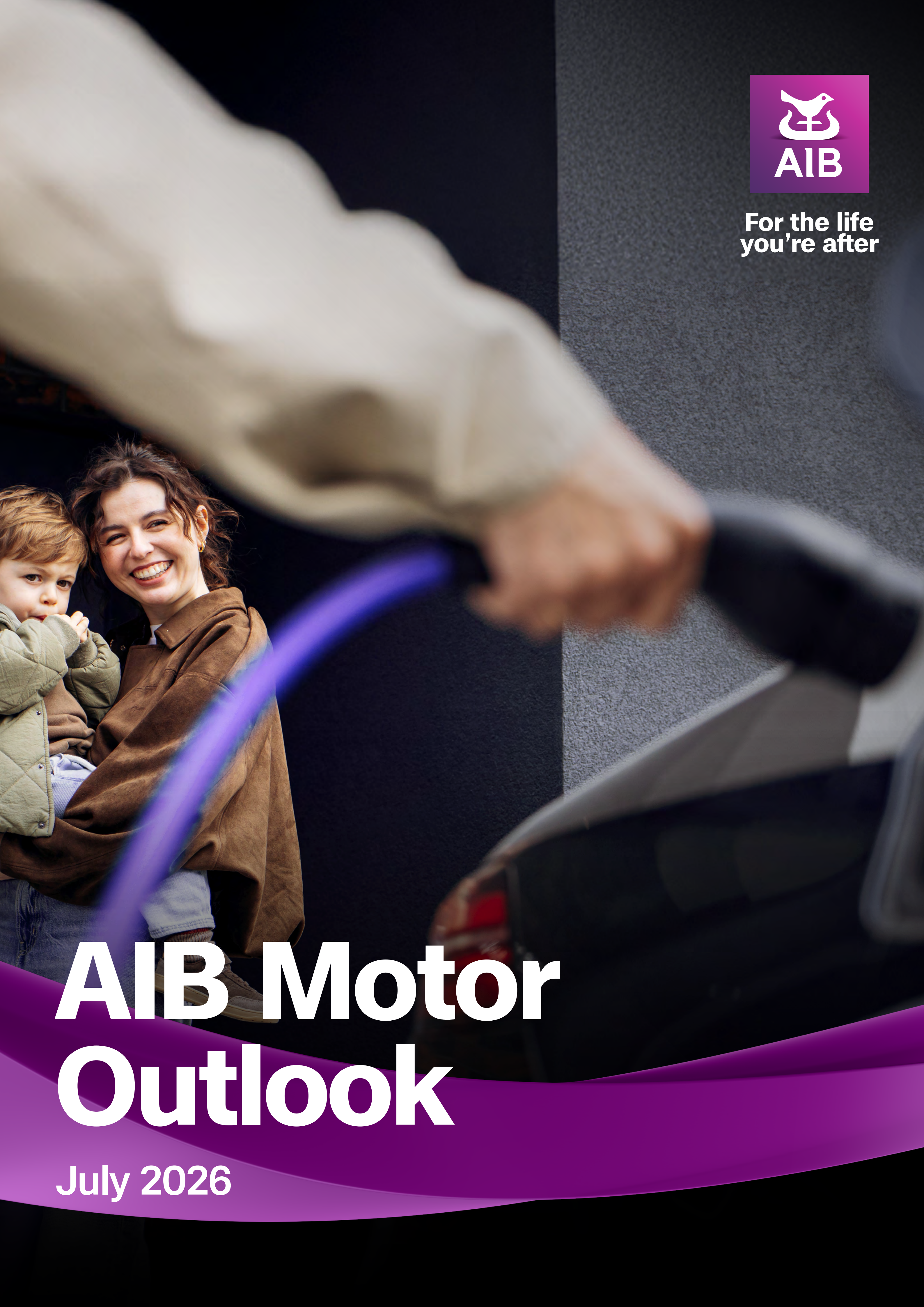


AIB

For the life you're after

AIB Motor Outlook

July 2026

Driving the transition

Ireland's shift to Electric Vehicles (EVs) is gathering pace. The financing structures supporting that change are evolving just as quickly.

The transition to EVs is not just a change in consumer preference, it's a structural shift across business, infrastructure, and industry. Battery electric vehicles have surged to become the second largest segment in the new car market, surpassing petrol for the first time.[1] This year, plug-in hybrids have consolidated strong gains, and self-charging hybrids now represent the single largest car grouping. Taken together, electrified vehicles accounted for nearly two thirds of all new cars registered in Ireland in the first six months of 2026.[2]

For AIB, that shift is most visible through its engagement with customers and is underpinned by recent market research conducted by the bank.[3]

Nessa Devereux, Head of Transport & Logistics within AIB's Business Banking division, notes that the survey findings point to a market increasingly shaped by affordability pressures and cost sensitivity. "The research highlights how demand is being influenced by cost considerations, reinforcing the challenges that sit behind the broader sector transition" she says.

Fuel prices are identified as the single most significant factor influencing the timing of vehicle purchases, cited by 41% of respondents.[4] This indicates that operating costs remain a primary driver of decision-making. Nessa noted that this is particularly relevant for Small and Medium Enterprise (SME) operators. "Fleet investments are closely linked to margin management and day-to-day cost efficiency." The data suggests that while sustainability and electrification are strategic priorities, investment decisions are still grounded in immediate economic considerations, with SME's likely to prioritise solutions that offer both cost control and operational reliability.

"We work closely with industry bodies and customers to understand the real challenges emerging across the transport and fleet sectors," according to Nessa. It also ensures that AIB is well positioned to support customers through the transition to electric and hybrid fleets — particularly where uncertainty remains.

Prices of electric vehicles, along with charging infrastructure, are the two top barriers to customers purchasing an EV (27% and 24% respectively).[5] The new ICE2EV scrappage scheme which launched in July, is expected to unlock a new segment of demand, particularly among customers with older vehicles, where affordability pressures can be most acute.

Businesses must balance sustainability goals with operational realities. Nessa says "AIB's role is to support the transition end to end, combining financing with sector insight, lifecycle support and long-term partnerships."

The research highlights that traditional supply channels and funding behaviours remain embedded, even as the market evolves. Most consumers, 55%[6] continue to purchase vehicles through franchise dealerships, while banks are the most likely source of financing at 33%[7], ahead of dealer finance and online channels.

For the financial institutions supporting the sector, these results carry implications that go beyond the headline numbers. In recent years, AIB has been building its motor finance portfolio in step with the sector's evolution. Its involvement spans vehicle distributors, individual dealerships and end consumers, and that integrated model extends into fleet and asset finance through AIB Finance and Leasing.

"The motor industry is a core strategic focus for AIB," says Brendan Crowley, Head of AIB Finance and Leasing. "It is an extremely important sector for us, as one of our largest asset classes by volume and a significant contributor to business. It has become a strategic platform for innovation and growth, reflecting broader changes in the market."

Nessa Devereux,
Head of Transport & Logistics
AIB Business Banking

1-2. www.stats.simi.ie
3. Market research relates to survey results of over 1,000 interviews conducted by iReach Insights on behalf of AIB in June 2026.
4-7. Based on survey results of over 1,000 interviews conducted by iReach Insights on behalf of AIB in June 2026.

Supporting electric and hybrid vehicle adoption aligns with AIB's climate ambitions, including its target for 70% of new lending to support green or transition assets by 2030.[8] As the motor sector transitions, its becoming an important channel for advancing those goals.

For businesses considering fleet electrification, higher upfront costs, uneven charging infrastructure and range uncertainty remain key barriers. Brendan believes AIB Finance and Leasing's role is to help customers address these concerns. "Whether customers come directly to us or through our NiftiBusiness joint venture, our support covers the full vehicle lifecycle — from residual value management and servicing to end-of-life remarketing" he explains. "It's not just about finance; It's about supporting customers through the transition."

Brendan says AIB takes a conservative approach to EV and hybrid residuals to protect both the bank and the customer. Over time, he expects the issue to ease as EV prices move closer to internal combustion engine (ICE) equivalents and lower lifetime costs become clearer. "In five to eight years this won't be a live conversation — the Irish car market will be predominantly electric or plug-in hybrid."

As battery technology matures, Brendan anticipates electrification moving through light commercial vehicles, agricultural machinery, plant and yellow goods. "Vehicle electrification is an easy win from a sustainability perspective, and needs to be funded, not just with finance solutions but also with structures, support, advice and partnerships."

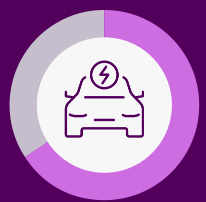
New car registrations 2026

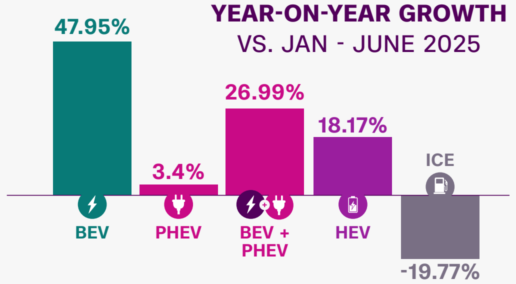
JANUARY TO JUNE 2026

	UNITS	YOY GROWTH	MARKET SHARE
BEV[9]	20,164	47.95% ▲	23.67%
PHEV[10]	12,531	3.40% ▲	14.70%
BEV + PHEV	32,695	26.99% ▲	38.37%
HEV[11]	23,599	18.17% ▲	27.69%
ALL ELECTRIFIED	56,294	23.13% ▲	66.06%
ICE	28,909	-19.77% ▼	33.93%

ELECTRIFIED DOMINATES

66.06%
Market Share for all electrified vehicles





8. www.aib.ie/content/dam/frontdoor/investorrelations/docs/resultscentre/annualreport/2025/aib-group-plc-afr-presentation-2025.pdf
9. Battery Electric Vehicle
10. Plug in hybrid
11. Hybrid Electric Vehicle

+ January to July 2026. Source: SIMI

Case Study

ESS Group: supporting the transition to lower-carbon operations

ESS Group is a long-established Irish multi-disciplinary engineering services organisation, operating across Ireland and the UK.

ESS Group supports clients across a range of regulated and high-performance environments, including the pharmaceutical, manufacturing and food production sectors, delivering specialist services in commissioning, operations, maintenance, Heating, Ventilation and Air Conditioning (HVAC) and asset performance.

Many medium and large companies have corporate Environmental, Social and Governance (ESG) targets and carbon reduction commitments and moving fleet vehicles to EV's helps improve sustainability reporting. ESS Group is actively transitioning its fleet towards electric vehicles as part of a broader move to lower carbon emissions. Currently, 25% of their fleet has been transitioned to electric, with a mix of cars and commercial vehicles. ESS Group have plans to further decarbonise the fleet in the short to medium term.

While recent clarity on Benefit-in-kind (BIK) treatment provides greater certainty for the years ahead, practical challenges remain for business customers. These include the limited availability of electric commercial vehicles, particularly car-derived vans and the inability for businesses to access grant supports that are available to private buyers.

BIK has been one of the biggest drivers of EV adoptions in Irish company fleets over the past five years.

How AIB is reshaping its role in motor finance

AIB's position in the wholesale motor finance market has changed significantly over the past decade, and the bank is now one of the foremost lenders in the sector. Ian Campion, who leads AIB's motor team within the Corporate Banking unit, traces the increased presence back to development of a wholesale stocking platform.

Nissan Ireland came on board shortly after AIB had completed this technology investment. AIB financed the original Nissan Leaf, one of the earliest electric vehicles on the Irish market, and Nissan has been a cornerstone of AIB's motor portfolio ever since.

In 2024, AIB won the wholesale funding mandate for Gowan Group, one of Ireland's largest vehicle distributors, representing brands including Peugeot, Citroën, Opel, Honda, Fiat and the new to market EV brand Leapmotor across c.150 dealerships nationwide.

What AIB offers in both the Nissan and Gowan partnerships is a full suite of banking services and facilities, wholesale stocking finance for the distributor, business banking support for individual dealerships, and retail point-of-sale finance for the vehicle purchaser. On the wholesale side, a key differentiator is AIB's ability to move quickly on limit allocation. "If a dealership in Limerick needs to reduce its allocation and one in Kilkenny needs to increase theirs, we can do that very quickly" Ian explains.

On the retail side, the finance partner is a direct contributor to sales performance. AIB's approval process at the point of sale allows for an efficient customer experience in the showroom and helps move to signature stage smoothly. "Customer relationships are in the DNA of AIB Corporate Banking" Ian adds. "It's a full-service model with a dedicated relationship manager and if we're doing our job right, it should be a personal relationship."

The evolution of AIB's motor finance business is unfolding against a broader backdrop of electrification. "The customer is now driving the ESG conversation," says Ian. "Every customer is on some kind of transition and what we like to see is movement towards the most efficient available options."

On the wider market, Ian's outlook is confident. In his view, concerns around EV affordability and residual values have largely been resolved for passenger cars. Electric vans still have a price premium over diesel equivalents and charging infrastructure continues to present practical barriers outside urban areas, but the overall direction of travel is not in doubt.

The Irish passenger car market has stabilised at approximately 125,000 units annually. Ian doesn't expect this level to increase dramatically and therefore AIB's growth will come primarily from increasing market share and deepening brand partnerships. "Where we are today does not reflect the peak of our ambitions for the sector" Ian remarks. "We're wide open for business and very keen to grow our market share."

Ian Campion,
AIB Corporate Banking

Gowan Group

Gowan Group has experienced rapid growth over the past decade, expanding from a two-brand distributor into a ten-brand operation representing Honda, FIAT and new to market EV brand Leapmotor across c.150 dealerships nationwide. Gowan accounts for close to a quarter of all new cars sold in Ireland, and managing a business at that scale demands a banking infrastructure to match.

Stock must be financed at distributor level before it reaches dealers, then again at dealer level for registered and demo vehicles. "One of the challenges we found was managing the enormous working capital required in the motor industry at the scale we'd reached," says Frank Murphy, Group Finance Director.

When Gowan went to market for a banking partner, they required an institution capable of providing corporate banking, wholesale stocking finance, and retail consumer finance in an integrated package. The solution AIB brought to the table in 2024 included a single global stocking facility that Gowan can reallocate between dealers in real time.

"We go to AIB, move the facility across, and it's done," Murphy explains. "If a dealer has excess facility they're not using, we take it and give it to where it's needed. The process is very flexible and has changed the way we operate." The quality of the working relationship matters as much as the systems. "What I find with AIB, is that they want to understand your business and how they can help," Frank adds. "It's not a case of 'what do you want?', it's 'what are you trying to do?"

Gowan's portfolio spans the full spectrum of the structural shift in the automotive industry transition, from established European brands retooling for electrification to Leapmotor, the Stellantis-Leapmotor joint venture that Frank regards as emblematic of the disruption reshaping the global car industry.

Gowan took on Leapmotor at the start of 2025 and the Chinese brand's network is expanding from nine dealers to over twenty around Ireland by year-end. According to Frank, Leapmotor customers are mainstream buyers responding to price-competitive, technologically capable products.

On the trajectory of electrification, Frank notes that most manufacturers have exited the diesel segment. He believes the near-term landscape will be defined by a mix of pure EV, plug-in hybrid, and the range extender technology deployed in Leapmotor's lineup. He adds that concerns about EV residual values have largely receded. A growing pool of used EVs coming off three-year fleet cycles, and dealers becoming increasingly confident in pricing them, is producing what Frank characterises as price normalisation. "I don't see major devaluation of EV second-hand values going forward."

Gowan holds around a quarter of the Irish Light Commercial Vehicle (LCV) market across its brands, and Frank is realistic about the pace of change. Range, payload, operating patterns, and charging infrastructure all present barriers. The early movers to zero and low-carbon vans are large depot-based operators whose logistics make electrification viable and whose ESG commitments make it necessary. European CO2 regulations, applying separately to vans, will compel manufacturer investment regardless of market pull. Range extender technology when applied to LCVs may address the distance anxiety that currently constrains broader adoption.

Frank Murphy,
Gowan Group

Nissan Ireland

Seamus Morgan has spent over thirty years in the motor trade, long enough to have seen the industry reinvent itself more than once. As Managing Director of both Nissan Ireland and Cedar Motors, he oversees a business that looks very different from the one he rejoined during the crisis years of 2011 and 2012. Back then, Nissan Ireland was a single-brand distributor with around 5,000 registrations a year. Today, the Today, Cedar Motors is the second-largest distributor in Ireland, with ambitions to reach 25,000 units annually across four brands.

In 2023, Nissan Ireland completed the acquisition of Cedar Motors, formerly Renault Ireland, adding the Renault, Dacia and Alpine franchises to a business that was already well-established in the Nissan space. "Culturally, the two organisations were very different," says Seamus. "We were run as a private company and they were run as an arm of Renault in Europe, with different work practices and reporting structures."

Back-office functions such as IT, after-sales, parts, warranty, and customer care have been consolidated across all brands, yielding economies of scale. Sales and marketing have been kept deliberately separate, and the dealer networks have also remained independent. Though many Nissan and Renault-Dacia dealers are geographically proximate, Seamus resisted the temptation to amalgamate. "The Renault-Dacia franchise of cars and vans is already a big ask for a smaller county dealership. Putting Nissan on top of that would be a stretch."

Underpinning this growth is the banking relationship with AIB, which has been Nissan Ireland's stocking finance partner since 2012, and Seamus praises the bank's "can-do, will-do attitude". AIB's corporate stocking finance, business banking loans to dealerships, and retail point-of-sale finance for vehicle purchasers runs vertically through the Nissan network. "When we come to them with ideas and plans they always look for a way to make it work," he adds. "If AIB tell me they can't do something I know they absolutely can't, because they will have turned over every stone."

Electrification sits at the heart of Nissan and Cedar's strategic outlook. Seamus believes BEV market share could reach 25% by year-end. Longer term, he is confident in an upward trajectory, driven in part by a new generation of smaller EVs priced around €30,000. The new Nissan Leaf, due to arrive in Ireland in June and July, promises a range of up to 600 kilometres. "I think it'll be a game changer, particularly for the Nissan franchise and possibly within the electric space more broadly."

In Seamus's view, the commercial challenge for LCV electrification is payload-dependent range variability, a consideration that makes customer qualification essential. For the dealer network, the transition to EVs presents both risk and opportunity. With an Irish car fleet of two million vehicles and only around 200,000 EVs among them, the ICE servicing base will be large for some time. But the shift is coming, and Nissan/Cedar has established dedicated battery repair centres in Dublin, Galway, and Cork. "The day of taking your car to a back-street garage will largely go away," Seamus predicts. "Battery work requires technical expertise and that means customers will come back to the main dealer network."

Seamus Morgan,
Nissan

How Nifti Business is driving corporate fleet electrification

When AIB took a 50% stake in fleet leasing company NiftiBusiness in 2021, it was the beginning of a partnership that has more than doubled the size of the business and positioned NiftiBusiness at the forefront of the electrification shift. Nifti's origins stretch back decades, but it was in 2020 that CEO Catherine Guy and her team resolved to reimagine the operation. "We looked at it with fresh intention and decided we were going to try to scale," she recalls.

The logic of the AIB partnership was that the bank had a large customer base but no leasing product, while NiftiBusiness had a strong leasing offering and a smaller customer base. Beyond the essential matter of access to capital, AIB brought a well-trusted brand. "Their involvement gave us a level of market credibility that would have taken us years to build independently," Catherine explains. "With a finance product, customers need to know that you will always be there and can stand behind the offering."

NiftiBusiness serves c.1,000 business customers, with a fleet split evenly between passenger cars and light commercial vehicles. Around 22% of Nifti's total fleet is now electric, with 30% of new sales year-to-date being EVs, up about 10% on the same period last year. "What strikes me is the pace at which the figure has gone from zero to 30% in recent years," says Catherine.

Corporate EV passenger car adoption has moved into the mainstream, driven by improved vehicle quality and choice, and the demands of business sustainability targets. Light commercial vehicles (LCVs) are a work in progress. Payload weight reduces electric battery range and price premiums over diesel equivalents persist, though Catherine expects these factors to improve from 2027.

Catherine advises that the public charging network in Ireland has improved and the anxiety that once accompanied longer journeys is more of a practical consideration rather than a deterrent.

"Driving to the west of Ireland a few years ago you were literally relying on one charger at Obama Plaza. People couldn't name where the nearest charger was. It's much less of an issue now."

NiftiBusiness assists customers with home and workplace charger installation, a service Catherine regards as effective in resolving most range concerns. Where both home and on-site charging are in place, she argues that the practical case for EVs becomes compelling.

When guiding customers through the EV transition, NiftiBusiness gather information relating to usage patterns of the current fleet, their drivers and the nature of the work they do, where they are based, average mileage, proximity to charging infrastructure, and whether home charging is feasible. "We collate all of that data and come back with recommendations, rather than presenting them with a catalogue of thousands of vehicles and asking them to choose," Catherine explains.

She expects the NiftiBusiness fleet to be well over half electric within two years, and potentially two-thirds within the next three years. As the fleet evolves, so does NiftiBusiness, with carbon mapping and annual sustainability reporting offered to clients. However, the foundation is the discussion at the outset. "We work hard with customers and plan it properly at the start, it doesn't serve either party if it turns out to be the wrong solution."

Catherine Guy,
NiftiBusiness

SIMI's perspective on the EV transition

In the first six months of 2026, battery electric vehicles accounted for nearly one in four new cars registered in Ireland.[12] When all electrified vehicles are combined, they now represent close to two thirds of all new car registrations. By any measure, Ireland's motor market is moving.

Tom Cullen, Deputy Director General of the Society of the Irish Motor Industry (SIMI), welcomes the momentum but he's alert to the structural complexities running beneath it. "The overall BEV market share is around 7% of the total vehicle fleet," he notes. "So, there is still a huge volume of internal combustion engine vehicles that members need to sell and service."

"It's remarkable how quickly the EV market has moved and how manufacturers have been able to shift from producing internal combustion engines to producing electric vehicles in such a short period of time. However, Ireland is still predominantly an Internal Combustion Engine (ICE) market in new cars, and the used car market is almost entirely petrol and diesel" Tom adds.

The industry's adaptation, he argues, has nonetheless been better than many anticipated. Dealers are now well-versed in EV specifications and the knowledge gap on the sales floor that characterised the early transition years has largely closed.
Tom acknowledges that the longer-term structural pressure is aftersales revenue. EVs require less servicing than ICE cars and after-sales maintenance typically covers a dealership's operating costs.

With c.60,000 three-year-old used EVs expected to enter the market in 2026, meaningful residual value data is beginning to accumulate. "We are at the point now where some dealers do not have enough used EVs to meet demand and that is when residual values begin to strengthen," he says.

However, Ireland is on course to import c.80,000 used vehicles in 2026, with Japan accounting for over half the volume. Imports from Japan work against fleet emissions progress and threaten the pricing stability that has characterised the domestic market since the post-Brexit flow of UK imports slowed.

"The dealer who sells a car today on finance needs the residual value to hold up in three years so the customer can upgrade affordably. Imports undermine that" Tom explains.

From 31st July 2026, the EV purchase grant of €3,500 will apply to EVs priced at €50,000 or under, down from the previous cap of €60,000. However, the government has decided to introduce an additional €5,000 grant for EV purchasers who scrap petrol and diesel cars that are more than 13 years old. This initiative will drive EV adoption.

Meanwhile, the EU has been clear that driving corporate fleet electrification is essential to meeting national EV targets. Businesses turn over vehicles quickly and that generates a steady flow of quality used EVs back into the market. The UK, Germany and Norway now have 80% to 90% of their company fleets electrified, while Ireland is at around 25%.[13]

SIMI advocates for extending the accelerated capital allowance beyond its current €24,000 cap to the full value of an EV, reviewing VAT reclaim provisions, and introducing a salary sacrifice scheme modelled on the Bike to Work structure. Tom argues that such measures would address the affordability gap that continues to constrain fleet adoption.

"The key benefit of pushing corporate fleet electrification through BIK policy is the speed of vehicle turnover, which increases the number of used EVs in the Irish used car market and has a positive impact on overall EV numbers in the Irish fleet" Tom adds. "The EU has now asked each member state to develop targeted strategies for their fleet sectors and Ireland needs to act on that. Fleet incentives are the most effective lever available for accelerating the transition."

Tom Cullen,
SIMI

12. www.stats.simi.ie
13. www.theicct.org/publication/european-car-market-monitor-may-2026/

Contacts

Nessa Devereux
Head of Transport & Logistics
AIB Business Banking
nessa.m.devereux@aib.ie

Brendan Crowley
Head of AIB Finance & Leasing
brendan.t.crowley@aib.ie

Ian Campion
Director AIB Corporate Banking
ian.j.campion@aib.ie

Notes

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