20
22

Bank of Ireland Group plc
Interim Report
(for the six months ended 30 June 2022)

Bank of Ireland

'We delivered a strong business performance in the first half of 2022, while continuing to make clear progress on our National Champion bank strategy. This includes reaching key milestones on our two transformative acquisitions, and material momentum in attracting new customers as the Irish banking landscape restructures. Notwithstanding global uncertainty, our business model is well positioned to capitalise on the significant opportunities we face, further supported by a rising interest rate environment.'

Francesca McDonagh
Group Chief Executive

Inside this report

View this report online
This Interim Report and other information relating to Bank of Ireland is available at:
www.bankofireland.com

The Group's forward looking statement can be found on page 138.

Key performance highlights

H122 Performance

Profit before tax €335m
(H121: €406m profit)

Underlying[1] profit before tax €419m
(H121: €465m profit)

- Total income modestly higher vs H121 (excluding additional gains, valuation items and acquisitions).
- Maintaining cost discipline while investing to attract customers from exiting banks.
- Adjusted RoTE[2] of 8.1%; on track to deliver sustainable RoTE >10% in near term.

Asset Quality

NPE ratio 5.4%
(H121: 5.5%)

- Asset quality remains strong; NPE ratio reduced during H122.
- Net credit impairment charge of €47m includes consideration of the uncertain environment.
- Quality of loan books provide reassurance; coverage levels remain at 2.5%.

Strategic Progress

110% increase in new current accounts

- State holding <3%; expect to be fully privately owned in 2022.
- Changing market structure in Irish retail banking; 110% increase in new current accounts opened vs H121, supported by enhanced digital capabilities.
- Increased share of Ireland's attractive wealth market, Davy acquisition completed.
- Competition approval received for KBC Bank Ireland portfolio acquisition.

Capital & Distributions

Fully loaded CET1 ratio 15.5%
(31 December 2021: 16.0%)

- Strong business model generating organic capital of 60bps in H122; 80bps of capital invested on completion of Davy acquisition in June 2022.
- CET1 target >13.5%; accommodates increased countercyclical buffers.
- Strong capital position, combined with organic capital generation, support growth in distributions on a prudent and progressive basis.

Further information on measures referred to in our key performance highlights is found in Alternative performance measures on page 140.

[1] The Group's financial results are presented on an underlying basis. Underlying excludes non-core items of €84 million which are those items that the Group believes obscure the underlying performance trends in the business. For further details on the Group's non-core items see page 12.
[2] Updated basis of calculation for adjusted ROTE, which excludes the pension surplus, is set out on page 144.

Chief Executive's review

We delivered a strong business performance in the first half of 2022, while continuing to make clear progress on our National Champion bank strategy. This includes reaching key milestones on our two transformative acquisitions, and material momentum in attracting new customers as the Irish banking landscape restructures. Notwithstanding global uncertainty, our business model is well positioned to capitalise on the significant opportunities we face, further supported by a rising interest rate environment.

Francesca McDonagh *Group Chief Executive*

We have delivered a strong business performance in the first half of 2022. The Group has reported an underlying profit before tax of €419 million, with an annualised adjusted ROTE of 8.1%. We have continued to maintain cost discipline, notwithstanding inflationary pressures, with operating expenses down 1% on a like for like basis. We also continue to manage the Group's credit risk profile, with provision coverage levels maintained well above pre-COVID-19 levels. The Group's capital ratios remain strong, with a fully loaded CET1 ratio of 15.5% at end June 2022, after absorbing the impact of the Davy acquisition.

Against a challenging and uncertain economic backdrop globally, we continued to support the Irish economy through €3.8 billion of new lending provided to our retail, business and corporate customers, up 21% vs H121. Notwithstanding the challenges presented by higher inflation and geo-political uncertainty, the outlook for the Irish economy remains positive. Prospects of further interest rate hikes, after the initial move by the ECB in late July, supports our net interest income growth outlook.

We have made significant strategic progress in the past six months across our customer and digital agendas. Organic progress is supplemented by reaching key milestones on our two transformative acquisitions. We completed the acquisition of Davy on 1 June 2022, Ireland's leading provider of wealth management and capital markets services. This acquisition positions Bank of Ireland as the number one provider of wealth management services in Ireland. We also received clearance from Ireland's competition authority for our planned acquisition of the KBC Bank Ireland plc (KBCI) portfolios and we are now progressing towards completion by end of Q1 2023.

The Irish banking market is undergoing significant structural change, with both Ulster Bank and KBC in the process of exiting the market, with over 500,000 personal and business account customers (c.10% of the market) needing a new home for their current account. Our market leading Irish franchise, multi-year transformation of our digital business model, and focused investment to support onboarding of new customers, leaves us well positioned to attract significant numbers of new relationships as those competitors wind down their operations. This confidence is supported by the greater than 100% year on year growth in new current accounts vs H121.

Notwithstanding global uncertainty, Irish economic outlook remains positive

Having started the year strongly, the global macro-economic outlook has taken a downward turn as quarter two unfolded following Russia's invasion of Ukraine, with high inflation and recession risks emerging. Whilst interest rate expectations have increased to manage inflation, fears of recession for key global economies have risen in tandem. The outlook for the UK economy, another key market for the Group, has weakened since the start of 2022.

Notwithstanding the global outlook, we remain positive on the prospects for the Irish economy, with GDP growth expected in 2022 and beyond. The Irish economy has entered this period of uncertainty in a robust position - with full employment, deleveraged household and small and medium enterprises (SME) balance sheets, and a high weighting to sectors that are likely to prove resilient through the cycle. The 'debt to disposable income' ratio for consumers is now at just 99% compared to a peak of 210% in 2009, and is supported by a higher than trend savings ratio in recent years. Irish employment was at a record level in Q122 and recent government finances indicate a likely budgetary surplus this year.

Clear progress on our National Champion bank strategy

H122 has seen further progress on the delivery of our strategy across our customer propositions, digital enhancement, and our cost reduction initiatives, across our Irish and UK operations. This progress has been supplemented with the completion of the Davy transaction and competition approval for our KBCI acquisition. Additionally, the State shareholding in Bank of Ireland is now <3% and we expect to become fully privately owned this year, a first amongst Irish banks since the global financial crisis.

Delivering for our customers

We continued to support the Irish economy through €3.8 billion of new lending (+21% vs H121) provided to our retail, business and corporate customers, while maintaining both risk and pricing discipline. We continue to play a leading role in the ongoing growth in the Irish residential mortgage market, providing €1.3 billion of new mortgage lending in H122, up 33% vs H121. In addition, we recorded the first period of net lending book growth in business banking lending in many years, demonstrating the strength of our market leading business banking franchise in Ireland. As at the end of June 2022, Corporate Banking had approved funding of €0.8 billion to support the development of c.17k housing units across 95 sites in Ireland.

The investment in the transformation of our systems continues to drive increased digital adoption by our customers. The increased use of our mobile app is evidence of this with c.90% of all digital traffic arriving via the mobile app, and a 36% growth in mobile app digital traffic vs H121.

The on-going investment and enhancement in our digital capabilities is key to customer engagement and satisfaction. There has been a twelve million hour reduction in customer toil, including from the introduction of in app card controls. In January, we launched a personalised customer engagement platform which anticipates customer needs, and delivers higher levels of leads and completions. Following the launch of this engine, we have seen a 52% increase in personal loan leads and a 15% drop in suspicious transaction queries. This progress is evidenced in the 4 point improvement in our Net Promoter Score (NPS) vs year end 2021, and continues our positive trend with NPS for personal customers at its highest since records began in 2018.

KBCI represents strategic and financial opportunity

The KBCI transaction has now cleared competition approval. We expect final regulatory approvals shortly and the acquisition to complete by end of Q1 2023, following completion of required customer notifications. The KBCI portfolios will materially enhance our Irish franchise as we add the portfolios to our retail platform and increase our scale in the Irish market. The financial benefits of the transaction remain in line with our previous guidance. On an annualised basis in 2023, we expect the KBCI transaction to add c.€160 million to our net interest income and incremental operating expenses of c.€25 million. The contribution to earnings will reduce over time as the portfolios redeem. The CET1 capital impact is expected to be c.120bps on completion, reflecting RWA impacts and day 1 expected credit losses.

Bank of Ireland wealth offering significantly enhanced by Davy

The addition of Davy further strengthens our already well diversified bancassurer model. Bank of Ireland's wealth offering now serves the full spectrum of the Irish market from mass market to high net worth, with additional opportunities to grow given our strong depositor base. Bank of Ireland's Assets Under Management (AUM) was €39 billion at end-June 2022, almost doubling in volume following the Davy acquisition. Davy's focus on high net worth segments (c.€19 billion AUM), through wealth advisory and discretionary investment management, complements the Group's existing Wealth and Insurance businesses focused on retail and mass affluent customers and corporate pension schemes (c.€20 billion AUM). Both our New Ireland and Davy businesses continue to see positive new business inflow momentum in H122 +15% vs H121.

Our enlarged Wealth and Insurance franchise is uniquely positioned to benefit from Ireland's positive macroeconomic outlook, high household savings (c.20% in Q122 vs c.11% historical average), demographic need for investment products, and a largely fragmented market.

UK business responding to our strategic agenda

Our UK retail business delivered a strong performance in H122, reflecting the benefits of the strategic decisions that we made in recent years. Bespoke lending accounted for c.53% of new mortgage lending from just 3% in H119. Reflective of our focus on value over volume and our focused underwriting, we have proactively reduced the volume of lower margin mortgage origination during H122 given on-going competitive intensity.

We remain committed to delivering sustainable returns in the UK with a focus on: value over volume of our new lending, a multi-niche offering in areas where we have competitive advantage, a reduction in cost of deposits, a right sized cost base, and a more profitable business.

Responsible and Sustainable Business strategy

The Group's purpose is to enable our Customers, Colleagues and Communities to thrive. Our Responsible and Sustainable Business (RSB) strategy, was launched in 2021 and supports this purpose through its three pillars of enabling colleagues to thrive, enhancing financial wellbeing, and supporting the green transition. We recently published our inaugural standalone RSB report for 2021 which significantly enhances the disclosures for all stakeholders across our core RSB pillars.

In H122, we strengthened our position as the number one brand and thought leader for customer Financial Wellbeing in Ireland.

For colleagues, we are rolling out a new digital careers experience platform. We have continued to see progress in our support for flexible working and we remain focused on successfully attracting and retaining talent given the increasingly competitive landscape.

We have a €5 billion Sustainable Finance Fund and cumulative drawdowns were €2.5 billion at end H122, up 92% vs H121. We continue to be the leading provider of new lending for green mortgages and the leading provider of wholesale funding to the Electric Vehicle market in Ireland. Since the launch of our Green Mortgage in 2019, €2.4 billion has been drawn and green mortgages accounted for c.48% of mortgage lending in H122 compared with c.29% in H121. We remain on track to make our Science Based Targets submission later this year.

Well positioned to capitalise on once in a generation opportunity as legacy banks exit Irish market

Irish banking is experiencing significant structural change with the ongoing exit of two legacy banking providers. This presents a once-in-a-generation opportunity for Bank of Ireland to attract new personal and business customers as c.10% of customers in Ireland look for a new home for their current or savings account. There are also incremental lending opportunities.

In recent years, we have made significant investment in our core business infrastructure and business model, which positions us strongly to benefit from these emerging developments. In addition, we have recently invested and deployed additional front line resources and launched a first to market national marketing campaign to attract and support the on-boarding of new customers.

Our actions are already delivering positive outcomes. In H122, new current account openings are up over 100% compared with the same period in 2021. Around 70% of current accounts are being opened via our digital only channel. The Group is in a strong position to support and service these new customers with our full suite of bancassurance products and services while ensuring the financial health of these customers is serviced through our range of Financial Wellbeing initiatives. We are encouraged by our progress to date, and we are well positioned to support and attract further material numbers of customers over the coming year. The attraction of these customers will positively contribute to our returns.

Financial performance

The Group delivered an underlying profit before tax of €419 million in H122 with total income modestly higher compared to the same period in 2021 excluding additional gains, valuation items and acquisitions.

The Group's loan book decreased by €1.7 billion during H122 (€1.1 billion lower on a constant currency basis). New lending of €7.7 billion was more than offset by the impact of redemptions of €8.7 billion, negative foreign exchange and other movements of €0.6 billion and the Group's €0.1 billion Irish mortgage NPE transaction. UK deleveraging of €2 billion in the period was in line with strategy and a further reduction is planned in H222 with the pace reflecting on-going pricing discipline. On a constant currency basis, and excluding UK deleveraging and the NPE transaction, the loan book increased by €1 billion, supported by growth in our Retail Ireland and Corporate portfolios.

Net interest income of €1,072 million was modestly higher compared to the same period in 2021, excluding the impacts of TLTRO. The benefits of lower deposit costs and a positive FX contribution were partially offset by higher wholesale funding costs and other small items. Liquid assets as a proportion of average interest earning assets increased to 39% in H122 compared to 32% in H121 primarily as a result of higher deposit balances. Net interest margin (NIM) was 1.73%, 13 basis points lower vs 2021 primarily due to TLTRO impacts. The Group's NIM reflects the positive impact from our strong commercial pricing discipline more than offset by the impact of the growth in liquid assets. 2022 net interest income is expected to be modestly higher than 2021, based on expectations for interest rates, and projected full year TLTRO benefit of c.€19 million.

Fees and other income arise from diversified business activities including wealth, bancassurance, foreign exchange and transactional banking fees. Business income of €328 million, including share of associates and joint ventures (JVs) and excluding Davy, was 16% higher vs H121. A loss of €3 million on additional gains, valuation and other items was reported in the first six months, with the benefit from bond sales more than offset by the impact of falling equity and bond markets.

Business income includes Wealth and Insurance income which increased 9% vs H121 due to higher new business and improved performance on the existing book. Retail Ireland fee income increased 30% due to higher current account, card fee and FX income, with H121 impacted by COVID-19 restrictions. Corporate and Markets fee income increased by 2%, supported by higher customer activity. Retail UK income reduced primarily reflecting a profit-sharing arrangement, with benefits reflected in interest income. Share of associates and JV income benefitted from recovery of the UK travel industry. Davy income of €13 million reflects one month's revenue following completion of the acquisition on 1 June 2022.

Operating expenses (excluding levies and regulatory charges) were 1% higher than H121. Costs reduced 1% vs H121 excluding Davy costs of €12 million, and €8 million of one-off investment costs to capture opportunities from exiting banks in Ireland. Non-core charges of €84 million included customer redress charges of €26 million primarily related to the ongoing Tracker Mortgage Examination, €25 million in acquisition related costs and €23 million of transformation programme costs. We expect 2022 operating costs to be lower than 2021 after absorbing inflation, excluding acquisitions and one-off investment costs relating to onboarding customers from exiting banks.

On a pro-forma basis, assuming Davy was part of the Group from 1 January 2022, underlying profit of €12 million would have arisen in H122 reflecting income of c.€86 million and costs of c.€74 million. A similar performance is expected in H222.

A net credit impairment charge of €47 million on financial instruments arose in H122 compared to a charge of €1 million in H121.

This charge reflected the impact on IFRS 9 models of Forward Looking Information from the Group's latest macro-economic outlook; movement in management adjustments; and actual loan loss experience and portfolio activity in the period. Reflecting our comprehensive approach, the Group's impairment coverage was 2.5% at H122 vs 1.6% at end 2019, pre-COVID-19. Subject to no material change in the economic conditions or outlook, we expect the 2022 impairment charge to be lower than 20 basis points.

NPEs improved by €0.1 billion to €4.2 billion, equating to an NPE ratio of 5.4% of gross customer loans compared to 5.5% at end-2021. This improvement reflected the Group's €0.1 billion NPE securitisation transaction backed by Irish mortgages and continued work with customers to agree sustainable solutions, partially offset by new flows into default.

Our fully loaded CET1 capital ratio of 15.5% and regulatory CET1 capital ratio of 16.0% were significantly ahead of regulatory requirements. The Group's capital ratios performance in H122 benefitted from organic capital generation and other movements, more than offset by risk-weighted asset movements, the completion of the Davy acquisition and the accrual of a foreseeable 2022 capital distribution at c.50% of full year 2021 levels. The Group's target CET1 capital ratio has been increased to >13.5% and this accommodates increased countercyclical buffers. The Group's 16.0% regulatory CET1 capital ratio at June 2022 provides headroom of c.590 basis points to our 2022 regulatory requirements excluding Pillar 2 Guidance. Our liquidity levels remain very strong, with a liquidity coverage ratio of 218% at June 2022 (December 2021: 181%) and a loan to deposit ratio of 81% (December 2021: 82%).

Outlook

In H122 we delivered a strong business performance with a positive income performance, continued cost discipline, and organic growth in capital ratios. We also continued to progress our key strategic priorities. The Davy and KBCI acquisitions will further enhance the Group's Irish franchise, are financially accretive to ROTE, and beneficial to customers. We welcome Davy clients to the Bank of Ireland Group and look forward to welcoming KBCI customers in 2023. In addition, the changing market structure in Ireland provides commercially attractive opportunities to service new customers and to deliver sustainable and profitable growth. While the inflationary environment presents challenges, the Irish macroeconomic outlook remains positive, and rising interest rates provide a further material tailwind for Group returns.

As shareholders will be aware, I will shortly complete my time as Group CEO of Bank of Ireland. I am proud of all that we have achieved over the past five years. I want to thank all my colleagues across the Group for their commitment to customers and each other over the years. Looking to the future, while we are mindful of the external environment and the challenges that exist, the overall outlook for our core markets is positive. The Group has a clear and prioritised near term strategic and operational agenda with an experienced management team in place to deliver on it. We see clear momentum as we execute our strategy, leading to positive outcomes for customers and colleagues, and growth in sustainable returns for our shareholders. All of this supports our confidence in the delivery of our targeted return on tangible equity of in excess of 10% in the near term.

Francesca McDonagh
Group Chief Executive

Operating and financial review *(incorporating risk management)*

Basis of presentation

This operating and financial review (OFR) is presented on an underlying basis. Underlying performance excludes non-core items which are those items that the Group believes obscure the underlying performance trends in the business. Further information on measures referred to in the OFR is found in Alternative performance measures on page 140.

Percentages presented throughout this document are calculated on the absolute underlying figures and so may differ from the percentage variances calculated on the rounded numbers presented. Where the percentages are not measured this is indicated by n/m.

The income statements are presented for the six months ended 30 June 2022 (H122) compared to the six months ended 30 June 2021 (H121). The balance sheets are presented for 30 June 2022 compared to 31 December 2021.

Principal rates of exchange used in the preparation of the Interim Financial Statements are set out on page 139.

References to 'the State' throughout this document should be taken to refer to the Republic of Ireland (RoI), its Government and, where and if relevant, Government departments, agencies and local Government bodies.

Summary consolidated income statement on an underlying basis

	Table	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Net interest income	1	1,072	1,080
Net other income	2	317	318
Operating income (net of insurance claims)		**1,389**	**1,398**
Operating expenses (before levies and regulatory charges)	3	(849)	(837)
Levies and regulatory charges	3	(95)	(96)
Operating profit before net impairment losses on financial instruments		**445**	**465**
Net impairment losses on financial instruments	4	(47)	(1)
Share of results of associates and joint ventures (after tax)		21	1
Underlying profit before tax		**419**	**465**
Non-core items	5	(84)	(59)
Profit before tax		**335**	**406**
Tax charge		(56)	(65)
Profit for the period		**279**	**341**

Profit before tax of €335 million was reported by the Group for H122 (H121: €406 million).

Underlying profit before tax of €419 million is €46 million lower than the €465 million profit for H121 which is primarily attributable to the following:

- a decrease of €9 million or 1% in **operating income (net of insurance claims)** due to:
  - an €8 million decrease in net interest income primarily due to Targeted Longer Term Refinancing Operations (TLTRO) effects offset by other dynamics including foreign exchange (FX) impacts; and
  - a €1 million decrease in net other income driven by a €38 million increase in business income reflecting business momentum and one month's contribution from Davy; and additional gains of €81 million offset by negative impacts from valuation items of €120 million.
- an increase of 1% or €12 million in **operating expenses (before levies and regulatory charges)** largely due to costs of €8 million associated with opening accounts of former Ulster Bank and KBCI customers as they exit from the Irish market and one month's Davy operating expenses of €12 million following its acquisition on 1 June 2022 (see note 35 for further details on the Davy acquisition). Excluding these costs, the Group cost base has reduced by €8 million or 1%, after the absorption of foreign exchange movements of €5 million, as the Group continued to focus on efficiency and strategic cost reduction while maintaining investment in regulatory compliance, technology and growth in the existing business;
- an increase of €46 million in **net impairment losses on financial instruments** compared to a €1 million loss in H121. The loss incorporates a number of impairment dynamics reflecting:
  - Net impairment losses associated with portfolio activities including credit risk assessments and recoveries; including case specific loss emergence (c.€106 million net loss); partly offset by
  - Impairment model updates incorporating the current macroeconomic outlook (c.€19 million net gain); and
  - Net reduction in the quantum of post model Group management adjustments at H122 (c.€40 million net gain) which reflect a number of potential risks not included in modelled impairment loss allowances.
- an increase of €20 million in **Share of results of associates and joint ventures (after tax)** due to the improved performance of First Rate Exchange Services (FRES) during the period. FRES experienced higher foreign currency sales as a result of the recovery in the UK travel market after COVID-19 restrictions were lifted.

Summary consolidated income statement on an underlying basis *(continued)*

Non-core charges increased by €25 million which is primarily due to acquisition costs of €25 million, gross-up for policyholder tax in Wealth and Insurance business of €23 million and increased customer redress charges of €21 million offset by a reduction in transformation programme costs of €46 million in H122.

The **tax** charge for H122 of €56 million (H121: €65 million) reflects an effective statutory taxation rate of 17% (H121: 16%) for the Group. On an underlying basis, the effective taxation rate for H122 was 16% (H121: 13%). The effective tax rate is influenced by changes in the jurisdictional mix of profit and losses and the impact of a re-assessment of the tax value of certain losses carried forward.

Net interest income

Table: 1 Net interest income / net interest margin	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m	Change %
Net interest income	**1,072**	**1,080**	**(1%)**
Average interest earning assets (€bn)			
Loans and advances to customers	76	78	(3%)
Other interest earning assets	49	37	32%
Total average interest earning assets	**125**	**115**	**9%**
Net interest margin	**1.73%**	**1.90%**	
Gross yield - customer lending[1]	3.20%	3.04%	
Gross yield - liquid assets[1]	(0.23%)	(0.21%)	
Average cost of funds - interest bearing liabilities and current accounts[1]	(0.11%)	(0.12%)	

H122 **net interest income** performance is marginally lower compared to H121 primarily driven by the impact of higher wholesale funding costs and other items of €48 million and TLTRO impact of €20 million partly offset by the impact of lower deposit costs of €42 million, due to improved UK deposit margins and expansion of negative interest rates on deposits; and positive FX movement of €18 million. Adjusting for TLTRO income recognition impacts, which will reverse in H222, net interest income would be modestly ahead. The Group's underlying sensitivity to interest rates will increase as Euro interest rates normalise from a negative rate of interest to a zero / positive rate of interest.

The Group net interest margin (NIM) is 1.73% (H121: 1.90%).

The gross customer yield has increased by 16 basis points to 3.20% from H121, with higher corporate average lending volumes and improved GBP and USD interest rates increasing the United Kingdom (UK) and Corporate lending yield, partially offset by lower average lending volumes in RoI and UK.

Customer deposit volumes with negative rates applied to them have increased to €14.8 billion in H122 (H121: €8.5 billion).

Average interest earning assets of €125 billion in H122, increased by €10 billion compared to H121, primarily due to TLTRO and other cash balances placed with the European Central Bank (ECB).

[1] *Average cost of funds and gross yield represent the interest income or expense recognised on interest bearing items net of interest on derivatives which are in a hedge relationship with the relevant asset or liability. Further information on measures referred to above can be found in alternative performance measures on page 140.*

Summary consolidated income statement on an underlying basis *(continued)*

Net other income

Table: 2 Net other income	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m	Change %
Net other income	**317**	**318**	**—**
Analysed as:			
Business income			
Retail Ireland	131	101	30%
Wealth and Insurance	127	105	21%
Retail UK	(13)	(2)	n/m
Corporate and Markets	85	83	2%
Group Centre and other	(10)	(5)	(100%)
Total business income	**320**	**282**	**13%**
Other gains			
Transfers from debt instruments at FVOCI reserve on asset disposal	83	1	n/m
Gain on disposal and revaluation of investment properties	—	1	n/m
Total other gains	**83**	**2**	**n/m**
Other valuation items			
Wealth and Insurance	(102)	21	n/m
Interest rate movements	*(55)*	*(1)*	*n/m*
Unit-linked investment variance	*(47)*	*22*	*n/m*
Financial instrument valuation adjustments (CVA, DVA, FVA) and other[1]	16	13	23%
Total other valuation items	**(86)**	**34**	**n/m**

Net other income of €317 million for H122 remained broadly in line with H121.

Business income of €320 million for H122 has increased by €38 million or 13% compared to H121:
- Retail Ireland increased by 30% due to higher current account, card fee and FX income reflecting customer activity and recovery from COVID-19 impacts in H121.
- Wealth and Insurance including Davy increased by €22 million or 21% due to higher new business and improved performance on the existing book in Wealth and Insurance and one month's revenue from Davy of €13 million following acquisition on 1 June 2022.
- Corporate and Markets earned higher income from activities driven largely by higher retail FX income due to increased customer activity in markets and rising interest rates, partially offset by lower upfront fee income in Corporate.
- Retail UK primarily reflects profit sharing arrangements with benefits reflected in net interest income.

Other gains of €83 million have increased by €81 million mainly driven by gains realised on €3.6 billion of bond sales in H122. Bond disposals arose from a decision to reduce credit risk exposure in the Group's liquid asset portfolio.

Other valuation items are a loss of €86 million for H122, compared to a €34 million gain in H121. This is largely driven by widening credit spreads and a general fall in equity markets. These market movements have resulted in adverse fund and investment assets performance in Wealth and Insurance. This is partially offset by fair value equity gains and positive derivative related valuation adjustments.

[1] *Credit Valuation Adjustment; Debit Valuation Adjustment; Funding Valuation Adjustment.*

Summary consolidated income statement on an underlying basis *(continued)*

Operating expenses

Table: 3 Operating expenses	6 months ended 30 June 2022 €m	*Restated*[1] 6 months ended 30 June 2021 €m	Change %
Staff costs (excluding pension costs)	352	345	2%
Pension costs	62	72	(14%)
Retirement benefit costs (defined benefit plans)	*43*	*54*	*(20%)*
Retirement benefit costs (defined contribution plans)	*19*	*18*	*6%*
Depreciation and amortisation	110	113	(3%)
Other costs	325	307	6%
Operating expenses (before levies and regulatory charges)	**849**	**837**	**1%**
Levies and regulatory charges	95	96	(1%)
Operating expenses	**944**	**933**	**1%**

Operating expenses (before levies and regulatory charges) are €12 million or 1% higher than H121.

The Group has incurred €8 million associated with opening accounts of former Ulster Bank and KBCI customers as they exit from the Irish market and one month's Davy operating expenses of €12 million following its acquisition on 1 June 2022. Excluding these costs, operating expenses (before levies and regulatory charges) have reduced by €8 million or 1%, after absorption of foreign exchange movements of €5 million, as the Group continued to focus on efficiency and strategic cost reduction while maintaining investment in regulatory compliance, technology and growth in the existing business.

Staff costs (excluding pension costs) of €352 million are €7 million higher than H121 primarily reflecting salary increases averaging 4% which were effective from 1 January 2022 and the Davy acquisition from 1 June 2022, offset by lower average full time equivalents.

Average staff numbers employed by the Group (excluding Davy) in H122 of 8,938 were 7% lower compared to 9,643 in H121. The fall in average staff numbers is predominantly due to employees who exited the Group under the enhanced voluntary redundancy scheme up to and including 30 June 2022.

At 30 June 2022, the number of staff (full time equivalents excluding Davy staff) was 9,053, a reduction of 158 compared to 9,211 at 30 June 2021. Inclusive of Davy, the number of staff (full time equivalents) was 9,863 at 30 June 2022.

Pension costs of €62 million for H122 were €10 million or 14% lower than H121. Defined benefit pension costs have decreased by €11 million. New joiners are added to the Group's defined contribution plans, the cost of which has increased by €1 million compared to H121.

Depreciation and amortisation of €110 million for H122 is €3 million or 3% lower resulting from a smaller property footprint and legacy technology investments reaching the end of their useful lives.

Other costs including technology, property, outsourced services and other non-staff costs are €18 million higher than H121. The cost increase reflects costs associated with opening accounts for former Ulster Bank and KBCI customers following their imminent exit from the Irish market, €4 million of other costs associated with Davy for the month of June 2022, foreign exchange movements, and other cost increases.

[1] The Group is no longer incurring transformation investment charges. Accordingly prior period comparatives have been restated to ensure consistency with H122, with the H121 transformation investment charge of €21 million reallocated, staff costs increased by €4 million to €345 million and other costs increased by €17 million to €307 million.

Summary consolidated income statement on an underlying basis *(continued)*

Net impairment losses on financial instruments

Table: 4 Net impairment losses on financial instruments	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m	Change %
Net impairment (losses) / gains on loans and advances to customers at amortised cost			
Residential mortgages	(25)	(61)	59%
Retail Ireland	*2*	*(47)*	*n/m*
Retail UK	*(27)*	*(14)*	*(93%)*
Non-property SME and corporate	(29)	—	n/m
Republic of Ireland SME	*22*	*(18)*	*n/m*
UK SME	*7*	*(1)*	*n/m*
Corporate	*(58)*	*19*	*n/m*
Property and construction	3	15	(80%)
Investment	*6*	*2*	*n/m*
Development	*(3)*	*13*	*n/m*
Consumer	(2)	34	n/m
Total net impairment losses on loans and advances to customers at amortised cost	**(53)**	**(12)**	**n/m**
Net impairment gains on other financial instruments (excluding loans and advances to customers at amortised cost)[1]	6	11	(45%)
Total net impairment losses on financial instruments	**(47)**	**(1)**	**n/m**
Net impairment losses on loans and advances to customers (bps) (annualised)	**(14)**	**(3)**	**n/m**

The Group recognised a net impairment loss of €47 million, for H122, which is €46 million higher than the H121 loss of €1 million. The impairment loss for loans and advances to customers at amortised cost is €53 million (H121: €12 million). The impairment loss in the period incorporates the impact of economic uncertainty, primarily driven by Russia's invasion of Ukraine, inflationary pressure and interest rate expectations.

The loss incorporates a number of impairment dynamics reflecting:

- Net impairment losses associated with portfolio activities including credit risk assessments and recoveries; including case specific loss emergence (c.€106 million net loss); partly offset by
- Impairment model updates incorporating the current macroeconomic outlook (c.€19 million net gain); and
- Net reduction in the quantum of post model Group management adjustments at H122 (c.€40 million net gain) which reflect a number of potential risks not included in modelled impairment loss allowances.

A net impairment gain on the Retail Ireland mortgage portfolio of €2 million for H122 compares to a net loss of €47 million in H121, and includes a net impairment loss of €22 million on Stage 3 (i.e. credit impaired) assets.

A net impairment loss on the Retail UK mortgage portfolio of €27 million for H122, includes a net impairment loss of €30 million on Stage 3 assets, and compares to a net loss of €14 million in H121.

The net loss of €25 million in the total Residential mortgages portfolio in H122 reflects the recognition of losses that may be incurred for non-performing exposures (NPE) resolution strategies such as portfolio sales/securitisations. The net loss also reflects the impact of impairment model parameter updates, including the change in the macroeconomic outlook and observed resilience in the credit quality of customers.

A net €29 million impairment loss on the non-property SME and corporate loan portfolio for H122, includes a net impairment loss of €58 million on Stage 3 assets and compares to a net €nil impairment loss for H121. The net impairment loss in H122 primarily reflects a limited amount of case specific loss emergence primarily on defaulted cases in the Corporate portfolio. This is partly offset by net impairment reductions associated with impairment model methodology updates.

A net impairment gain of €3 million on the property and construction loan portfolio for H122 includes a net impairment loss of €19 million on Stage 3 assets and is €12 million lower than the gain of €15 million in H121. The net gain primarily reflects impairment reductions recognised from model updates, partly offset by limited levels of case specific loss emergence on defaulted assets.

A net impairment loss of €2 million on the Consumer loans portfolio (€2 million in Retail Ireland and €nil in Retail UK), includes a net impairment loss on Stage 3 assets of €10 million and is €36 million lower than the gain of €34 million in H121. The net loss primarily reflects limited levels of case specific loss emergence on defaulted assets, offset by a reduced risk that credit supports will be required for customers impacted by COVID-19.

[1] *For H122, net impairment gains on other financial instruments (excluding loans and advances to customers at amortised cost) included €8 million gain (H121: €16 million gain) on loan commitments, €nil (H121: €1 million gain) on guarantees and irrevocable letter of credit and €2 million loss (H121: €6 million loss) on other financial assets.*

Summary consolidated income statement on an underlying basis *(continued)*

Non-core items

Table: 5 Non-core items	6 months ended 30 June 2022 €m	*Restated*[1] 6 months ended 30 June 2021 €m	Change %
Customer redress charges	(26)	(5)	*n/m*
Acquisition costs	(25)	—	*n/m*
Transformation programme costs[2]	(23)	(69)	(67%)
Other transformation costs	*(20)*	—	*n/m*
Cost of restructuring programme	*(3)*	*(69)*	*(96%)*
Gross-up for policyholder tax in the Wealth and Insurance business	(8)	15	*n/m*
Investment return on treasury shares held for policyholders	(4)	(6)	(33%)
Portfolio divestments	2	5	(60%)
Operating income	*2*	*11*	*(82%)*
Operating expenses	—	*(6)*	*n/m*
Gain on disposal / liquidation of business activities	—	1	*n/m*
Total non-core items	**(84)**	**(59)**	**42%**

Customer redress charges
The Group has set aside a further €33 million (H121: €4 million) provision to cover the operational costs associated with the length and nature of the Tracker Mortgage Examination review and the further estimated costs of closing out the review, including any sanction that may be incurred under the Central Bank of Ireland's (CBI) administrative sanctions procedure.

During H122, there was a €5 million provision release relating to the interest rate implementation review within our Irish Business Banking and Private Banking businesses. The Group's expectation is that all impacted customers will be remediated during 2022.

During H122, there was also a provision release of €2 million in respect of other customer redress items (H121: €1 million charge).

Acquisition costs
The Group acquired Davy, Ireland's leading provider of wealth management and capital markets services, on 1 June 2022. The Davy transaction is being treated as a business combination in line with the requirements of International Financial Reporting Standard (IFRS) 3 (Note 35) and hence the costs specifically associated with the transaction are expensed to the Income Statement. Costs associated with this transaction in H122 amounted to €19 million. In addition, the acquisition costs include €6 million relating to deferred remuneration payments payable to certain Davy employees contingent on future performance, agreed as part of the Davy transaction.

Transformation programme costs
During H122, the Group recognised transformation programme costs of €23 million (H121: €69 million) of which €20 million (H121: €nil) related to other transformation programme costs and €3 million (H121: €69 million) related to the Group's cost of restructuring programme.

Other transformation programme costs represent transformation costs related to the ongoing activities of the business. Costs of €20 million (H121: €nil) related to the design and development of a number of the key business initiatives which were identified as part of the strategic review of the Retail UK operations. These costs are associated with the implementation of the Group's UK future state operating and business model.

Cost of restructuring programme costs are required to meet the definition of 'restructuring' under International Accounting Standard (IAS) 37. In H122, the Group had €3 million (H121: €69 million) of restructuring charges which relate to the implementation of the Group's RoI property and branch strategy, the Group's voluntary redundancy scheme, external programme management costs and gains / losses relating to the release of provision on the Group's Northern Ireland Branch closure.

Gross-up for policyholder tax in the Wealth and Insurance business
IFRS requires that the income statement be grossed up for the total tax payable by Wealth and Insurance, comprising both policyholder and shareholder tax. The tax gross-up relating to policyholder tax is included in non-core items. In H122, this equated to a charge of €8 million (H121: €15 million credit). The movement is mainly due to lower investment returns in H122.

Investment return on treasury shares held for policyholders
The Group income statement excludes the impact of the change in value of Bank of Ireland Group plc ('BOIG plc') shares held by Wealth and Insurance for policyholders. In H122, there was a loss of €4 million (H121: €6 million loss). The movement reflects a change in valuation during the period. At 30 June 2022, there were 2.3 million shares (H121: 3.6 million shares) held for the benefit of policyholders.

Portfolio divestments
Where the Group has made a strategic decision to exit an area of a business, the related income and expenses are treated as non-core. In H122, the Group recognised a net gain of €2 million which represented operating income only (H121: €5 million net gain of which €11 million was operating income and €6 million was operating expenses). The net gain in H122 is primarily associated with residual income and costs relating to the sale of the UK Post Office ATM business which was completed at 31 March 2022.

[1] Comparative figures for cost of restructuring programme have been restated from €74 million to €69 million, to include €5 million other restructuring gains previously shown separately to total transformation programme costs on the table above.
[2] Formerly transformation investment costs.

Summary consolidated balance sheet

Summary consolidated balance sheet	Table	30 June 2022 €bn	Restated[1] 31 December 2021 €bn
Assets *(after impairment loss allowances)*			
Loans and advances to customers	6	75	76
Liquid assets	7	52	50
Wealth and Insurance assets		21	23
Other assets	8	8	6
Total assets		**156**	**155**
Liabilities			
Customer deposits	9	93	93
Wholesale funding	10	21	21
Wealth and Insurance liabilities		21	23
Other liabilities	8	7	5
Subordinated liabilities		2	2
Total liabilities		**144**	**144**
Shareholders' equity		11	10
Other equity instruments - Additional tier 1		1	1
Total liabilities and shareholders' equity		**156**	**155**
Liquidity Coverage Ratio		218%	181%
Net Stable Funding Ratio		149%	144%
Loan to Deposit Ratio		81%	82%
Gross new lending volumes (€bn)		7.7	14.2
Average interest earning assets (€bn)		125	119
Return on Tangible Equity		6.3%	12.8%
Return on Tangible Equity (adjusted)		8.1%	13.2%
Common equity tier 1 ratio - fully loaded		15.5%	16.0%
Common equity tier 1 ratio - regulatory		16.0%	17.0%
Total capital ratio - regulatory		21.2%	22.3%

The Group's **loans and advances to customers (after impairment loss allowances)** of €74.6 billion are €1.7 billion lower than 31 December 2021. On a constant currency basis and excluding planned Retail UK deleveraging of €2.0 billion and the NPE transaction of €0.1 billion, the loan book grew by €1 billion in H122.

The Group’s portfolio of **liquid assets** at 30 June 2022 of €51.6 billion increased by €1.9 billion since 31 December 2021 predominantly due to lower lending volumes of €1.5 billion (constant currency basis) driven by planned deleveraging in our Retail UK business and higher gross deposit volumes of €1.3 billion on a constant currency basis, partially offset by the acquisition of Davy c.€0.4 billion, lower wholesale funding volumes of €0.1 billion and other flows of €0.4 billion. Government bonds decreased as a result of bond sales and maturities of c.€3.6 billion and c.€1.1 billion respectively, with the proceeds placed with central banks.

The Group’s **asset quality** remains strong and NPEs reduced by €0.1 billion to €4.2 billion, representing 5.4% of gross loans at 30 June 2022 (31 December 2021: 5.5%). Reductions in NPEs reflected the execution of resolution strategies, partly offset by the emergence of new defaults for case specific reasons primarily in the Corporate portfolios. For further information see note 21.

At 30 June 2022, overall Group **customer deposit** volumes are €92.6 billion (31 December 2021: €92.8 billion) including a fair value hedge adjustment of €1.5 billion (31 December 2021: €0.02 billion). Customer deposits (excluding fair value hedge adjustment) of €94.1 billion are €1.3 billion higher than 31 December 2021 due to growth in Retail Ireland of €3.6 billion predominantly driven by higher household and SME volumes and an increase in Corporate and Markets volumes of €0.3 billion, partially offset by lower Retail UK deposits of €2.6 billion arising from planned deleveraging.

Wholesale funding balances of €21.3 billion at 30 June 2022 are €0.1 billion lower than 31 December 2021 primarily due to an Asset Covered Securities (ACS) bond maturity of €1.0 billion and a negative FX impact of €0.1 billion partially offset by senior medium requirement for own funds and eligible liabilities (MREL) eligible bond issuance of €1.0 billion.

The net **pension** position is a surplus of €1.4 billion at 30 June 2022 (31 December 2021: €0.6 billion surplus) primarily due to increases in RoI and UK discount rates resulting in decreased pension liabilities.

[1] *Comparative figures for the Return on Tangible Equity (adjusted) have been restated to exclude pension surplus of €349 million, which resulted in the 31 December 2021 percentage increasing from 12.7% to 13.2%.*

Summary consolidated balance sheet *(continued)*

The Group's fully loaded common equity tier 1 (CET1) ratio decreased by c.-50 basis points during H122 to 15.5%. The decrease is primarily due to the completion of Davy acquisition (c.-80 basis points), RWA growth (c.-30 basis points), foreseeable distribution deduction (c.-10 basis points) and an increase in impairment (c.-10 basis points) offset by **organic capital generation** (c.+60 basis points), and other net movements, including in the Group's defined benefit pension scheme (c.+20 basis points).

The Group's regulatory CET1 ratio (net of Capital Requirements Directive (CRD) phasing) decreased by c.100 basis points over the period to 16.0%. For further information see Capital Management section from page 34.

Further information on measures referred to in our consolidated balance sheet is in Alternative performance measures on page 140.

Loans and advances to customers

Table: 6	30 June 2022		31 December 2021	
Loans and advances to customers - Composition[1]	**€m**	**%**	**€m**	**%**
Residential mortgages	40,720	54%	43,262	56%
Retail Ireland	*22,333*	*30%*	*22,398*	*29%*
Retail UK	*18,387*	*24%*	*20,864*	*27%*
Non-property SME and corporate	21,633	29%	20,850	26%
Republic of Ireland SME	*7,224*	*10%*	*7,014*	*9%*
UK SME	*1,719*	*2%*	*1,748*	*2%*
Corporate	*12,690*	*17%*	*12,088*	*15%*
Property and construction	8,706	11%	8,613	11%
Investment	*7,612*	*10%*	*7,552*	*10%*
Development	*1,094*	*1%*	*1,061*	*1%*
Consumer	5,495	7%	5,229	7%
Fair value hedge adjustment	(400)	(1%)	(76)	—
Total loans and advances to customers at amortised cost	**76,154**	**100%**	**77,878**	**100%**
Less impairment loss allowance on loans and advances to customers at amortised cost	(1,878)		(1,958)	
Net loans and advances to customers at amortised cost	**74,276**		**75,920**	
Loans and advances to customers at fair value through profit or loss	340		426	
Total loans and advances to customers	**74,616**		**76,346**	
Credit-impaired loans	4,118		4,265	
NPEs	4,165		4,311	
NPE ratio [2]		**5.4%**		5.5%

[1] *Includes €0.3 billion of loans and advances to customers at 30 June 2022 (31 December 2021: €0.4 billion) that are measured at fair value through profit or loss (FVTPL) and are therefore not subject to impairment under IFRS 9.*
[2] *For basis of calculation of NPE ratio, see page 143.*

Summary consolidated balance sheet *(continued)*

Loans and advances to customers *(continued)*

The Group's **loans and advances to customers (after impairment loss allowances)** of €74.6 billion are €1.7 billion lower than 31 December 2021. On a constant currency basis, excluding planned Retail UK deleveraging of €2.0 billion and the NPE transaction of €0.1 billion, the loan book grew by €1 billion in H122.

Gross new lending performance of €7.7 billion is €0.5 billion higher than H121, reflecting increased lending of 25% in Retail Ireland and 12% in Corporate and Markets, offset by a 19% reduction in Retail UK due to competitive pressures and the division's strategy to target higher value lending over volume.

Redemptions and repayments of €8.7 billion are €0.8 billion or 11% higher than H121 primarily due to increased redemptions in Retail UK and Corporate property portfolios.

The Group's IFRS 9 staging profile reflects improvement on the credit risk in the loan book. There was a net reduction of €2.2 billion of loans in Stage 2 (i.e. assets identified as having experienced a significant increase in credit risk). This reflects the re-assessment of post-model adjustments, the application of updated forward-looking information (FLI) and other portfolio activity (including net repayments / redemptions in the period).

During H122, the stock of impairment loss allowances decreased by €0.1 billion to €1.9 billion primarily due to impairment loss allowance utilisation of €0.2 billion, offset by the net impairment loss on loans and advances to customers of €0.1 billion.

Group NPEs reduced by €0.1 billion or 3% to €4.2 billion at 30 June 2022 and represent 5.4% of gross loans at 30 June 2022 (31 December 2021: 5.5%). Reductions in NPEs reflected the execution of resolution strategies, partly offset by the emergence of new defaults for case specific reasons primarily in the Corporate and Property and construction portfolios.

Liquid assets *(after impairment loss allowance)*

Table: 7 Liquid assets (after impairment loss allowance)	30 June 2022 €bn	31 December 2021 €bn
Cash at banks	3	3
Cash and balances at central banks	38	31
Bank of England	*3*	*4*
Central Bank of Ireland	*35*	*27*
Government bonds	6	11
Financial assets at FVOCI	*1*	*5*
Debt securities at amortised cost	*5*	*6*
Covered bonds	3	3
Senior bank bonds and other	2	2
	52	**50**

The Group's portfolio of **liquid assets** at 30 June 2022 of €51.6 billion increased by €1.9 billion since 31 December 2021 predominantly due to lower lending volumes of €1.5 billion (constant currency basis) driven by planned deleveraging in our Retail UK business and higher gross deposit volumes of €1.3 billion on a constant currency basis, partially offset by the acquisition of Davy c.€0.4 billion, lower wholesale funding volumes of €0.1 billion and other flows of €0.4 billion. Government bonds decreased as a result of bond sales and maturities of c.€3.6 billion and c.€1.1 billion respectively, with the proceeds placed with central banks.

Summary consolidated balance sheet *(continued)*

Other assets and other liabilities

Table: 8 Other assets and other liabilities	30 June 2022 €bn	31 December 2021 €bn
Other assets	**8.2**	**5.7**
Derivative financial instruments	*3.4*	*1.6*
Deferred tax asset	*0.9*	*1.0*
Pension surplus (net)	*1.4*	*0.6*
Other assets	*2.5*	*2.5*
Other liabilities	**7.4**	**4.9**
Derivative financial instruments	*4.3*	*2.2*
Notes in circulation	*1.0*	*1.1*
Lease liabilities	*0.4*	*0.5*
Other liabilities	*1.7*	*1.1*

Fair value movements of derivative assets and derivative liabilities are impacted by changes in equity markets, interest rates, FX and maturity of transactions during H122.

The net pension position is a surplus of €1.4 billion at 30 June 2022 (31 December 2021: €0.6 billion surplus), primarily due to increases in RoI and UK discount rates resulting in decreased pension liabilities.

Customer deposits

At 30 June 2022, overall Group customer deposit volumes of €94.1 billion (excluding fair value hedge adjustment) are €1.3 billion higher than 31 December 2021 due to growth in Retail Ireland of €3.6 billion predominantly driven by higher household and SME volumes and an increase in Corporate and Markets volumes of €0.3 billion, partially offset by lower Retail UK deposits of €2.6 billion arising from planned deleveraging.

At 30 June 2022, customer deposits are reported net of a fair value hedge adjustment related to hedging of structural interest rate risk of €1.5 billion (31 December 2021: €0.02 billion). This adjustment is offset by the move in fair value of the related derivatives in a hedge relationship with the customer accounts.

Table: 9 Customer deposits	30 June 2022 €bn	31 December 2021 €bn
Retail Ireland	69	65
Deposits	*26*	*24*
Current account credit balances	*43*	*41*
Retail UK	16	19
Retail UK (Stg£bn equivalent)	14	16
UK Post Office	*7*	*9*
Other Retail UK	*7*	*7*
Corporate and Markets	9	9
Total customer deposits (excluding fair value hedge adjustment)	**94**	**93**
Fair value hedge adjustment	(1)	—
Total customer deposits	**93**	**93**

Summary consolidated balance sheet *(continued)*

Wholesale funding

Table: 10	30 June 2022		31 December 2021	
Wholesale funding	**€bn**	**%**	**€bn**	**%**
Secured funding	15	71%	17	81%
Monetary Authority	*13*	*61%*	*14*	*67%*
Covered bonds	*1*	*5%*	*2*	*10%*
Securitisations	*1*	*5%*	*1*	*5%*
Unsecured funding	6	29%	4	19%
Senior debt	*5*	*24%*	*4*	*19%*
Bank deposits	*1*	*5%*	—	—
Total wholesale funding	**21**	**100%**	**21**	**100%**
Wholesale market funding < 1 year to maturity	1	12%	1	14%
Wholesale market funding > 1 year to maturity	7	88%	6	86%
Monetary Authority funding < 1 year to maturity	—	—	—	—
Monetary Authority funding > 1 year to maturity	13	100%	14	100%

Wholesale funding balances of €21.3 billion at 30 June 2022 are €0.1 billion lower than 31 December 2021 primarily due to an ACS bond maturity of €1.0 billion and a negative FX impact of €0.1 billion partially offset by senior MREL eligible bond issuance of €1.0 billion.

Divisional review

Retail Ireland

Retail Ireland serves consumer and business customers across a broad range of segments and sectors with financial products, services and propositions tailored to meet their needs.

Highlights

Customer shift to digital continues, with 156 million visits to our digital channels in H122, up by 20% on the same period last year. 88% of all visits were to the Mobile App, our customers' channel of choice.

Transform the Bank

- Continued investment in customer digital channel offering:
  - Online Card controls, with c.700k requests since launch, including freeze & unfreeze card, view PIN, report lost or stolen, activate card and other;
  - Digital multi product application form and digital switching form to support customers looking for a new banking partner; and
  - Launch of tailored and personalised customer messages and prompts, c.250k customer engagements per week.
- Over 80% of our customers' Current Account, Deposit, Consumer Credit Card and Personal Loan digital applications are now unassisted.
- Acquisition of portfolios from KBCI progressing.

Serve customers brilliantly

- Supporting customers seeking a new banking partner:
  - "Big Move" awareness campaign, including Group Website information centre.
  - Recruitment of additional resources in branch and in back office processing units to ensure a smooth and timely customer experience.
- Delivering our green commitment with:
  - Sustainable finance at 24% of overall H122 new lending of €3.3 billion (H121: 14%).
  - Green mortgages accounted for 48% of total new mortgage drawdowns in H122 (H121: 29%).
  - c.200k biodegradable cards issued.
- Number 1 brand most associated with Financial Wellbeing in RoI.

Grow sustainable profits

Compared to H121:

- Operating income is €4 million lower than H121, mainly due to the rephasing of the TLTRO funding benefit.
- Operating expenses are 4% higher, largely due to additional resources and initiatives to support customer switching and costs relating to the KBCI portfolio acquisition.
- Net impairment gain of €36 million compared to €47 million loss in H121, reflecting an improved outlook for certain sectors.
- The underlying divisional contribution of €246 million is 37% higher than H121.

Compared to 31 December 2021:

- Strong new lending in H122 with increases across all lending portfolios and a net increase in the lending book.

Wealth and Insurance

Wealth and Insurance is a market leading life, pensions, investments and general insurance provider in Ireland. The Group is the only Irish owned bancassurer in the Irish market and reflects the performance of New Ireland Assurance and the Davy business.

Highlights

New Ireland Annual Premium Equivalent (APE) new business Life and Pension sales increase of 34%.

Davy which is the leading provider of wealth and capital markets services in Ireland was acquired by the Group on 1 June 2022.

Transform the Bank

- On boarding of schemes on MyPension365 continues at pace with a strong and growing pipeline, increasing business volumes on the new pension platform, which provides customers with a modern, digital and customer-friendly experience.
- Further enhancements and rollout of broker portal which enables customers and advisors to access products and services via a single source, with c.2,100 brokers set up at end of June 2022.
- Good progress continues across a range of initiatives that will enable sustainable, scalable and profitable growth.

Serve customers brilliantly

- Delivery of high-quality advice to customers in a digital, user-friendly and efficient way through the rollout of Wealth and Insurance Advice Platform, which won the EFMA-Accenture Insurance Innovation Award for April 2022.
- Strong retention of customers driven by targeted engagement across all channels through our proactive retention strategies and relationship management.
- c.17k customer meetings held, supporting customers with quality wealth advice (excluding Davy).

Grow sustainable profits

Compared to H121 (excluding Davy):

- Operating contribution is €7 million or 21% higher.
- Operating income is €8 million or 8% higher reflecting strong new business performance.
- Operating expenses are €1 million higher primarily due to continued investment in transformation.
- Unit-linked fund prices decreased due to negative performance of investment markets as a result of market volatility. The adverse variance to assumed growth led to a negative investment variance of €47 million (H121: €22 million positive investment return).
- Reduction in asset values relative to insurance liabilities due to widening credit spreads on matching assets resulted in €55 million loss compared to a €1 million loss in H121.

Davy acquisition completed 1 June 2022:

- Davy one month's underlying contribution for H122 is €1 million, which includes €13 million operating income and €12 million operating expenses.

Further information on our divisional results on an underlying basis are on pages 22 and 23. Additional information on our alternative performance measures are on page 140.

Divisional review *(continued)*

Retail UK

Retail UK provides banking services to customers in the UK, including mortgages, savings, personal lending, foreign exchange, asset finance and contract hire; incorporating Northridge Finance and partnerships with the Post Office, AA and FRES[1].

Highlights

Delivering positive customer experiences by enhancing customer journeys, simplifying processes and managing risks. Launching new green products through various portfolios to meet the expectation of our customers.

Transform the Bank

- Ongoing multi-million pound investment in our Northern Ireland (NI) business, including branch refurbishments and continued investment in agile and flexible working places for colleagues to facilitate hybrid working.
- Progressing on our strategy to target higher margin lending through our award winning bespoke mortgage proposition which was expanded to 1,100 broker firms early in 2022.

Serve customers brilliantly

- Digital enhancements to online account application process, and additional self-service card management features via the mobile app and desktop.
- Bank of Ireland UK named 'Best Large Loan Lender' at the 2022 Mortgage Strategy Awards and Northridge Finance named 'Best Independent Lender (Bank Owned)' at the 2022 Car Finance Awards. Personal Loans and Personal Current Accounts received a Gold Ribbon from Fairer Finance in their Spring 2022 ratings.
- Launch of additional green products including mortgages for Buy-to-Let and new build homes, with enhanced terms based on the property Energy Performance Certificate (EPC) rating. Northridge Finance commenced funding used battery electric vehicles on its Personal Contract Purchase (PCP) product to give customers improved affordability options.

Grow sustainable profits

Compared to H121:

- Operating income is £24 million higher, due to lower deposit funding costs in a higher interest rate environment, combined with improved lending mix and margins.
- Operating expenses are £4 million higher, as a result of continued investment in improving product offerings, while continuing to maintain strong cost discipline.
- An impairment loss of £10 million reflecting portfolio activity and the current economic environment.

Compared to 31 December 2021:

- Loans and advances to customers (after impairment loss allowances) are £1.7 billion lower, reflecting the UK strategy of value over volume.
- Customer deposits are £2.0 billion lower reflecting further optimisation of the balance sheet and funding positions.

Corporate and Markets

Provides a range of lending, banking services and operating products to the Group's corporate customers, along with the provision of treasury risk management services to all customer segments.

Highlights

Supporting our customers with lending and the provision of innovative solutions to help them achieve their business objectives, including their sustainability ambitions.

Won Finance Dublin Deal of the Year 2021 award for Tranche I of Woodland Nature Credit for Coillte.

Transform the Bank

- Ireland's number one corporate bank[2] and number one bank for the provision of banking services to international companies establishing in Ireland[3].
- Investment in systems and enhanced customer journeys to meet changing behaviours; c.85% of customer FX transactions now completed digitally (c.83% at 31 December 2021).
- Progress achieved across a number of key operational and customer-focused risk management projects, including Interest Rate Benchmark Reform (IBOR), transaction reporting regulatory change and enhanced customer on-boarding processes.

Serve customers brilliantly

- Helping customers to adapt to external headwinds and market volatility, provision of on-going supports, and thought leadership.
- Valued engagement with customers on Environmental, Social or Governance (ESG) and RSB topics. Progress across Green bond framework lending and provision of innovative solutions to help customers achieve their sustainability ambitions.
- c.€1.6 billion of sustainability-linked loan commitments advanced to corporate customers (€1.4 billion as at 31 December 2021).
- As at the end of June 2022, Corporate Banking had approved funding of €0.8 billion to support the development of c.17k housing units across 95 sites in Ireland.

Grow sustainable profits

Compared to H121:

- Net interest income and business income was €12 million lower, mainly due to rephasing of the TLTRO funding benefit.
- Operating expenses are €5 million higher reflecting, among other factors, the inflationary impact of salary costs, cost increase arising from the resumption of normal business activity post pandemic and adverse FX impact.
- An impairment loss of €69 million (H121: €55 million gain) relating to a small number of specific cases and a more challenging economic and political environment.

Compared to 31 December 2021:

- Loan book is €0.7 billion higher reflecting strong new lending of €2.6 billion and favourable currency translations.

Further information on our divisional results on an underlying basis are on pages 24 and 25. Additional information on our alternative performance measures are on page 140.

[1] *FRES is a joint venture between Bank of Ireland UK and the UK Post Office.*

[2] *Based on corporate lending information sourced from (i) publicly available annual reports for 2018, 2019 & 2020 for all Irish banks, (ii) Bank of Ireland analysis of its banking relationships with the top 500 companies from the 2021 Irish Times Top 1,000 companies list, and (iii) Bank of Ireland analysis of its banking relationships with companies on the published listing of international companies setting up operations in RoI in 2021.*

[3] *Based on Bank of Ireland's analysis of its banking relationships with international companies who set up operations in Republic of Ireland in 2021 (international company data sourced from the IDA year end results for 2021).*

Divisional review *(continued)*

Group Centre

Group Centre incorporates the Group's central support and control functions[1], which establish governance and oversee policies and provide management services to the Group. It also provides and manages processes and delivery platforms for the trading divisions, and includes income from liquid asset portfolios.

Highlights

In June, the Group published its inaugural Responsible and Sustainable Business (RSB) Report for 2021, detailing progress made across our strategic pillars - Enabling Colleagues to Thrive, Enhancing Financial Wellbeing and Supporting the Green Transition, and enhancing our Environmental, Social and Governance disclosures for all stakeholders, including customers, investors and regulators.

Transform the Bank

- Multi-year transformation delivered key outcomes, including enhanced card and cyber security controls and capabilities.
- The culture and people transformation journey continues with progress evident across our colleague Engagement, Wellbeing, Inclusion & Diversity, New Ways of Working (NWoW) and Learning Programmes.
- Continued development of NWoW model with delivery of enhanced collaboration tools together with extensive collaboration and agile spaces across our estate.
- Introduction of self service, streamline processing, while increasing automation and improving the End-to-End colleague experience.
- Refreshed the Group Risk Management Framework and Operating model, delivering a more customer-centric, thorough, robust and visible approach to risk management.

Serve customers brilliantly

- Publication of the Groups inaugural RSB Report for 2021, detailing progress made across our strategic pillars and enhancing our Environmental, Social and Governance disclosures for all of our stakeholders.
- Strong customer service performance supporting record customer volumes across Mobile App, Open Banking and Cards.

Grow sustainable profits

- Group Centre's income and costs comprise income from capital and other management activities; unallocated Group support costs; costs associated with the Irish Bank levy; along with contributions to the Single Resolution Fund (SRF), Deposit Guarantee Scheme (DGS) and other levies.

Compared to H121:

- Net operating income was €75 million higher, primarily due to gains on disposal of Government bonds.
- Operating expenses of €182 million were €30 million or 14% lower, reflecting lower staff costs and other cost reductions arising from rationalisation of business activities and other items.

Further information on our divisional results on an underlying basis are on page 26. Additional information on our alternative performance measures are on page 140.

[1] *Group Centre comprises Group Technology and Customer Solutions, Group Finance and Treasury, Group Risk, People Services, Strategy & Transformation, Group Internal Audit and other central support and control functions*

Divisional financial results

The tables below and on the following pages provide further information on the financial performance of the Group's divisions during H122 as well as some key performance metrics.

Underlying divisional contribution reflects the underlying financial contribution of each division towards the consolidated Group underlying profit or loss, before tax, excluding non-core items which obscure the underlying performance of the business.

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Underlying divisional contribution		
Retail Ireland	246	180
Wealth and Insurance	(61)	54
Retail UK	198	159
Corporate and Markets	250	396
Group Centre	(204)	(314)
Other reconciling items[1]	(10)	(10)
Group underlying profit before tax	**419**	**465**
Non-core items by division		
Retail Ireland	(28)	(36)
Wealth and Insurance	(12)	15
Retail UK	(18)	(11)
Corporate and Markets	—	(1)
Group Centre	(26)	(27)
Other reconciling items[1]	—	1
Group non-core items	**(84)**	**(59)**
Profit / (loss) before tax by division		
Retail Ireland	218	144
Wealth and Insurance	(73)	69
Retail UK	180	148
Corporate and Markets	250	395
Group Centre	(230)	(341)
Other reconciling items[1]	(10)	(9)
Group profit before tax	**335**	**406**
Per ordinary share		
Basic earnings per share (€ cent)	22.6	28.2
Underlying earnings per share (€ cent)	27.3	33.6
Tangible Net Asset Value per share (€ cent)	922	789
Statutory cost income ratio (%)	74%	71%
Underlying cost income ratio (%)	61%	61%
Return on assets (bps) (annualised)	36	46

Further information in relation to our divisional results which are prepared on an underlying basis is on pages 22 to 28.

Further information on measures referred to in our divisional results is in Alternative performance measures on page 140.

[1] *Other reconciling items represent inter segment transactions which are eliminated upon consolidation and the application of hedge accounting at Group level.*

Divisional financial results *(continued)*

Retail Ireland

Retail Ireland **Income statement**	**6 months ended 30 June 2022 €m**	**6 months ended 30 June 2021 €m**	**Change %**
Net interest income	418	451	(7%)
Net other income	131	102	28%
Operating income	**549**	**553**	**(1%)**
Operating expenses	(347)	(333)	(4%)
Operating contribution before net impairment losses on financial instruments	**202**	**220**	**(8%)**
Net impairment gains / (losses) on financial instruments	36	(47)	n/m
Share of results of associates and joint ventures (after tax)	8	7	14%
Underlying contribution	**246**	**180**	**37%**
Net impairment gains / (losses) on financial instruments			
Loans and advances to customers at amortised cost	34	(50)	n/m
Residential mortgages	2	(47)	n/m
Non-property SME and corporate	22	(18)	n/m
Property and construction	12	5	n/m
Consumer	(2)	10	n/m
Other financial instruments: loan commitments and guarantees	2	3	(33%)
Net impairment gains / (losses) on financial instruments	**36**	**(47)**	**n/m**

	30 June 2022 €bn	**31 December 2021 €bn**	**Change %**
Loans and advances to customers (net)	32.4	32.2	1%
Customer deposits	68.6	65.0	6%

Further information in relation to the performance of Retail Ireland is on page 18.

Divisional financial results *(continued)*

Wealth and Insurance

Wealth and Insurance (W&I) (Including Davy) **Income statement**	**6 months ended 30 June 2022 €m**	**6 months ended 30 June 2021 €m**	**Change %**
Net interest expense	(4)	(3)	33%
Net other income	127	105	21%
Operating income	**123**	**102**	**21%**
Operating expenses	(82)	(69)	19%
Operating contribution	**41**	**33**	**24%**
Interest rate movement	(55)	(1)	n/m
Unit-linked investment variance	(47)	22	n/m
Underlying contribution	**(61)**	**54**	**n/m**

Wealth and Insurance (W&I) includes the Group's life assurance subsidiary, New Ireland Assurance Company plc (NIAC), the Group's general insurance brokerage, Bank of Ireland Insurance Services and investment markets. On 1 June 2022, following receipt of all regulatory approvals, the Group acquired J&E Davy, Ireland's leading provider of wealth management and capital markets services which will be reported in the wealth and insurance division. For further details see note 35. The Davy business made a profit before tax of €1 million in the month of June 2022, its first month as part of the Bank of Ireland Group.

Embedded value

The table opposite outlines the Market Consistent Embedded Value (MCEV) performance of W&I (excluding Davy) using market consistent assumptions. The MCEV principles are closely aligned to the Solvency II principles and are consistent with the approach used for insurance contracts on an IFRS basis.

Embedded value loss before tax of €71 million (H121: €68 million profit) was €139 million lower than H121 due to the impact of investment market movements on unit-linked fund performance (€48 million loss) and the impact of lower investment returns on non-linked and shareholder funds (€71 million loss).

Operating profit of €48 million for H122 was €18 million or 60% higher than H121, primarily due to higher new business volumes and a higher return on the existing book of business when compared to H121.

The table opposite summarises the overall balance sheet of W&I (excluding Davy) on a MCEV basis at 30 June 2022 compared to the value at 31 December 2021. The Value of in Force (ViF) asset represents the after tax value of future income from the existing book.

W&I (excluding Davy) **Income statement (MCEV)**	**6 months ended 30 June 2022 €m**	**6 months ended 30 June 2021 €m**
New business profits	9	4
Existing business profits	42	29
Expected return	*32*	*28*
Experience variance	*10*	*(5)*
Assumption changes	*—*	*6*
Interest payments	(3)	(3)
Operating profit	**48**	**30**
Unit-linked investment variance	(48)	35
Interest rate movements	(71)	3
Embedded value (loss) / profit before tax	**(71)**	**68**

Wealth and Insurance (W&I) **Summary balance sheet**	**30 June 2022 €m**	**31 December 2021 €m**
W&I (excluding Davy) - Summary balance sheet (MCEV)		
Net assets	469	562
ViF	770	759
Less Tier 2 subordinated capital / debt	(165)	(162)
Less pension scheme surplus / (deficit)	22	(61)
Total embedded value	**1,096**	**1,098**

Further information in relation to the performance of Wealth and Insurance is on page 18.

Divisional financial results *(continued)*

Retail UK

Retail UK Income statement	6 months ended 30 June 2022 £m	6 months ended 30 June 2021 £m	Change %
Net interest income	292	268	9%
Net other expense	(1)	(1)	—
Operating income	**291**	**267**	**9%**
Operating expenses	(125)	(121)	(3%)
Operating contribution before net impairment losses on financial instruments	**166**	**146**	**14%**
Net impairment losses on financial instruments	(10)	(2)	n/m
Share of results of associates and joint ventures (after tax)	11	(5)	n/m
Underlying contribution	**167**	**139**	**20%**
Underlying contribution (€m equivalent)	**198**	**159**	**25%**
Net impairment (losses) / gains on financial instruments			
Loans and advances to customers at amortised cost	(11)	—	n/m
Residential mortgages	*(23)*	*(12)*	*(92%)*
Non-property SME and corporate	*5*	*(1)*	*n/m*
Property and construction	*7*	*(8)*	*n/m*
Consumer	*—*	*21*	*(100%)*
Other financial instruments: loan commitments and guarantees	1	(2)	n/m
Net impairment (losses) / gains on financial instruments	**(10)**	**(2)**	**n/m**

	30 June 2022 £bn	31 December 2021 £bn	Change %
Loans and advances to customers (net)	20.2	21.9	(8%)
Customer deposits	13.8	15.8	(13%)

Further information in relation to the performance of Retail UK is on page 19.

Divisional financial results *(continued)*

Corporate and Markets

Corporate and Markets **Income statement**	**6 months ended 30 June 2022 €m**	**6 months ended 30 June 2021 €m**	**Change %**
Net interest income	312	325	(4%)
Net other income	99	103	(4%)
Operating income	**411**	**428**	**(4%)**
Net interest income and business income	*397*	*409*	*(3%)*
Financial Instruments valuation adjustments	*12*	*18*	*(33%)*
Other debt instruments at FVOCI gains	*2*	*1*	*100%*
Operating expenses	(92)	(87)	(6%)
Operating contribution before impairment losses on financial instruments	**319**	**341**	**(6%)**
Net impairment (losses) / gains on financial instruments	(69)	55	n/m
Underlying contribution	**250**	**396**	**(37%)**
Net impairment (losses) / gains on financial instruments			
Loans and advances to customers at amortised cost	(75)	40	n/m
Non-property SME and corporate	*(58)*	*20*	*n/m*
Property and construction	*(17)*	*20*	*n/m*
Other financial instruments: loan commitments and guarantees	6	15	(60%)
Net impairment (losses) / gains on financial instruments	**(69)**	**55**	**n/m**

	30 June 2022 €bn	**31 December 2021 €bn**	**Change %**
Loans and advances to customers (net)	18.8	18.1	4%
Euro liquid asset bond portfolio	8.9	14.1	(37%)
Customer deposits	9.4	9.1	3%

Further information in relation to the performance of Corporate and Markets is on page 19.

Divisional financial results *(continued)*

Group Centre

Group Centre Income statement	6 months ended 30 June 2022 €m	*Restated*[1] 6 months ended 30 June 2021 €m	Change %
Net operating income / (expense)	72	(3)	n/m
Operating expenses (excluding levies and regulatory charges)	(182)	(212)	14%
Levies and regulatory charges	(91)	(93)	2%
Operating contribution before impairment losses on financial instruments	**(201)**	**(308)**	35%
Net impairment losses on other financial instruments: loan commitments	(3)	(6)	50%
Underlying contribution	**(204)**	**(314)**	**35%**

Further information in relation to the performance of Group Centre is on page 20.

[1] *The Group is no longer incurring transformation investment charges. Accordingly prior period comparatives have been restated to ensure consistency with H122, with the H121 transformation investment charge of €21 million reallocated, 'operating expenses (excluding levies and regulatory charges)' increased by €21 million to €212 million.*

Divisional financial results *(continued)*

Income statement - operating segments

In the table below, 'underlying' excludes the impact of non-core items (page 12).

6 months ended 30 June 2022	Net interest income / (expense) €m	Net insurance premium income €m	Other income / (expense) €m	Total operating income / (expense) €m	Insurance contract liabilities and claims paid €m	Total operating income net of insurance claims €m	Operating expenses €m	Operating profit / (loss) before net impairment losses on financial instruments €m	Net impairment (losses) / gains on financial instruments €m	Share of results of associates and joint ventures (after tax) €m	Gain on disposal / liquidation of business activities and property €m	Profit / (loss) before taxation €m
Divisional underlying contribution												
Retail Ireland	418	—	131	**549**	—	**549**	(347)	**202**	36	8	—	**246**
Wealth and Insurance	(4)	1,032	(1,488)	**(460)**	481	**21**	(82)	**(61)**	—	—	—	**(61)**
Retail UK	346	—	(2)	**344**	—	**344**	(148)	**196**	(11)	13	—	**198**
Corporate and Markets	312	—	99	**411**	—	**411**	(92)	**319**	(69)	—	—	**250**
Group Centre	(1)	(1)	75	**73**	(1)	**72**	(273)	**(201)**	(3)	—	—	**(204)**
Other reconciling items	1	—	(9)	**(8)**	—	**(8)**	(2)	**(10)**	—	—	—	**(10)**
Group - underlying	**1,072**	**1,031**	**(1,194)**	**909**	**480**	**1,389**	**(944)**	**445**	**(47)**	**21**	**—**	**419**
Total non-core items												
Customer redress charges	5	—	—	**5**	—	**5**	(31)	**(26)**	—	—	—	**(26)**
Acquisition costs	—	—	—	**—**	—	**—**	(25)	**(25)**	—	—	—	**(25)**
Transformation programme costs[1]	—	—	—	**—**	—	**—**	(23)	**(23)**	—	—	—	**(23)**
Gross-up for policyholder tax in Wealth and Insurance business	—	—	(8)	**(8)**	—	**(8)**	—	**(8)**	—	—	—	**(8)**
Investment return on treasury stock held for policyholders	—	—	(4)	**(4)**	—	**(4)**	—	**(4)**	—	—	—	**(4)**
Portfolio divestments	—	—	2	**2**	—	**2**	—	**2**	—	—	—	**2**
Gain on liquidation of business activities	—	—	—	**—**	—	**—**	—	**—**	—	—	—	**—**
Group total	**1,077**	**1,031**	**(1,204)**	**904**	**480**	**1,384**	**(1,023)**	**361**	**(47)**	**21**	**—**	**335**

[1] *Formerly transformation investment costs. Transformation programme costs includes cost of restructuring and other transformation programme costs.*

Divisional financial results *(continued)*

Income statement - operating segments

In the table below, 'underlying' excludes the impact of non-core items (page 12).

6 months ended 30 June 2021	Net interest income / (expense) €m	Net insurance premium income €m	Other income / (expense) €m	Total operating income / (expense) €m	Insurance contract liabilities and claims paid €m	Total operating income net of insurance claims €m	Operating expenses €m	Operating profit / (loss) before net impairment losses on financial instruments €m	Net impairment (losses) / gains on financial instruments €m	Share of results of associates and joint ventures (after tax) €m	Gain on disposal / liquidation of business activities and property €m	Profit / (loss) before taxation €m
Divisional underlying contribution												
Retail Ireland	451	—	102	**553**	—	**553**	(333)	**220**	(47)	7	—	**180**
Wealth and Insurance	(3)	847	656	**1,500**	(1,377)	**123**	(69)	**54**	—	—	—	**54**
Retail UK	309	—	(1)	**308**	—	**308**	(140)	**168**	(3)	(6)	—	**159**
Corporate and Markets	325	—	103	**428**	—	**428**	(87)	**341**	55	—	—	**396**
Group Centre	(2)	(1)	2	**(1)**	(2)	**(3)**	(305)	**(308)**	(6)	—	—	**(314)**
Other reconciling items	—	—	(11)	**(11)**	—	**(11)**	1	**(10)**	—	—	—	**(10)**
Group - underlying	**1,080**	**846**	**851**	**2,777**	**(1,379)**	**1,398**	**(933)**	**465**	**(1)**	**1**	**—**	**465**
Total non-core items												
Customer redress charges	—	—	—	**—**	—	**—**	(5)	**(5)**	—	—	—	**(5)**
Acquisition costs	—	—	—	**—**	—	**—**	—	**—**	—	—	—	**—**
Transformation programme costs	—	—	—	**—**	—	**—**	(69)	**(69)**	—	—	—	**(69)**
Gross-up for policyholder tax in the Wealth and Insurance business	—	—	15	**15**	—	**15**	—	**15**	—	—	—	**15**
Investment return on treasury stock held for policyholders	—	—	(6)	**(6)**	—	**(6)**	—	**(6)**	—	—	—	**(6)**
Portfolio divestments	—	—	11	**11**	—	**11**	(6)	**5**	—	—	—	**5**
Gain on liquidation of business activities	—	—	—	**—**	—	**—**	—	**—**	—	—	1	**1**
Group total	**1,080**	**846**	**871**	**2,797**	**(1,379)**	**1,418**	**(1,013)**	**405**	**(1)**	**1**	**1**	**406**

Principal Risks and Uncertainties

Principal risks and uncertainties facing the Group for the remaining six months of 2022 are listed below. This summary should not be regarded as a complete and comprehensive statement of all potential risks / uncertainties. The Group continues to face a diverse set of challenges including macroeconomic uncertainty associated with Russia's invasion of Ukraine and ongoing COVID-19 impacts, combined with a significant transformation agenda. Other factors not yet identified, or not currently material, may adversely affect the Group.

Business and strategic risk is the risk of not achieving agreed strategic and business goals, arising due to inadequate planning or implementation, and / or changes in the external environment or economic factors. This also includes adverse impacts on the franchise value, e.g. by implementing an unsuitable strategy, or maintaining an obsolete business model. Business and strategic risk also covers ESG matters. Drivers include:

- macroeconomic conditions and geopolitical uncertainties:
  - the fallout from Russia's invasion of Ukraine leading to greater uncertainty, high global energy and non-energy commodity prices.
  - potential changes in interest rates, impacting repayment capacity and demand for lending.
  - continuing uncertainty regarding Brexit and the Northern Ireland protocol and the implications for trade and relations between the EU and UK.

  The potential impacts of these macroeconomic and geopolitical dynamics represent a risk to the Group in its markets and could be seen in pricing, customer confidence and credit demand, collateral values and customers' ability to meet their financial obligations;
- environmental or climate risks with emerging regulatory frameworks which extend beyond climate to include ESG risks;
- the risk attached to acquisitions (completed and proposed) not successfully delivering on anticipated strategic outcomes;
- changing bank model including changes in the competitive landscape, the impact of changing consumer and business behaviours, delivery on the Group's digital strategy and the ongoing enterprise change agenda; and
- the Group has a strategy to transform which presents challenges and risks, as well as customer considerations. Failure to transform successfully, or respond to the other risks above, could prevent the Group from realising its strategic priorities.

Capital adequacy risk is the risk that the Group has insufficient capital to support its normal business activities, meet its regulatory capital requirements or absorb losses should unexpected events occur. The Group's business and financial condition would be negatively affected if the Group was, or was considered to be, insufficiently capitalised. While all material risks impact on the Group's capital adequacy to some extent, capital adequacy is primarily impacted by significant increases in credit risk or RWAs, materially worse than expected financial performance and changes to minimum regulatory requirements.

Conduct risk is the risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Group's products and services. The Group is exposed to conduct risk as a direct and indirect consequence of its normal business activities. These risks may materialise from failures to comply with regulatory requirements or expectations, in the day-to-day conduct of its business, as an outcome of risk events in other principal risk categories, from changes in external market expectations or conditions, provision of products and services and the various activities performed by the Group, its staff, contractors and by third party suppliers.

Credit risk is the risk of loss resulting from a customer or counterparty being unable to meet its contractual obligations to the Group in respect of loans or other financial transactions. This risk includes debt underwriting risk, loan origination risk, credit concentration risk, cross border transfer risk, credit quality deterioration risk, default risk and collateral valuation risk. Credit risk arises from loans and advances to customers and from certain other financial transactions such as those entered into by the Group with financial institutions, sovereigns and state institutions.

The level of credit risk associated with the impact of COVID-19 has reduced in the period. Some residual latent risk is recognised as certain customers may face challenges following the cessation of government supports. The positive impact of the re-opening of economies in the Group's core markets has been offset somewhat by increased credit risk associated with the combination of geopolitical developments and supply chain difficulties, along with elevated inflation rates and potential interest rate increases.

Funding and liquidity risk is the risk that the Group will experience difficulty in financing its assets and / or meeting its contractual payment obligations as they fall due, or will only be able to do so at substantially above the prevailing market cost of funds. Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven by, amongst other things, the maturity structure of loans and investments held by the Group, while cash outflows are driven by items such as the term maturity of debt issued by the Group and outflows from customer deposit accounts. The liquidity risk of the Group may also be impacted by external events which could result in a sudden withdrawal of deposits or the potential changes in customer behaviour. Funding risk can occur where there is an over-reliance on a particular type of funding, a funding gap or a concentration of wholesale funding (including securitisations) maturities. The Group funds an element of its sterling balance sheet in part from euro (via cross currency derivatives), which creates an exposure to the cost of this hedging which is managed within prudent risk appetite limits.

Life insurance risk is the risk of unexpected variation in the amount and timing of claims associated with insurance benefits. This variation, arising from changing customer mortality, life expectancy, health or behavioural characteristics, may be short or long term in nature. Experience in 2022 has been stable and broadly positive relative to assumptions.

Market risk is the risk of loss arising from movements in interest rates, FX rates or other market prices (including equity and credit spreads). Market risk arises from the structure of the balance sheet, the Group's business mix and includes discretionary risk-taking. Additionally, market risk arises through the conduct of customer business, particularly in respect to fixed-rate lending and the execution of derivatives and foreign exchange business. The market risk profile of the Group may, in addition to the above risks which arise in the usual course of a business cycle, be impacted by shifts in market volatility as a result of external factors. Earnings for NIAC are also indirectly exposed to changes in equity and property markets through fee income generated on unit-linked customer investments.

Principal Risk and Uncertainties *(continued)*

Operational risk is the risk of loss resulting from suboptimal or failed internal processes, systems, human factors or from external events. Operational risk arises as a direct or indirect consequence of the Group's normal business activities through the day-to-day execution of business processes, the functioning of its technologies and in the various activities performed by its staff, contractors and third party suppliers. This also includes the risks associated with major change and the failure to deliver on the Group's multi-year transformation agenda. It includes people risks such as loss of talent due to increased competition in the recruitment market for certain skills and experience and the remuneration cap at the senior levels, along with colleague wellbeing and health and safety. People risk continues to be at an elevated level.

Operational risk also arises from the risk of cybersecurity attacks which remains material as their frequency, sophistication and severity continue to develop. Information technology risk (including Cloud) continues to be a focus area in an increasingly digital world requiring heightened service continuity and operational resilience. Operational risk also includes model risk which is the risk of adverse consequences from decisions based on incorrect or misused model outputs and reports, whilst data risk is the risk of negative outcomes in the event of the unavailability of data, poor data quality, or inadequate data retention and destruction management.

In addition, preparing for management of internal and external business disruption events through business continuity planning and management and monitoring of third party suppliers continues as part of operational risk management. The recent invasion of Ukraine and the worldwide COVID-19 pandemic are examples of external events, not caused by the actions of the Group, to which the Group must respond and manage. The risk of such external events, which includes natural disasters, civil unrest, etc., present potential significant disruption and are therefore considered material. The pandemic has caused significant changes for our customers and corresponding operational changes for the Group, including the deployment of interventions to mitigate model risk. The potential for increased operational risk arising from external events, and the legacy of changes to ways of working for our customers and colleagues, is being kept under continuous review by the Group.

Regulatory risk is the risk that the Group does not identify legal or regulatory change or appropriately manage its relationships with its regulators. The Group is exposed to regulatory risk as a direct and indirect consequence of its normal business activities. Regulatory risk may materialise from failure to identify new or existing regulatory and / or legislative requirements or deadlines, ensure appropriate governance is in place to embed regulatory requirements into processes, or the failure to appropriately manage the Group's regulatory relationships.

The Group also faces other significant and emerging risks and further detail on risks facing the Group, including key mitigating considerations, may be found in the principal risks and uncertainties section on pages 138 to 149 of the Group's Annual Report for the year ended 31 December 2021.

Asset Quality

Asset Quality - Loans and advances to customers

The information below including referenced footnotes forms an integral part of the interim financial statements as described in the basis of preparation in note 1 to the financial statements.

The Group's asset quality reporting methodology is as set out on pages 164 and 165 of the Group's 2021 Annual Report.

The Group enhanced its definition of default in H122 to include a new mandatory trigger for default for relationship managed cases in commercial portfolios where customers have been granted multiple forbearance arrangements over a period of 3 years. This change resulted in c.€0.3 billion of assets being classified defaulted (stage 3) in the period and a c.€15 million increase in impairment loss allowance.

Approach to measurement of impairment loss allowances
The Group's methodology for loan loss provisioning under IFRS 9 is set out on pages 170 to 174 of the Group's 2021 Annual Report.

During H122, the Group enhanced its methodology for estimating the loss given default for relationship managed commercial portfolios. The enhanced methodology facilitates a greater utilisation of FLI for model factors such as cure rates and unsecured recovery rates. This enhancement resulted in a c.€25 million reduction in impairment loss allowance on implementation of the finalised methodology.

Other model updates were applied for the reporting period including the application of updated FLI scenarios and probability weightings, as well as updates to model factors to take account of more recent observable data. The probability weightings for FLI scenarios at H122 includes consideration of economic uncertainty, primarily driven by Russia's invasion of Ukraine, inflationary pressure and interest rate expectations.

Total net impact of all model factor updates, including those outlined above, and the application of updated FLI for Group loans and advances to customers is a c.€19 million decrease in impairment loss allowances.

The Group's critical accounting estimates and judgements, including those with respect to impairment of financial instruments, including FLI are set out in note 2 of the consolidated financial statements.

Composition and impairment
The tables on the following pages summarise the composition, credit-impaired volumes and related impairment loss allowance of the Group's loans and advances to customers at amortised cost as at 30 June 2022.

These tables exclude €340 million of loans and advances to customers at 30 June 2022 (31 December 2021: €426 million) that are measured at FVTPL and are therefore not subject to impairment under IFRS9. Credit-impaired includes Stage 3 and Purchased or Originated Credit-impaired (POCI) assets which remain credit-impaired at the reporting period.

Asset quality *(continued)*

Asset Quality - Loans and advances to customers *(continued)*

30 June 2022 Total loans and advances to customers at amortised cost - Composition and impairment	**Advances (pre-impairment loss allowance) €m**	**Credit Impaired loans €m**	**Credit impaired loans as % of advances %**	**Credit impaired impairment loss allowance €m**	**Impairment loss allowance as % of credit impaired loans %**
Residential mortgages	40,720	1,609	4.0%	434	27%
Retail Ireland	*22,333*	*887*	*4.0%*	*352*	*40%*
Retail UK	*18,387*	*722*	*3.9%*	*82*	*11%*
Non-property SME and corporate	21,633	1,546	7.1%	503	33%
Republic of Ireland SME	*7,224*	*684*	*9.5%*	*269*	*39%*
UK SME	*1,719*	*128*	*7.4%*	*26*	*20%*
Corporate	*12,690*	*734*	*5.8%*	*208*	*28%*
Property and construction	8,706	830	9.5%	377	45%
Investment	*7,612*	*802*	*10.5%*	*370*	*46%*
Development	*1,094*	*28*	*2.6%*	*7*	*25%*
Consumer	5,495	133	2.4%	73	55%
Fair value hedge adjustment	(400)	—	—	—	—
Total	**76,154**	**4,118**	**5.4%**	**1,387**	**34%**

31 December 2021 Total loans and advances to customers at amortised cost - Composition and impairment	**Advances (pre-impairment loss allowance) €m**	**Credit Impaired loans €m**	**Credit impaired loans as % of advances %**	**Credit impaired impairment loss allowance €m**	**Impairment loss allowance as % of credit impaired loans %**
Residential mortgages	43,262	1,774	4.1%	416	23%
Retail Ireland	*22,398*	*1,048*	*4.7%*	*362*	*35%*
Retail UK	*20,864*	*726*	*3.5%*	*54*	*7%*
Non-property SME and corporate	20,850	1,320	6.3%	441	33%
Republic of Ireland SME	*7,014*	*680*	*9.7%*	*258*	*38%*
UK SME	*1,748*	*137*	*7.8%*	*30*	*22%*
Corporate	*12,088*	*503*	*4.2%*	*153*	*30%*
Property and construction	8,613	1,034	12.0%	439	42%
Investment	*7,552*	*1,003*	*13.3%*	*431*	*43%*
Development	*1,061*	*31*	*2.9%*	*8*	*26%*
Consumer	5,229	137	2.6%	76	55%
Fair value hedge adjustment	(76)	—	—	—	—
Total	**77,878**	**4,265**	**5.5%**	**1,372**	**32%**

At 30 June 2022, loans and advances to customers (pre impairment loss allowance) of €76.2 billion were €1.7 billion lower than 31 December 2021, reflecting the combined impacts of currency translation, utilisation of impairment loss allowances and net redemptions in the period.

Credit-impaired loans decreased to €4.1 billion or 5.4% of customer loans at 30 June 2022 from €4.3 billion or 5.5% at 31 December 2021. This decrease reflected resolution strategies that include appropriate and sustainable support to viable customers who are in financial difficulty. Resolution strategies include the realisation of cash proceeds from property sales activity, securitisation of non-performing portfolios and, where appropriate, have given rise to utilisation of impairment loss allowance against loan amounts for which there is no reasonable expectation of recovery.

The decrease from resolution strategies was partly offset by the emergence of new defaults for case specific reasons primarily in the Corporate and Property and construction portfolios.

There was a net reduction of €2.2 billion of loans in Stage 2 (i.e. assets identified as having experienced a significant increase in credit risk since origination). This reflects the re-assessment of post-model adjustments, the application of updated FLI and other portfolio activity (including net repayments / redemptions in the period).

The stock of impairment loss allowance on credit-impaired loans was €1.4 billion at 30 June 2022, marginally higher than 31 December 2021. The net increase incorporates the impact of the impairment loss on credit impaired loans (€139 million), the impact of currency translation and other net movements. This was partly offset by impairment loss allowance utilisation of €158 million.

The total impairment loss allowance as at 30 June 2022 includes a total Group management adjustment of c.€352 million (31 December 2021: €392 million), €351 million of which was recognised against loans and advances to customers and €1 million recognised against other financial instruments. See note 2 for further information.

Asset quality *(continued)*

Asset Quality - Loans and advances to customers *(continued)*

The information below including referenced footnotes forms an integral part of the interim financial statements as described in the basis of preparation in note 1 to the financial statements.

Non-performing exposures
The table below provides an analysis of the loans and advances to customers that are non-performing by asset classification.

30 June 2022 Risk profile of loans and advances to customers - NPEs	Residential mortgages €m	Non-property SME and corporate €m	Property and construction €m	Consumer €m	Total €m
Credit-impaired	1,609	1,546	830	133	4,118
Not credit-impaired	31	9	6	1	47
Total	**1,640**	**1,555**	**836**	**134**	**4,165**

31 December 2021 Risk profile of loans and advances to customers - NPEs	Residential mortgages €m	Non-property SME and corporate €m	Property and construction €m	Consumer €m	Total €m
Credit-impaired	1,774	1,320	1,034	137	4,265
Not credit-impaired	31	8	6	1	46
Total	**1,805**	**1,328**	**1,040**	**138**	**4,311**

The above tables include NPEs relating to loans and advances to customers at amortised cost of €4,134 million (31 December 2021: €4,280 million) and loans and advances to customers measured at FVTPL of €31 million (31 December 2021: €31 million).

Credit-impaired includes Stage 3 and Purchased or Originated Credit-impaired assets which remain credit-impaired at the reporting period. Not credit-impaired NPEs of €47 million (31 December 2021: €46 million) include forborne loans that had yet to satisfy internal exit criteria for NPE reporting purposes.

In addition to the NPEs on loans and advances to customers shown above, the Group has total non-performing off-balance sheet exposures amounting to €0.1 billion (31 December 2021: €0.1 billion).

NPEs decreased to €4.2 billion at 30 June 2022 from €4.3 billion at 31 December 2021. The movement in NPEs in the period is consistent with the movements in credit-impaired loans as set out in the composition and impairment section on the previous page. At 30 June 2022, the Group's NPE impairment loss allowance cover ratio was 45% (31 December 2021: 46%).

Asset quality *(continued)*

Asset Quality - Loans and advances to customers *(continued)*

The information below including referenced footnotes forms an integral part of the interim financial statements as described in the basis of preparation in note 1 to the financial statements.

The tables below summarise the composition, NPEs and related impairment loss allowance of the Group's loans and advances to customers at amortised cost as at 30 June 2022 and 31 December 2021. These tables exclude €340 million (31 December 2021: €426 million) of loans and advances to customers at FVTPL that are not subject to impairment under IFRS 9. The NPEs relating to these balances of €31 million (31 December 2021: €31 million) are also excluded.

30 June 2022 **Total loans and advances to customers** **Composition and impairment**	**Advances (pre-impairment) loss allowance** **€m**	**NPEs** **€m**	**NPEs as % of advances** **%**	**Total Impairment loss allowance** **€m**	**Total Impairment loss allowance as % of NPEs** **%**
Residential mortgages	40,720	1,609	4.0%	511	32%
Retail Ireland	*22,333*	*887*	*4.0%*	*408*	*46%*
Retail UK	*18,387*	*722*	*3.9%*	*103*	*14%*
Non-property SME and corporate	21,633	1,555	7.2%	768	49%
Republic of Ireland SME	*7,224*	*690*	*9.6%*	*409*	*59%*
UK SME	*1,719*	*132*	*7.7%*	*43*	*33%*
Corporate	*12,690*	*733*	*5.8%*	*316*	*43%*
Property and construction	8,706	836	9.6%	444	53%
Investment	*7,612*	*808*	*10.6%*	*423*	*52%*
Development	*1,094*	*28*	*2.6%*	*21*	*75%*
Consumer	5,495	134	2.4%	155	116%
Fair value hedge adjustment	(400)	—	—	—	—
Total	**76,154**	**4,134**	**5.4%**	**1,878**	**45%**

31 December 2021 **Total loans and advances to customers** **Composition and impairment**	**Advances (pre-impairment) loss allowance** **€m**	**NPEs** **€m**	**NPEs as % of advances** **%**	**Total Impairment loss allowance** **€m**	**Total Impairment loss allowance as % of NPEs** **%**
Residential mortgages	43,262	1,774	4.1%	504	28%
Retail Ireland	*22,398*	*1,047*	*4.7%*	*426*	*41%*
Retail UK	*20,864*	*727*	*3.5%*	*78*	*11%*
Non-property SME and corporate	20,850	1,328	6.4%	755	57%
Republic of Ireland SME	*7,014*	*689*	*9.8%*	*433*	*63%*
UK SME	*1,748*	*136*	*7.8%*	*50*	*37%*
Corporate	*12,088*	*503*	*4.2%*	*272*	*54%*
Property and construction	8,613	1,040	12.1%	527	51%
Investment	*7,552*	*1,009*	*13.4%*	*508*	*50%*
Development	*1,061*	*31*	*2.9%*	*19*	*61%*
Consumer	5,229	138	2.6%	172	125%
Fair value hedge adjustment	(76)	—	—	—	—
Total	**77,878**	**4,280**	**5.5%**	**1,958**	**46%**

Capital management

The information below including referenced footnotes forms an integral part of the interim financial statements as described in the basis of preparation in note 1 to the financial statements.

CRD IV - 31 December 2021 Regulatory €m	CRD IV - 31 December 2021 Fully loaded €m		CRD IV - 30 June 2022[1] Regulatory €m	CRD IV - 30 June 2022[1] Fully loaded €m
		Capital Base		
11,338	11,338	Total equity	12,056	12,056
(104)	(104)	less 2021 distribution / foreseeable distribution deduction[2]	(50)	(50)
(975)	(975)	less AT1 capital	(975)	(975)
10,259	**10,259**	**Total equity less foreseeable dividend deduction and equity instruments not qualifying as Common equity tier 1**	**11,031**	**11,031**
(725)	**(1,244)**	**Regulatory adjustments being phased in / out under CRD IV**	**(906)**	**(1,164)**
(750)	*(1,071)*	*Deferred tax assets*[3]	*(853)*	*(1,066)*
(126)	*(173)*	*10% / 15% threshold deduction*	*(75)*	*(98)*
151	*—*	*IFRS 9 transitional adjustment*	*22*	*—*
(1,638)	**(1,633)**	**Other regulatory adjustments**	**(2,548)**	**(2,548)**
(5)	*—*	*Expected loss deduction*	*(35)*	*(35)*
(515)	*(515)*	*Intangible assets and goodwill*	*(902)*	*(902)*
(10)	*(10)*	*Coupon expected on AT1 instrument*	*(10)*	*(10)*
36	*36*	*Cash flow hedge reserve*	*25*	*25*
10	*10*	*Own credit spread adjustment (net of tax)*	*(19)*	*(19)*
(9)	*(9)*	*Securitisation deduction*	*(14)*	*(14)*
(607)	*(607)*	*Pension asset deduction*	*(1,149)*	*(1,149)*
(538)	*(538)*	*Other adjustments*[4]	*(444)*	*(444)*
7,896	**7,382**	**Common equity tier 1**	**7,577**	**7,319**
		Additional tier 1		
975	975	AT1 instruments (issued by parent entity BOIG plc)	975	975
8,871	**8,357**	**Total tier 1 capital**	**8,552**	**8,294**
		Tier 2		
1,595	1,595	Tier 2 instruments (issued by parent entity BOIG plc)	1,628	1,628
34	34	Instruments issued by subsidiaries that are given recognition in Tier 2 capital	17	17
—	62	Provisions in excess of expected losses on defaulted assets	10	10
		Regulatory adjustments		
(160)	(160)	Other adjustments	(160)	(160)
1,469	**1,531**	**Total tier 2 capital**	**1,495**	**1,495**
10,340	**9,888**	**Total capital**	**10,047**	**9,789**
46.4	**46.2**	**Total risk weighted assets (€bn)**	**47.4**	**47.3**

[1] Capital ratios as at 30 June 2022 have been presented including the benefit of the retained profit in the period. Under Article 26 (2) of the Capital Requirements Regulation (CRR), financial institutions may include independently verified interim profits in their regulatory capital only with the prior permission of the competent authority, namely the ECB, and such permission is being sought.
[2] A foreseeable distribution of €50 million (31 December 2021: €104 million) has been deducted as required under Article 2 of European Union Regulation No. 241/2014.
[3] Deduction relates to deferred tax assets on losses carried forward, net of certain deferred tax liabilities. The deduction is phased at 80% in 2022, increasing annually at a rate of 10% thereafter.
[4] Includes technical items such as non-qualifying Common equity tier 1 items, Prudential Valuation Adjustment, Calendar Provisioning and IFRS 9 addback adjustment to the deferred tax charge.

Capital management *(continued)*

CRD IV - 31 December 2021 Regulatory	CRD IV - 31 December 2021 Fully loaded		CRD IV - 30 June 2022 Regulatory	CRD IV - 30 June 2022 Fully loaded
		Capital ratios[1,2]		
17.0%	16.0%	Common equity tier 1	16.0%	15.5%
19.1%	18.1%	Tier 1	18.0%	17.5%
22.3%	21.4%	Total capital	21.2%	20.7%
6.6%	6.2%	Leverage ratio	6.3%	6.1%

CRD IV - 31 December 2021 Regulatory €bn	CRD IV - 31 December 2021 Fully loaded €bn		CRD IV - 30 June 2022 Regulatory €bn	CRD IV - 30 June 2022 Fully loaded €bn
		Risk weighted assets		
35.6	35.5	Credit risk	36.0	36.0
1.0	1.0	Counterparty credit risk	0.8	0.8
1.2	1.2	Securitisation	1.4	1.4
0.3	0.3	Market risk	0.4	0.4
4.3	4.3	Operational risk	4.6	4.6
4.0	3.9	Other assets / 10% / 15% threshold deduction	4.2	4.1
46.4	**46.2**	**Total RWA**	**47.4**	**47.3**

Risk weighted assets

Risk weighted assets (RWAs) in the table above reflect the application of certain CBI required Balance Sheet Assessment adjustments and the updated treatments of expected loss. Further details on RWA can be found in the Group's Pillar 3 disclosures which are available on the Group's website.

RWAs on a regulatory basis, were €47.4 billion at 30 June 2022 (31 December 2021: €46.4 billion). The increase of €1.0 billion in RWA is primarily due to loan book movements, the acquisition of Davy and other movements.

Capital Requirements Directive IV

The ratios outlined in this section reflect the Group's interpretation of the CRD IV rules as published on 27 June 2013 and subsequent amendments, including EU Regulation 2019/876 (CRR II) and EU Directive 2019/878 (CRD V) published on 7 June 2019 and EU Regulation 2020/873 published on 26 June 2020 (COVID Quick Fix).

In line with the above regulations, the Group's regulatory capital ratios reflect the phased implementation of the DTAs (dependent on future profitability) deduction and the transitional implementation of IFRS 9. These items will be fully implemented in 2024 and 2025 respectively.

Regulatory Capital Developments

The CRD IV rules continue to evolve through amendments to current regulations, directives and the adoption of new technical standards. The key changes impacting capital ratios as at 30 June 2022 contained in CRR II, include a binding leverage requirement and the implementation of the standardised approach for Counterparty Credit Risk. The amendments did not have a material impact on the Group's capital ratios.

The revisions to the capital requirements for Market Risk, originally intended to apply in 2021, have been deferred until 2023.

The Basel Committee revisions to the Basel Framework focus on the standardised and internal ratings-based approaches to measuring credit risk. These include the introduction of an aggregate output floor to ensure banks' RWAs calculated via internal models are no lower than 72.5% of RWAs calculated under the standardised approach. The revised standards which were originally due to take effect from 1 January 2022, are now deferred to 1 January 2025 following a European Commission review in October 2021, with a phase-in period of five years for the aggregate output floor. The Group continues to monitor developments with any impact dependent on the implementation at EU level.

Share buyback

The Group completed the purchase of the €50 million buyback programme on 9 May 2022 repurchasing 8,496,221 ordinary shares for cancellation at a volume weighted average price of €5.885 per share. In addition, the Group paid a dividend of €54 million, equivalent to 5 cents per share, on 14 June 2022.

Regulatory ratio

The Group's regulatory CET1 ratio is 16.0% at 30 June 2022 (31 December 2021: 17.0%). The decrease of c.100 basis points since 31 December 2021 is primarily due to the completion of Davy acquisition (c.-80 basis points), the impact of CRD phasing for 2022 (c.-35 basis points), RWA growth (c.-30 basis points), foreseeable distribution deduction (c.-10 basis points) and an increase in impairment / reduction in IFRS 9 regulatory addback (c.-25 basis points) offset by the benefit of organic capital

[1] The capital ratios are calculated using unrounded risk weighted asset amounts.
[2] The calculation of the Group's Total Capital and related ratios (including Leverage ratio) at 30 June 2022 are stated after a prudent application of the requirements of Article 87 of CRR. As a result of the establishment of BOIG plc, and due to the requirements of Article 87 of the CRR, regulatory capital instruments issued by subsidiaries (i.e. The Governor and Company of the Bank of Ireland) cannot be recognised in full in the prudential consolidation.

Capital management *(continued)*

generation (c.+60 basis points), and other net movements, including in the Group's defined benefit pension schemes (c.+20 basis points).

Fully loaded ratio

The Group's fully loaded CET1 ratio is 15.5% at 30 June 2022 (31 December 2021: 16.0%). The decrease of c.50 basis points since 31 December 2021 is primarily due the completion of Davy acquisition (c.-80 basis points), RWA growth (c.-30 basis points), foreseeable distribution deduction (c.-10 basis points) and an increase in impairment (c.-10 basis points) offset by organic capital generation (c.+60 basis points), and other net movements, including in the Group's defined benefit pension scheme (c.+20 basis points).

Leverage ratio

The leverage ratio at 30 June 2022 is 6.3% on a CRD IV regulatory basis (31 December 2021: 6.6%) and 6.1% on a proforma fully loaded basis (31 December 2021: 6.2%). A binding leverage requirement of 3.0% was applicable from 28 June 2021. The Group expects to remain well in excess of this requirement.

Pro forma CET1 Regulatory Capital Requirements	**Set by**	**2020**	**2021**	**2022**	**2023**
Pillar 1 - CET1	CRR	4.50%	4.50%	4.50%	4.50%
Pillar 2 Requirement	SSM	1.27%	1.27%	1.27%	1.27%
Capital Conservation Buffer	CRD	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer					
Ireland (c.60% of RWA)	CBI	—	—	—	0.30%
UK (c.30% of RWA)	BOE	—	—	0.30%	0.60%
US and other (c.10% of RWA)	Fed / Various	—	—	—	—
O-SII Buffer	CBI	1.00%	1.50%	1.50%	1.50%
Pro forma Minimum CET1 Regulatory Requirements		**9.27%**	**9.77%**	**10.07%**	**10.67%**
Pillar 2 Guidance	**Not disclosed in line with regulatory preference**				

Capital requirements / buffers

The table above sets out the Group's CET1 capital requirements as at 30 June 2022 and the authorities responsible for setting those requirements.

The Group is required to maintain a CET1 ratio of 9.77% on a regulatory basis at 30 June 2022. This includes a Pillar 1 requirement of 4.5%, a CET1 Pillar 2 Requirement of 1.27%, a Capital Conservation Buffer of 2.5% and an Other Systemically Important Institution Buffer (O-SII) of 1.5%. Pillar 2 Guidance is not disclosed in accordance with regulatory preference.

Countercyclical Capital Buffers (CCyBs) are independently set in each country by the relevant designated authority.

In December 2021, the Bank of England announced the phased reintroduction of the UK CCyB at 1% effective from December 2022 and increasing to 2% from Q2 2023 provided the economic recovery continues. In July 2022, the Bank of England confirmed the increase in the UK CCyB to 2%, effective from July 2023. This results in a UK CCyB requirement of c.0.3% for the Group from December 2022, increasing to c.0.6% from July 2023.

In June 2022, the CBI announced the phased reintroduction of the RoI CCyB at 0.5% from June 2023. The CBI stated its intention to increase the RoI CCyB to 1.5% in mid-2023 (effective mid-2024) provided the economic recovery continues. The CBI decision results in a RoI CCyB requirement of c.0.3% from June 2023; potentially increasing to c.0.9% from mid-2024 subject to future CBI decision.

The CBI has advised that the Group is required to maintain an O-SII buffer of 1.5% from 1 July 2021. The O-SII buffer is subject to annual review by the CBI.

The Group expects to maintain a CET1 ratio in excess of 13.5%. This includes meeting applicable regulatory capital requirements plus an appropriate management buffer.

Minimum Requirement for Own Funds and Eligible Liabilities

The Group's interim binding MREL requirement, to be met by 1 January 2022, is 24.95% on RWA basis and 7.59% on a leverage basis.

The MREL RWA requirement consists of a Single Resolution Board (SRB) target of 20.95% (based on the Group's capital requirements as at 30 June 2020) and the Group's Combined Buffer Requirement (CBR) of 4% on 1 January 2022 (comprising the Capital Conservation Buffer of 2.5% and an O-SII buffer of 1.5%).

The SRB target is subject to annual review; while the CBR is dynamic, updating as changes in capital requirements become effective. Therefore the Group's 2024 MREL requirement is expected to increase to c.28% (based on expected December 2021 regulatory capital requirements) as the SRB target is updated to reflect the phase-in of the O-SII buffer and the phase-out of MREL adjustments.

Capital management *(continued)*

The Group's MREL position at 30 June 2022 is 32.4% on an RWA basis and 11.4% on a leverage basis. The Group expects to maintain a buffer over its MREL requirements.

Distribution policy

The Group expects that distributions will increase on a prudent and progressive basis over time. The distribution level and the rate of progression will reflect, amongst other things, the strength of the Group's capital and capital generation, the Board's assessment of the growth and investment opportunities available, any capital the Group retains to cover uncertainties and any impact from the evolving regulatory and accounting environments.

Regulatory rules require that a deduction is made at the half year in respect of foreseeable distributions; in that regard the Group has made a deduction of €50 million (c.10 basis points).

Impediments to the transfer of funds

There is a requirement to disclose any impediment to the prompt transfer of funds within the Group. In respect of the Group's licensed subsidiaries, the Group is obliged to meet certain license conditions in respect of capital and / or liquidity.

These requirements may include meeting or exceeding appropriate capital and liquidity ratios and obtaining appropriate regulatory approvals for the transfer of capital or, in certain circumstances, liquidity. The Group's licensed subsidiaries would be unable to remit funds to the parent when to do so would result in such ratios or other regulatory permissions being breached. Apart from this requirement, there is no restriction on the prompt transfer of own funds or the repayment of liabilities between the subsidiary companies and the parent.

At 30 June 2022, own funds were in excess of the required minimum requirement.

Statement of Directors' responsibilities

for the six months ended 30 June 2022

The Directors are responsible for preparing the interim financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ('Transparency Directive'), and the Central Bank (Investment Market Conduct) Rules 2019 ('Transparency Rules of the Central Bank of Ireland').

In preparing the condensed set of financial statements included within the interim financial report, the Directors are required to:
- prepare and present the condensed set of financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Directive and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies;
- make accounting estimates that are reasonable in the circumstances; and
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine are necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

The condensed set of consolidated financial statements included within the interim financial report of Bank of Ireland Group plc for the six months ended 30 June 2022 (the 'interim financial information') which comprises the consolidated condensed income statement, consolidated condensed statement of comprehensive income, consolidated condensed balance sheet, consolidated condensed statement of changes in equity, consolidated condensed cash flow statement and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.

The interim financial information presented, as required by the Transparency Directive, includes:
- an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of consolidated financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year;
- related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period; and
- any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by

2 August 2022

Patrick Kennedy	Richard Goulding	Francesca McDonagh
Chairman	*Deputy Chairman*	*Group Chief Executive*

Executive Directors: Francesca McDonagh (Group Chief Executive Officer), Mark Spain (Group Chief Financial Officer).
Non-executive Directors: Patrick Kennedy (Chairman), Richard Goulding (Deputy Chairman), Giles Andrews, Evelyn Bourke, Ian Buchanan, Eileen Fitzpatrick, Michele Greene, Fiona Muldoon, Steve Pateman.

Independent review report

to the members of Bank of Ireland Group plc

Conclusion

We have been engaged by the Bank of Ireland Group plc (the 'Group') to review the condensed set of consolidated financial statements in the interim financial report for the six months ended 30 June 2022 which comprises consolidated condensed income statement, consolidated condensed statement of comprehensive income, consolidated condensed balance sheet, consolidated condensed statement of changes in equity, consolidated condensed cash flow statement, a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the interim financial report for the six months ended 30 June 2022 is not prepared, in all material respects in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34') as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ('Transparency Directive'), and the Central Bank (Investment Market Conduct) Rules 2019 ('Transparency Rules of the Central Bank of Ireland').

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ('ISRE (Ireland) 2410') issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope that an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the interim financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit described in the Basis for conclusion section for this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The Directors are responsible for preparing the condensed set of consolidated financial statements included in the interim financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 1, the interim financial statements of the Group for the period ended 30 June 2022 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of consolidated financial statements in the interim financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Group in accordance with the terms of our engagement to assist the Group in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Group those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group for our review work, for this report, or for the conclusions we have reached.

KPMG
Chartered Accountants
1 Harbourmaster Place
St. Stephen's Green
Dublin 2
Ireland

2 August 2022

Consolidated interim financial statements and notes
(unaudited)

Consolidated condensed income statement
(for the six months ended 30 June 2022) (unaudited)

	Note	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Interest income calculated using the effective interest method	4	1,211	1,151
Other interest income	4	178	198
Interest income		**1,389**	**1,349**
Interest expense	5	(312)	(269)
Net interest income		**1,077**	**1,080**
Net insurance premium income	6	1,031	846
Fee and commission income	7	249	217
Fee and commission expense	7	(119)	(90)
Net trading income	8	13	61
Life assurance investment income, gains and losses	9	(1,475)	614
Other leasing income	10	33	32
Other leasing expense	10	(19)	(25)
Other operating income	11	114	62
Total operating income		**904**	**2,797**
Insurance contract liabilities and claims paid	12	480	(1,379)
Total operating income, net of insurance claims		**1,384**	**1,418**
Operating expenses	13	(1,020)	(944)
Cost of restructuring programme	14	(3)	(69)
Operating profit before impairment losses on financial instruments		**361**	**405**
Net impairment losses on financial instruments	15	(47)	(1)
Operating profit		**314**	**404**
Share of results of associates and joint ventures (after tax)	16	21	1
Gain on disposal / liquidation of business activities		—	1
Profit before tax		**335**	**406**
Taxation charge	17	(56)	(65)
Profit for the period		**279**	**341**
Attributable to shareholders		275	337
Attributable to non-controlling interests		4	4
Profit for the period		**279**	**341**
Earnings per ordinary share	18	22.6c	28.2c
Diluted earnings per ordinary share	18	22.6c	28.2c

Consolidated condensed statement of comprehensive income

(for the six months ended 30 June 2022) (unaudited)

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Profit for the period	**279**	**341**
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss in subsequent periods:		
Debt instruments at fair value through other comprehensive income, net of tax	(128)	(29)
Cash flow hedge reserve, net of tax	11	(4)
Foreign exchange reserve	6	113
Total items that may be reclassified to profit or loss in subsequent periods	**(111)**	**80**
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of the net defined benefit pension asset, net of tax	675	285
Net change in liability credit reserve, net of tax	13	(5)
Total items that will not be reclassified to profit or loss in subsequent periods	**688**	**280**
Other comprehensive income for the period, net of tax	**577**	**360**
Total comprehensive income for the period, net of tax	**856**	**701**
Total comprehensive income attributable to equity shareholders	852	697
Total comprehensive income attributable to non-controlling interests	4	4
Total comprehensive income for the period, net of tax	**856**	**701**

The effect of tax on these items is shown in note 17.

Consolidated condensed balance sheet

(as at 30 June 2022) (unaudited)

	Note	30 June 2022 €m	31 December 2021 €m
Assets			
Cash and balances at central banks	34	38,548	31,360
Items in the course of collection from other banks		183	159
Trading securities		18	20
Derivative financial instruments	19	3,351	1,571
Other financial assets at fair value through profit or loss		18,089	20,078
Loans and advances to banks		3,043	2,750
Debt securities at amortised cost		4,972	6,008
Financial assets at FVOCI	20	5,012	9,457
Assets classified as held for sale		9	5
Loans and advances to customers	21	74,616	76,346
Interest in associates		67	59
Interest in joint ventures		69	57
Intangible assets and goodwill	24	1,192	852
Investment properties		938	992
Property, plant and equipment		816	820
Current tax assets		31	38
Deferred tax assets	25	936	1,044
Other assets		2,881	2,912
Retirement benefit assets	32	1,382	740
Total assets		**156,153**	**155,268**
Equity and liabilities			
Deposits from banks	26	11,879	12,946
Customer accounts	27	92,570	92,754
Items in the course of transmission to other banks		726	207
Derivative financial instruments	19	4,340	2,185
Debt securities in issue	28	9,382	8,483
Liabilities to customers under investment contracts		5,743	6,671
Insurance contract liabilities		14,173	15,399
Other liabilities		2,548	2,364
Leasing liabilities		446	452
Current tax liabilities		21	18
Provisions	29	195	190
Allowance provision on loan commitments and financial guarantees	31	40	48
Deferred tax liabilities		72	90
Retirement benefit obligations	32	6	142
Subordinated liabilities	33	1,956	1,981
Total liabilities		**144,097**	**143,930**
Equity			
Share capital		1,070	1,079
Share premium account		456	456
Retained earnings		9,717	8,842
Other reserves		(204)	(53)
Own shares held for the benefit of life assurance policyholders		(17)	(20)
Shareholders' equity		**11,022**	**10,304**
Other equity instruments - Additional Tier 1		966	966
Total equity excluding non-controlling interests		**11,988**	**11,270**
Non-controlling interests		68	68
Total equity		**12,056**	**11,338**
Total equity and liabilities		**156,153**	**155,268**

Consolidated condensed statement of changes in equity

(for the six months ended 30 June 2022) (unaudited)

				Other reserves											
	Share capital €m	Share premium account €m	Retained earnings €m	Debt instruments at FVOCI reserve €m	Cash flow hedge reserve €m	Liability credit reserve €m	Foreign exchange reserve €m	Capital reserve €m	Merger reserve €m	Revaluation reserve €m	Own shares held for benefit of life assurance policy-holders €m	Attributable to equity holders of Parent €m	Other equity instruments €m	Non-controlling interests €m	Total €m
Balance at 1 January 2022	**1,079**	**456**	**8,842**	**129**	**(36)**	**(6)**	**(693)**	**509**	**17**	**27**	**(20)**	**10,304**	**966**	**68**	**11,338**
Profit for the period	—	—	275	—	—	—	—	—	—	—	—	275	—	4	279
Other comprehensive income	—	—	675	(128)	11	13	6	—	—	—	—	577	—	—	577
Total comprehensive income for the period	**—**	**—**	**950**	**(128)**	**11**	**13**	**6**	**—**	**—**	**—**	**—**	**852**	**—**	**4**	**856**
Transactions with owners															
Contributions by and distributions to owners of the Group															
Dividend on ordinary shares	—	—	(54)	—	—	—	—	—	—	—	—	(54)	—	—	(54)
Share buy back - repurchase of shares[1]	—	—	(50)	—	—	—	—	—	—	—	—	(50)	—	—	(50)
Distribution paid on other equity instruments - AT1 Coupon	—	—	(33)	—	—	—	—	—	—	—	—	(33)	—	—	(33)
Dividends paid to NCI - Preference stock	—	—	—	—	—	—	—	—	—	—	—	—	—	(4)	(4)
Changes in value and amount of shares held	—	—	—	—	—	—	—	—	—	—	3	3	—	—	3
Share buy back - cancellation of shares[1]	(9)	—	—	—	—	—	—	9	—	—	—	—	—	—	—
Total transactions with owners	**(9)**	**—**	**(137)**	**—**	**—**	**—**	**—**	**9**	**—**	**—**	**3**	**(134)**	**—**	**(4)**	**(138)**
Transfer from capital reserve to retained earnings	—	—	62	—	—	—	—	(62)		—	—	—	—	—	—
Balance at 30 June 2022	**1,070**	**456**	**9,717**	**1**	**(25)**	**7**	**(687)**	**456**	**17**	**27**	**(17)**	**11,022**	**966**	**68**	**12,056**

[1] *In H122, the Group completed the purchase of the €50 million share buyback programme whereby the Group repurchased 8.5 million shares for cancellation, c0.8% of the count outstanding at 1 January 2022, at a weighted average price of €5.885 per share.*

Consolidated statement of changes in equity *(continued)*

(for the six months ended 30 June 2021) (unaudited)

				Other reserves											
	Share capital €m	Share premium account €m	Retained earnings €m	Debt instruments at FVOCI reserve €m	Cash flow hedge reserve €m	Liability credit reserve €m	Foreign exchange reserve €m	Capital reserve €m	Merger reserve €m	Revaluation reserve €m	Own shares held for benefit of life assurance policy-holders €m	Attributable to equity holders of Parent €m	Other equity instruments €m	Non-controlling interests €m	Total €m
Balance at 1 January 2021	**1,079**	**456**	**7,337**	**163**	**(26)**	**(1)**	**(877)**	**437**	**17**	**27**	**(25)**	**8,587**	**966**	**68**	**9,621**
Profit for the period	—	—	337	—	—	—	—	—	—	—	—	337	—	4	341
Other comprehensive income	—	—	285	(29)	(4)	(5)	113	—	—	—	—	360	—	—	360
Total comprehensive income for the period	**—**	**—**	**622**	**(29)**	**(4)**	**(5)**	**113**	**—**	**—**	**—**	**—**	**697**	**—**	**4**	**701**
Transactions with owners															
Contributions by and distributions to owners of the Group															
Dividend on ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share buy back - repurchase of shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Distribution paid on other equity instruments - AT1 Coupon	—	—	(34)	—	—	—	—	—	—	—	—	(34)	—	—	(34)
Dividends paid to NCI - preference stock	—	—	—	—	—	—	—	—	—	—	—	—	—	(4)	(4)
Changes in value and amount of shares held	—	—	—	—	—	—	—	—	—	—	4	4	—	—	4
Share buy back - cancellation of shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	**—**	**—**	**(34)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4**	**(30)**	**—**	**(4)**	**(34)**
Transfer from retained earnings to capital reserves	—	—	(35)	—	—	—	—	35	—	—	—	—	—	—	—
Balance at 30 June 2021	**1,079**	**456**	**7,890**	**134**	**(30)**	**(6)**	**(764)**	**472**	**17**	**27**	**(21)**	**9,254**	**966**	**68**	**10,288**

Consolidated statement of changes in equity *(continued)*

(for the year ended 31 December 2021)

				Other reserves											
	Share capital €m	Share premium account €m	Retained earnings €m	Debt instruments at FVOCI reserve €m	Cash flow hedge reserve €m	Liability credit reserve €m	Foreign exchange reserve €m	Capital reserve €m	Merger reserve €m	Revaluation reserve €m	Own shares held for benefit of life assurance policy-holders €m	Attributable to equity holders of Parent €m	Other equity instruments €m	Non-controlling interests €m	Total €m
Balance at 1 January 2021	**1,079**	**456**	**7,337**	**163**	**(26)**	**(1)**	**(877)**	**437**	**17**	**27**	**(25)**	**8,587**	**966**	**68**	**9,621**
Profit for the year	—	—	1,048	—	—	—	—	—	—	—	—	1,048	—	7	1,055
Other comprehensive income for the year	—	—	597	(34)	(10)	(5)	184	—	—	—	—	732	—	—	732
Total comprehensive income for the year	**—**	**—**	**1,645**	**(34)**	**(10)**	**(5)**	**184**	**—**	**—**	**—**	**—**	**1,780**	**—**	**7**	**1,787**
Transactions with owners															
Contributions by and distributions to owners of the Group															
Dividends on ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share buy back - repurchase of shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Distribution paid on other equity instruments - AT1 Coupon	—	—	(68)	—	—	—	—	—	—	—	—	(68)	—	—	(68)
Dividends paid to NCI- preference stock	—	—	—	—	—	—	—	—	—	—	—	—	—	(7)	(7)
Changes in value and amount of shares held	—	—	—	—	—	—	—	—	—	—	5	5	—	—	5
Share buy back - cancellation of shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	**—**	**—**	**(68)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5**	**(63)**	**—**	**(7)**	**(70)**
Transfer from retained earnings to capital reserves	—	—	(72)	—	—	—	—	72	—	—	—	—	—	—	—
Balance at 31 December 2021	**1,079**	**456**	**8,842**	**129**	**(36)**	**(6)**	**(693)**	**509**	**17**	**27**	**(20)**	**10,304**	**966**	**68**	**11,338**

Consolidated condensed cash flow statement

(for the six months ended 30 June 2022) (unaudited)

	Note	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Cash flows from operating activities			
Profit before tax		335	406
Share of results of associates and joint ventures	16	(21)	(1)
Gain on disposal / liquidation of business activities		—	(1)
Depreciation and amortisation	10,13	120	126
Net impairment loss on financial instruments, excluding cash recoveries	15	54	15
Impairment of property, plant and equipment		—	23
Reversal of impairment on property		—	(2)
Revaluation of investment property		(9)	21
Interest expense on subordinated liabilities		41	37
Interest expense on lease liabilities	5	6	6
Charge for pension and similar obligations		41	52
Net change in accruals and interest payable		46	(18)
Net change in prepayments and interest receivable		(15)	43
Charge for provisions	29	36	41
Net change in operating expenses accrued		73	65
Non-cash and other items		(57)	42
Cash flows from operating activities before changes in operating assets and liabilities		**650**	**855**
Net change in items in the course of collection from other banks		495	208
Net change in trading securities		2	(52)
Net change in derivative financial instruments		1,203	629
Net change in other financial assets at fair value through profit or loss		2,006	(1,284)
Net change in loans and advances to banks		(8)	(22)
Net change in loans and advances to customers		1,262	697
Net change in other assets		329	153
Net change in deposits from banks		(1,010)	10,729
Net change in customer accounts		181	1,017
Net change in debt securities in issue		933	878
Net change in liabilities to customers under investment contracts		(928)	433
Net change in insurance contract liabilities		(1,226)	835
Net change in other operating liabilities		(391)	(128)
Net cash flow from operating assets and liabilities		**2,848**	**14,093**
Net cash flow from operating activities before tax		**3,498**	**14,948**
Tax paid		(39)	(11)
Net cash flow from operating activities		**3,459**	**14,937**
Investing activities (section a below)		4,127	(737)
Financing activities (section b below)		(189)	417
Effect of exchange translation and other adjustments		76	(174)
Net change in cash and cash equivalents		**7,473**	**14,443**
Opening cash and cash equivalents		33,931	13,265
Closing cash and cash equivalents	34	**41,404**	**27,708**

Consolidated cash flow statement *(continued)*

(for the six months ended 30 June 2022) (unaudited)

	Note	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
(a) Investing activities			
Disposal / redemption of financial assets at FVOCI	20	4,036	793
Disposal / redemption of debt securities at amortised cost		540	152
Acquisition of subsidiary, net of cash and cash equivalents acquired	35	(285)	—
Additions to property, plant and equipment, intangible assets and investment property		(150)	(152)
Additions to financial assets at FVOCI		(87)	(1,339)
Disposal of property, plant and equipment, intangible assets and investment property		85	13
Additions to debt securities at amortised cost		(12)	(215)
Net change in interest in associates		—	11
Cash flows from investing activities		**4,127**	**(737)**
(b) Financing activities			
Dividend paid to ordinary shareholders		(54)	—
Share buy back - Repurchase of shares		(50)	—
Distribution on other equity instruments - AT1 coupon		(33)	(34)
Payment of lease liabilities		(27)	(23)
Interest paid on subordinated liabilities		(15)	(14)
Interest paid on lease liabilities		(6)	(6)
Dividends paid to non-controlling interests - preference stock		(4)	(4)
Net proceeds from the issue of subordinated liabilities		—	498
Cash flows from financing activities		**(189)**	**417**

Net cash flows from operating activities in H122 includes interest received of €1,437 million (H121: €1,427 million) and interest paid of €201 million (H121: €196 million).

Notes to the consolidated financial statements

1 Group accounting policies

Basis of preparation

The interim financial statements of the Bank of Ireland Group plc (the 'Company' or 'BOIG plc') and its subsidiaries (collectively the 'Group' or 'BOIG plc Group') for the six months ended 30 June 2022 (H122) have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board and as adopted by the European Union. These interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS and with the European Union (Credit Institutions: Financial Statements) Regulations 2015.

Statutory financial statements

These interim financial statements do not comprise statutory financial statements within the meaning of the Companies Act 2014. The statutory financial statements for the year ended 31 December 2021 were approved by the Board of Directors on 25 February 2022, contained an unqualified audit report and did not include a reference to any matters to which the statutory auditor drew attention by way of emphasis. The statutory financial statements were filed with the Companies Registration Office on 19 July 2022.

Interim financial statements

The interim financial statements comprise the consolidated condensed income statement, consolidated condensed statement of comprehensive income, consolidated condensed balance sheet, consolidated condensed statement of changes in equity, consolidated condensed cash flow statement and the notes to the consolidated interim financial statements on pages 40 to 114. The interim financial statements include the information that is described as being an integral part of the interim financial statements contained in the Asset quality section on pages 30 to 33 of the Operating and financial review (OFR). The interim financial statements also includes the tables in Other information - Supplementary asset quality and forbearance disclosures on pages 115 to 136 described as being an integral part of the interim financial statements.

Going concern

The time period that the Directors have considered in evaluating the appropriateness of the going concern basis in preparing the interim financial statements for H122 is a period of twelve months from the date of approval of these financial statements (the 'period of assessment').

In making this assessment, the Directors considered the Group's business, profitability projections, funding and capital plans, together with a range of other factors such as the outlook for the Irish economy, and the current global macroeconomic and geopolitical environment.

The matters of primary consideration by the Directors are set out below:

Capital
The Group has developed capital plans under base and stress scenarios and the Directors believe that the Group has sufficient capital to meet its regulatory capital requirements throughout the period of assessment.

Funding and liquidity
The Directors have considered the Group's funding and liquidity position and are satisfied that the Group has sufficient funding and liquidity throughout the period of assessment.

Conclusion
On the basis of the above, the Directors consider it appropriate to prepare the interim financial statements on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern over the period of assessment.

Comparatives

Comparative figures have been adjusted where necessary, to conform with changes in presentation or where additional analysis has been provided in the current period. Any adjustments to comparatives are disclosed in the relevant note or supplementary asset disclosure as appropriate.

Accounting Policies

The accounting policies and methods of computation and presentation applied by the Group in the preparation of these interim financial statements are consistent with those set out on pages 211 to 227 of the Group's Annual Report for the year ended 31 December 2021, except for the following which has been added as a result of the Group's acquisition of J&E Davy ('Davy') on 1 June 2022. The accounting policy for business combinations is set out on page 220 of the Group's Annual Report for the year ended 31 December 2021.

Fee and commission income
Stockbroking commission income arising from the Davy Stockbroking business is recognised as earned in the period in which the related deals are executed on behalf of clients and the performance obligation is satisfied.

New accounting pronouncements
There have been no new standards, or amendments to standards, adopted by the Group during the six months ended 30 June 2022 which have had a material impact on the Group.

Impact of new accounting standards

Information about the impact of new accounting standards that are not effective for the current reporting period are set out on pages 226 and 227 of the Group's Annual Report for the year ended 31 December 2021.

IFRS 17 'Insurance Contracts'

Nature of change
IFRS 17 replaces IFRS 4 'Insurance Contracts', which was introduced as an interim standard in 2004. IFRS 17 addresses the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosures of insurance and reinsurance contracts, ensuring an entity provides relevant information that faithfully represents those contracts. There are specific scope exemptions detailed within IFRS 17. The Group does not intent to apply any scope exemptions from the application of the standard.

The Standard was endorsed by the EU on 19 November 2021, with an optional exemption from applying annual cohort

1 Group accounting policies *(continued)*

requirements that relates to the timing of the recognition of the profit in the contract, the contractual service margin (CSM), in profit or loss. The Group does not intend to use this exemption.

Effective date

The effective date is for financial periods beginning on or after 1 January 2023, with early application permitted.

Impact

The Group issues insurance contracts through its subsidiary New Ireland Assurance Company (NIAC), which forms part of the Wealth and Insurance operating segment. The Group expects that IFRS 17 is likely to have a material impact on the recognition, measurement, presentation and disclosure of the insurance business in the Group's financial statements. There are also no changes to the underlying fundamentals and operations of the operating segment or the operations of the Wealth and Insurance segment.

IFRS 17 prescribes the transition approaches that must be applied. On transition to IFRS 17, entities must apply the fully retrospective approach (FRA), unless impracticable. The Group will apply the FRA to contracts issued on or after 1 January 2019. The fair value approach (FVA) will be applied to contracts which were issued before 1 January 2019, as it was considered impracticable to apply the FRA prior to this date due to material changes to cash flow models.

Contracts within the scope of IFRS 17 must now apply the prescribed measurement models. IFRS 17 permits three possible measurement models namely the General Measurement Model (GMM), the Premium Allocation Approach (PAA) and the Variable Fee Approach (VFA). The GMM is the default measurement model in IFRS 17 and the PAA is a simplified model, which may be applied where certain criteria are met. The VFA must be applied to contracts with direct participation features. On transition to IFRS 17 the Group expects that insurance contracts issued and reinsurance contracts held will be measured using the GMM, except where the VFA applies. The Group expects the VFA to be applied to insurance contracts in the unit linked life and pension portfolio. Further detail is provided below as to how a "portfolio" is defined.

As permitted by IFRS 17, the Group also plans to elect the following accounting policies.

- Changes in the risk adjustment for non-financial risk between the insurance services result and the insurance finance income or expenses (IFIE) will be disaggregated;
- The IFIE will not be disaggregated between amounts included in profit or loss and amounts included in other comprehensive income; and
- The financial performance of groups of reinsurance contracts held will be presented on a net basis in net income (expense) from reinsurance contracts held.

Other accounting policy elections which may be available as a result of the transition to IFRS 17 are under consideration.

IFRS 17 introduces new measurement models, presentation and disclosure requirements. As part of the on-going transition effort the Group have identified the following key accounting policies which will be impacted by transitioning to IFRS 17:

Investment components

IFRS 17 requires the identification and separation of distinct investment components from contracts within the scope of IFRS 17, unless it is an investment contract with discretionary participation features. For contracts that includes both insurance coverage and investment-related service the Group will separate distinct investment components that are not closely related to the insurance component. The distinct investment components will be measured in accordance with IFRS 9.

Contract boundary

The measurement of a group of insurance contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. The Group has determined that expected future single premium injections and regular premium increases for unit-linked life and pensions contracts, even though at the discretion of policyholders, are within the contract boundaries as the Group may not adjust the terms and conditions for such increases.

Level of aggregation (LoA)

IFRS 17 requires an entity to determine the LoA for applying its requirements. The LoA for the Group will be determined firstly by dividing the business written into portfolios. Portfolios in accordance with IFRS 17 comprise groups of contracts with similar risks which are managed together. Portfolios will be further divided based on expected profitability at inception into three categories namely, onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. Contracts issued more than one year apart will not be allocated to the same group, except for contracts measured using the FVA at transition to IFRS 17. This also applies with the necessary changes for reinsurance contracts held.

Measurement

IFRS 17 requires the increased use of current observable market values in the measurement of insurance assets and liabilities.

GMM

Changes in liability for incurred claims (LIC) and liability for remaining coverage (LfRC) will be reflected in insurance revenue, insurance service expense, IFIE, or adjust the contractual service margin (CSM). The amount of CSM recognised in profit or loss for services in the period will be determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units. Services provided will be estimated using coverage units, which reflect the quantity of benefits and the coverage duration.

VFA

For insurance contracts under the VFA there will be adjustments that relate to future service thus changing the CSM. These are expected to include changes in the group's share of the fair value of underlying items and changes in the fulfilment cashflows (FCF) that would not vary based on the returns of underlying items and relate to future service. Other changes in cashflows are reflected in profit or loss. The Group determines coverage units applying equal weights to the expected benefits resulting from insurance coverage, investment-return service and investment-related service. Coverage units for future years are discounted at rates determined at the inception of a group of contracts (locked-in rates), except for the unit-linked life and pension's portfolio, where current discount rates are used.

1 Group accounting policies *(continued)*

Reinsurance
The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:
- Measurement of the cash flows will include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including allowing for the effects of collateral and losses from disputes.
- The Group will determine the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.
- The Group will recognise both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and this will be released to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition. The amount of the CSM recognised in profit or loss for services in the period will be determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units, representing the proportion of insurance coverage and investment-return service of underlying contracts that will be reinsured. Equal weights are expected to be applied to insurance coverage and investment-return service.
- Changes in the fulfilment cash flows will be recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- The VFA does not apply to reinsurance contracts.

Risk adjustment for non-financial risks
The risk adjustment reflects the compensation that the Group requires to compensate for the risk in the level and timing of future cash flows arising from non-financial risks. The Group plans to determine the risk adjustment for non-financial risks as follows:
- a value at risk approach (also referred to as a confidence interval approach) will be applied at a confidence interval of 90% over one year, which reflects the Group's risk appetite for insurance business;
- the effect of assumed adverse experience will be determined as a one-off sensitivity at the reporting date that persists for the duration of contracts;
- the Group will allow for diversification of non-financial risks with financial risks and with investment contracts, based on the Solvency II standard formula diversification factors;
- the risk adjustment for contracts issued will allow for the effect of sensitivities net of reinsurance plus the expected cost of reinsurance; and
- the risk adjustment for reinsurance contracts held will be based on the reinsured proportions of risks included in the risk adjustment for contracts issued.

Value of in Force (VIF)
In accordance with IFRS 17 there will be no VIF asset recognised and as a result the estimated future profits will now be included in the measurement of the insurance contract liability as the CSM, representing unearned profit, which will be gradually recognised over the duration of the contract. The removal of the VIF asset and the recognition of the CSM, which is a liability, will reduce equity.

Discount rates
Discount rates will be based on market information where available and will be determined using the top-down approach for the annuity portfolios and the bottom-up approach for other contracts. For long durations where there are no observable market information interest rates will be estimated based on a small excess return of between 0.5% and 1% above expected long-term inflation rates. An illiquidity premium, depending on the nature of contracts, will be included in discount rates, except for contracts in the unit-linked life and pensions portfolio, as these contracts are considered to be liquid. The reference portfolios for the top-down approach are based on suitable assets backing the liabilities. The implied investment returns on these assets are adjusted to allow for credit risk based on the Solvency II fundamental spreads.

Directly Attributable Expenses (DAE)
DAE in accordance with IFRS 17 will be incorporated in the CSM and recognised in the result of insurance services as a reduction in reported insurance revenue, as CSM is recognised over the duration of insurance contracts. Costs that are not directly attributable will remain in operating expenses. This will result in a reduction in reported operating expenses compared to the current accounting treatment.

Presentation and disclosure
IFRS 17 requires amendments to the Financial Statement Line Items (FSLI) that will be presented in the primary statements. In the Group consolidated primary statements currently in accordance with IFRS 4 net insurance premium income, insurance contract liabilities, claims paid and total operating income net of insurance claims are presented as FSLI. These IFRS 4 FSLI's will be replaced with an insurance service result (which comprises insurance revenue, insurance service expense and net income/expense from reinsurance contracts held). The Insurance finance income or expense (IFIE) will be recognised within net insurance investment and finance result. The presentation of the IFIE and the financial performance of the groups of reinsurance contracts held will be in line with the Group's planned accounting policy election as set out in the impact of IFRS 17 section above.

IFRS 17 also requires increased disclosures with more granular information in relation to the amounts recognised from insurance contracts; significant judgements and their changes; and the nature and extent of risks that arise from insurance contracts.

Implementation progress and anticipated impact
NIAC is a separate legal entity which is consolidated into the Group. NIAC will not transition to IFRS 17 for its legal entity standalone statutory financial statements. Solvency II remains as its capital and regulatory framework and is unchanged as a result of the Group's transition to IFRS 17. NIAC's ability to pay dividends to its parent company within the Group will therefore not be affected.

The Group's IFRS 17 implementation programme has focused on interpreting the requirements of the standard and developing systems and data requirements to enable IFRS 17 readiness. The development of methodologies and accounting policies, including auditor review has been largely completed. The data sourcing work has been completed on all administration systems and the build phase of the

1 Group accounting policies *(continued)*

development is largely completed subject to testing and implementation of a number of controls. Continued work is being performed to validate the IFRS 17 end to end solution and migrate to the new IFRS 17 valuation process. End to end 'dry run' testing is expected to complete in the second half of 2022.

The Group will adopt IFRS 17 from 1 January 2023 and must provide 2022 comparatives along with an opening balance sheet. Currently it is anticipated that the following will create an impact on either profit or equity:

- IFRS 17 will have a significant impact on the accounting for insurance contracts. The Group expects that profits pertaining to insurance contracts, within the Wealth and Insurance operating segment of the Group, will be gradually recognised over the life of the contract, rather than being accelerated at the inception. This is expected to result in a reduction in earnings in 2023.
- In accordance with IFRS 17 there will be no VIF asset recognised. The future profit instead will be included in the measurement of CSM and this will be gradually recognised in revenue as services are provided over the duration of the insurance contract. While the profit over the life of an insurance contract will be unchanged, the emergence of this profit will be later under IFRS 17. The removal of the VIF asset and the recognition of CSM, which is a liability, will reduce equity on transition.
- DAE in accordance with IFRS 17 will be incorporated in the CSM and recognised in the result of insurance services as a reduction in reported revenue, as profit is recognised over the duration of insurance contracts. Costs that are not directly attributable will remain in operating expenses. This will result in a reduction in reported operating expenses compared to the current accounting treatment.

Given the ongoing implementation activity, the Group is not yet in a position to reasonably estimate the financial impact or to disclose a reasonable range of the financial impact on the Group's financial statements and alternative performance measures. It is anticipated that a quantitative impact will be disclosed in the 2022 annual report.

2 Critical accounting estimates and judgements

The preparation of interim financial statements requires the Group to make estimates and judgements that impact the reported amounts of assets, liabilities, income and expense. Other than as set out below, there have been no significant changes to the Group's approach to, and methods of, making critical accounting estimates and judgments compared to those applied at 31 December 2021, as set out on pages 227 to 237 of the Group's Annual Report for the year ended 31 December 2021.

(1) Impairment loss allowance on financial assets

The Group's credit risk methodologies are set out on pages 168 to 174 of the Group's Annual Report for the year ended 31 December 2021.

Changes in estimates

Forward Looking Information

FLI refers to probability weighted future macroeconomic scenarios approved semi-annually by the Executive Risk Committee and used in the assessment of 'significant increase in credit risk' and in the measurement of impairment loss allowances under IFRS 9. The Group has used four RoI FLI scenarios and four UK FLI scenarios at 30 June 2022, comprising a central scenario, an upside scenario, and two downside scenarios, all extending over a five year forecast period, with reversion to long run averages for property for years beyond the forecast period. The Group keeps under review the number of FLI scenarios and the need to produce projections for other jurisdictions.

The central FLI scenario for the period ending 30 June 2022 is based on internal and external information and management judgement and follows the same process as used in prior periods.

However, due to the unprecedented nature of the COVID-19 economic shock and Russia's invasion of Ukraine, the Group employed an amended approach for the selection of the upside and downside FLI scenarios for HY 2022 to avoid counter-intuitive trends in the respective scenarios.

In order to incorporate available reasonable and supportable information and apply meaningful upside and downside FLI scenarios, three narrative driven alternative scenarios comprising one upside and two downside scenarios have been constructed.

The FLI methodology framework was leveraged to assign an initial set of probability weightings to the narrative driven scenarios. The FLI methodology is a simulation tool that uses recent actual observed values and historical data to produce a number of possible paths for the relevant economic variables based on their historical relationships and volatilities. The FLI model is used for scenario generation for a defined probability weighting and for assessing probability weights for a given scenario.

The narrative-driven scenarios were assessed relative to the simulated distribution.

The probability weightings attached to the scenarios are a function of their relative position on the distribution, with a lower probability weighting attached to the scenarios that were assessed to be more distant from the centre of the distribution. The final set of probability weightings used in Expected credit losses (ECL) estimates reflected the application of management judgement to the initial probability weightings, with increased weight assigned to downside scenarios. External forward looking information (e.g. equity market indicators) informed the application of this management judgement, and reflected heightened economic uncertainty at 28 June 2022 associated with a combination of factors including: Russia's invasion of Ukraine; rising inflation; supply chain disruption; and interest rate expectations in the Group's key economies. The estimated ECL impact of this judgement was c.€24 million. In addition to judgement applied to probability weightings, a further post-model Group management adjustment to the Group's impairment loss allowance of €32 million has been recognised as at the 30 June 2022 to reflect increased economic uncertainty, which emerged in the Group's key markets in late June 2022 (refer to page 58 for further details).

2 Critical accounting estimates and judgements *(continued)*

The table below shows the mean average forecast values for the key macroeconomic variables under each scenario for the forecast period 2022 to 2026, together with the scenario weightings for both the RoI and the UK.

	Republic of Ireland				United Kingdom			
			Downside				Downside	
	Central scenario	Upside scenario	Scenario 1	Scenario 2	Central scenario	Upside scenario	Scenario 1	Scenario 2
Scenario probability weighting	**45%**	**10%**	**35%**	**10%**	**45%**	**10%**	**35%**	**10%**
Gross Domestic Product (GDP) - annual growth rate	4.2%	4.6%	3.6%	2.5%	1.9%	2.3%	1.3%	0.3%
Gross National Product (GNP) - annual growth rate	3.9%	4.3%	3.1%	2.0%	n/a	n/a	n/a	n/a
Unemployment - average yearly rate	5.2%	4.8%	6.4%	8.2%	4.2%	3.7%	5.7%	7.5%
Residential property price growth - year end figures	2.2%	3.2%	(1.4%)	(4.2%)	1.6%	2.8%	(2.0%)	(4.4%)
Commercial property price growth - year end figures	1.6%	2.7%	(0.9%)	(4.0%)	1.6%	2.9%	(0.8%)	(4.0%)

The tables below set out the forecast values for 2022 and 2023 and the average forecast values for the period 2024 to 2026 for the key macroeconomic variables which underpin the above mean average values.

	Republic of Ireland			United Kingdom		
	2022	2023	2024-2026	2022	2023	2024-2026
Central scenario - 45% weighting						
Gross Domestic Product - (GDP) - annual growth rate	5.6%	4.6%	3.6%	3.7%	1.2%	1.6%
Gross National Product - (GNP) - annual growth rate	5.6%	4.1%	3.2%	n/a	n/a	n/a
Unemployment - average yearly rate	5.8%	5.2%	5.0%	4.0%	4.3%	4.3%
Residential property price growth - year end figures	5.0%	2.0%	1.3%	6.0%	(1.0%)	1.0%
Commercial property price growth - year end figures	0.5%	1.5%	2.0%	0.5%	1.0%	2.2%
Upside scenario - 10% weighting						
Gross Domestic Product - (GDP) - annual growth rate	6.2%	5.2%	3.9%	4.3%	1.7%	1.8%
Gross National Product - (GNP) - annual growth rate	6.2%	4.6%	3.5%	n/a	n/a	n/a
Unemployment - average yearly rate	5.6%	4.8%	4.5%	3.8%	3.7%	3.6%
Residential property price growth - year end figures	7.0%	3.0%	2.0%	7.0%	2.0%	1.7%
Commercial property price growth - year end figures	2.0%	2.5%	3.0%	2.5%	3.0%	3.0%
Downside scenario 1 - 35% weighting						
Gross Domestic Product - (GDP) - annual growth rate	4.4%	3.2%	3.4%	2.5%	(0.4%)	1.4%
Gross National Product - (GNP) - annual growth rate	3.8%	2.6%	3.0%	n/a	n/a	n/a
Unemployment - average yearly rate	6.6%	6.6%	6.3%	4.7%	5.7%	6.0%
Residential property price growth - year end figures	3.0%	(6.0%)	(1.3%)	2.0%	(6.0%)	(2.0%)
Commercial property price growth - year end figures	(3.0%)	(2.5%)	0.3%	(3.0%)	(2.5%)	0.5%
Downside scenario 2 - 10% weighting						
Gross Domestic Product - (GDP) - annual growth rate	2.9%	0.7%	2.9%	1.2%	(2.7%)	1.1%
Gross National Product - (GNP) - annual growth rate	2.3%	(0.1%)	2.6%	n/a	n/a	n/a
Unemployment - average yearly rate	7.4%	8.4%	8.5%	5.3%	7.4%	8.3%
Residential property price growth - year end figures	0.0%	(10.0%)	(3.7%)	(1.0%)	(10.0%)	(3.7%)
Commercial property price growth - year end figures	(8.0%)	(6.5%)	(1.8%)	(8.0%)	(7.0%)	(1.7%)

2 Critical accounting estimates and judgements *(continued)*

The central, upside and downside scenarios are described below for the both the RoI and the UK:

Central scenario
While the Irish and UK economies are benefiting from the removal of pandemic-related restrictions, the fallout from Russia's invasion of Ukraine – greater uncertainty, high global energy and non-energy commodity prices, and the spill-over effects of sanctions on Russia - will temper activity and increase prices and costs for consumers and businesses. The central scenario has GDP in both countries expanding in 2022 and 2023 though, helped by an unwinding of excess household savings, government measures to address the cost of living squeeze and the global recovery. Growth is in prospect over the rest of the forecast horizon as well, along with further job gains. Inflation remains elevated in the short term leading the ECB and Bank of England to raise interest rates, but eases over the medium term as energy effects and supply bottlenecks abate.

Upside scenario
Stronger consumer and business confidence effects are at play in the upside scenario. GDP in Ireland and the UK expand at a solid pace in 2022-2023 amid post-restrictions tailwinds and reduced uncertainty which contribute to a resurgence in economic momentum, while negotiations aimed at ending Russia's invasion of Ukraine help lower energy prices and inflation. Growth continues further out the forecast horizon, while unemployment runs at low rates in the two countries.

Downside scenario 1
The downside scenario 1 sees a broadening of sanctions on Russia, including additional embargoes on oil and gas exports. This leads to higher global energy and other commodity prices and more supply chain disruption, which add to inflationary pressures in Ireland and the UK in 2022 and 2023. Tighter financial conditions and monetary policy further depress consumer and business confidence and spending, with both economies tipping into mild recession for a time. Unemployment increases in response and stays relatively high throughout the forecast horizon.

Downside scenario 2
The downside scenario 2 also assumes a broadening of sanctions on Russian energy exports. In addition, the emergence of new vaccine-resistant variants of the COVID-19 virus sees the re-imposition of some public health restrictions this winter and next, while the spill-over of post-Brexit tensions results in the termination of the UK-EU trade agreement. Amid high inflation, heightened uncertainty, collapsing confidence and tightening financial conditions, economic activity in Ireland and the UK slows sharply. Both countries experience a recession in 2022 and again in 2023, while unemployment rises and remains elevated over the entire forecast period.

Property price growth, all scenarios
In the central scenario, following significant growth throughout 2021, residential price growth slows to 5% and 6% in RoI and the UK in 2022 respectively. Growth slows further in RoI in 2023 and turns negative in the UK. From 2024 onwards both markets record marginal positive growth of 1–1.5% per-annum. Commercial property prices stabilise in 2022 with RoI returning to positive growth and UK slowing, with forecast growth of 0.5% for both. The pickup in growth is forecast to continue in 2023 with both markets recording positive growth from 2024 onwards of 2% - 2.2%.

In the upside scenario 2022, residential prices forecast strong growth across both markets at 7% before slowing in subsequent years, with slightly weaker growth expected in the UK. Commercial property is expected to show low single digit growth out to the end of the forecast period.

In the downside scenarios (1 & 2), residential prices in 2022 for RoI and UK slow relative to the central scenario before turning negative for the rest of the forecast period with a trough point of -21% (downside scenario 2) for RoI and -22% (downside scenario 2) for UK. Downside scenario (2) effectively sees a full reversal of the gains made in residential prices since recovery from COVID-19 uncertainty began in 2020. Commercial property turns negative earlier in the forecast period starting in 2022 across both markets at -3% (1) and -8% (2). In downside scenario (1) nominal growth returns late in the forecast with 0.3% in RoI and 0.5% in the UK per annum across 2024 - 2026. In downside scenario (2), negative growth remains out to the end of the forecast period with a trough point of -20%.

The quantum of impairment loss allowance is impacted by the application of four probability weighted future macroeconomic scenarios. The following table indicates the approximate extent to which the impairment loss allowance at 30 June 2022, excluding post-model Group management adjustments to impairment loss allowances, was increased by virtue of applying multiple scenarios rather than only a central scenario. This analysis excludes post-model Group management adjustments, as such adjustments to impairment loss allowance are applied using management judgement outside of the macro-economic conditioned ECL model framework (refer to the Management Judgement in Impairment Measurement section below). The scenarios outlined in the following tables are based on the FLI weightings outlined on previous page.

Comparative figures as at 31 December 2021 are also outlined below (and in subsequent tables in this section). Changes in the figures as at 30 June 2022 compared to the previous reporting date reflect a number of inter related dynamics including changes in forward-looking scenarios and associated probability weights; impairment model methodology updates in the year; and the composition of the underlying portfolios at the respective reporting dates.

2 Critical accounting estimates and judgements *(continued)*

30 June 2022 Impact of applying multiple scenarios rather than only central scenario	Additional impairment loss allowance Stage 1 Impact €m	 Stage 1 Impact %	 Stage 2 Impact €m	 Stage 2 Impact %	 Stage 3 Impact €m	 Stage 3 Impact %	 Total Impact €m	 Total Impact %
Residential mortgages	3	46%	5	131%	11	4%	19	7%
Retail Ireland	*1*	*33%*	*4*	*143%*	*7*	*3%*	*12*	*5%*
Retail UK	*2*	*53%*	*1*	*104%*	*4*	*13%*	*7*	*22%*
Non-property SME and corporate	4	10%	24	22%	9	2%	37	6%
Property and construction	—	3%	13	37%	5	1%	18	4%
Consumer	3	8%	3	11%	—	—	6	5%
Total	**10**	**11%**	**45**	**25%**	**25**	**2%**	**80**	**6%**

31 December 2021 Impact of applying multiple scenarios rather than only central scenario	Additional impairment loss allowance Stage 1 Impact €m	 Stage 1 Impact %	 Stage 2 Impact €m	 Stage 2 Impact %	 Stage 3 Impact €m	 Stage 3 Impact %	 Total Impact €m	 Total Impact %
Residential mortgages	2	37%	3	74%	6	2%	11	4%
Retail Ireland	*1*	*24%*	*2*	*82%*	*4*	*2%*	*7*	*3%*
Retail UK	*1*	*49%*	*1*	*62%*	*2*	*7%*	*4*	*14%*
Non-property SME and corporate	7	14%	24	20%	—	—	31	5%
Property and construction	1	6%	10	19%	4	1%	15	3%
Consumer	4	10%	3	12%	—	—	7	5%
Total	**14**	**13%**	**40**	**19%**	**10**	**1%**	**64**	**4%**

The following table indicates the approximate extent to which the impairment loss allowance, excluding Group management adjustments, would be higher or lower than reported were a 100% weighting applied to the central, upside and downside future macroeconomic scenarios respectively:

30 June 2022 Impact of applying only a central, upside or downside scenarios rather than multiple probability weighted scenarios	Multiple scenarios Impairment loss allowance €m	Central scenario Impairment loss allowance €m	 Impact %	Upside scenario Impairment loss allowance €m	 Impact %	Downside scenario 1 Impairment loss allowance €m	 Impact %	Downside scenario 2 Impairment loss allowance €m	 Impact %
Residential mortgages	281	(19)	(7%)	(21)	(7%)	25	9%	104	37%
Retail Ireland	*239*	*(12)*	*(5%)*	*(13)*	*(5%)*	*10*	*4%*	*51*	*21%*
Retail UK	*42*	*(7)*	*(22%)*	*(8)*	*(19%)*	*15*	*36%*	*53*	*126%*
Non-property SME and corporate	664	(37)	(6%)	(66)	(10%)	37	6%	163	25%
Property and construction	429	(18)	(4%)	(22)	(5%)	13	3%	95	22%
Consumer	153	(6)	(5%)	(11)	(7%)	6	4%	23	15%
Total	**1,527**	**(80)**	**(6%)**	**(120)**	**(8%)**	**81**	**5%**	**385**	**25%**

2 Critical accounting estimates and judgements *(continued)*

31 December 2021 Impact of applying only a central, upside or downside scenarios rather than multiple probability weighted scenarios	Multiple scenarios	Central scenario		Upside scenario		Downside scenario 1		Downside scenario 2	
	Impairment loss allowance €m	Impairment loss allowance €m	Impact %	Impairment loss allowance €m	Impact %	Impairment loss allowance €m	Impact %	Impairment loss allowance €m	Impact %
Residential mortgages	287	(11)	(4%)	(12)	(4%)	19	7%	93	32%
Retail Ireland	*251*	*(7)*	*(3%)*	*(7)*	*(3%)*	*7*	*3%*	*42*	*17%*
Retail UK	*36*	*(4)*	*(14%)*	*(5)*	*(14%)*	*12*	*33%*	*51*	*142%*
Non-property SME and corporate	619	(31)	(5%)	(59)	(10%)	48	8%	205	33%
Property and construction	510	(15)	(3%)	(26)	(5%)	18	4%	89	17%
Consumer	*153*	*(7)*	*(5%)*	*(13)*	*(8%)*	*10*	*7%*	*34*	*22%*
Total	**1,569**	**(64)**	**(4%)**	**(110)**	**(7%)**	**95**	**6%**	**421**	**27%**

The following table indicates the approximate extent to which impairment loss allowances for the residential mortgage portfolios, excluding post model Group management adjustments, would be higher or lower than the application of the central scenario if there was an immediate change in residential property prices at the reporting date. Although such changes would not be observed in isolation, as economic indicators tend to be correlated in a coherent scenario, this gives insight into the sensitivity of the Group's impairment loss allowance to a once-off change in residential property values.

30 June 2022 Impact of an immediate change in residential property prices compared to central scenario impairment loss allowances	Impairment loss allowance - central scenario €m	Residential property price reduction of 10%		Residential property price reduction of 5%		Residential property price increase of 5%		Residential property price increase of 10%	
		Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %
Residential mortgages	262	47	18%	22	8%	(19)	(7%)	(35)	(13%)
Retail Ireland	*227*	*30*	*13%*	*14*	*6%*	*(13)*	*(6%)*	*(25)*	*(11%)*
Retail UK	*35*	*17*	*49%*	*8*	*23%*	*(6)*	*(17%)*	*(10)*	*(29%)*

31 December 2021 Impact of an immediate change in residential property prices compared to central scenario impairment loss allowances	Impairment loss allowance - central scenario €m	Residential property price reduction of 10%		Residential property price reduction of 5%		Residential property price increase of 5%		Residential property price increase of 10%	
		Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %
Residential mortgages	276	50	18%	24	9%	(20)	(7%)	(38)	(14%)
Retail Ireland	*244*	*34*	*14%*	*17*	*7%*	*(14)*	*(6%)*	*(28)*	*(11%)*
Retail UK	*32*	*16*	*50%*	*7*	*22%*	*(6)*	*(19%)*	*(10)*	*(31%)*

The sensitivity of impairment loss allowances to stage allocation is such that a transfer of 1% of Stage 1 balances at 30 June 2022 to Stage 2 would increase the Group’s impairment loss allowance by c.€17 million excluding Group management adjustments.

2 Critical accounting estimates and judgements *(continued)*

Management judgement in impairment measurement
A management judgement has been incorporated into the Group's impairment measurement process for H122. Management judgement can be described with reference to:
- management judgement in impairment model parameters; and
- post-model Group management adjustments to impairment loss allowance and staging classification.

Management judgement in impairment model parameters
The ECL model framework was updated in the period to reflect an enhanced approach to applying forward-looking information within the Loss Given Default (LGD) component of the impairment models for Corporate Banking and Business Banking portfolios (as outlined on page 31 in the asset quality section of the Risk Management Report). In addition, other model factors were updated to reflect observed information.

The changes to the LGD component of the Corporate Banking and Business Banking impairment models, results in a decrease in impairment loss allowance of c.€25 million, noting that the Group management adjustment for LGD in Corporate portfolios recognised at 31 December 2021 is no longer considered to be required (as outlined below).

Post-model Group management adjustment
To ensure that the measurement of impairment reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions, the need for a post-model Group management adjustment to the outputs of the Group's staging and impairment measurement methodologies is considered at each reporting date in arriving at the final impairment loss allowance. Such a need may arise, for example, due to a model limitation or a late breaking event. At 30 June 2022, the Group's stock of impairment loss allowance of €1.9 billion includes a c.€352 million total post-model Group management adjustment (31 December 2021: €392 million). Details of the components of the post-model Group management adjustment are outlined below.

Group management adjustment for COVID-19
At 30 June 2022, the Group considered the data and measurement limitations arising from the unprecedented impact of COVID-19, including the availability of government supports and the general availability of payment breaks in 2020 and early 2021 to all customers regardless of credit status.

While all payment breaks have expired prior to the reporting date, the Group's view is that modelled impairment losses at 30 June 2022 may not fully capture expected COVID-19 related credit losses as RoI government supports that pertained until Q2 2022 may be masking increased credit risk for certain cohorts of customers.

As a result, a total post-model management adjustment of €62 million was applied (31 December 2021: €132 million). €4 million of the total adjustment is related to RoI residential mortgages, a further €53 million relates to the RoI SME portfolio, and €5 million relates to property and construction. The total post-model adjustment comprises a €5 million increase in Stage 1 impairment loss allowance and a €57 million increase in Stage 2 impairment loss allowance. €61 million of the post-model management adjustment is applied to loans and advances to customers, with the remaining €1 million applied to other financial instruments (ie. off balance sheet commitments).

Sector-level COVID-19 risk assessments for the business banking portfolios were completed informed by management judgement with reference to observed credit performance in the period, and internal and external sectoral analysis. It was determined that, following the removal of government supports to RoI businesses in the second quarter of 2022, the potential for latent risk remains within certain cohorts of the RoI business banking portfolios. Certain sectors within these cohorts (e.g. hospitality and entertainment) were identified to be highly impacted where the COVID-19 risk was not considered to be adequately captured in the modelled Probability of Default (PD) estimates.

Similarly the RoI mortgage portfolio was reviewed to identify highly impacted customers, with reference to the outputs of the IFRS 9 impairment models, combined with other available data sources including a customer vulnerability assessment and management judgement.

As the majority of UK government supports for COVID-19 were ceased in 2021, management consider that potential latent COVID-19 risk in the Group's UK loan portfolios had diminished and post-model adjustments were no longer required.

The post-model Group management adjustment includes the application of a staging adjustment whereby highly impacted customers, as referenced above, that impairment models classify as Stage 1 are classified as Stage 2 with a lifetime impairment loss allowance applied. The impact of this staging adjustment is a c.€1 billion increase in Stage 2 volumes as well as a c.€17 million increase in impairment loss allowances, which is almost entirely within the RoI SME portfolio.

Given the level at which the management adjustment review was performed for the relationship managed business banking and asset finance portfolios, the Group did not reclassify any exposures into a different stage than that initially identified by the impairment models for these portfolios. The Group's management adjustment includes a c.€9 million impairment loss allowance in Stage 1 for these portfolios and is estimated to be broadly equivalent to the impact from a transfer of c.€0.3 billion of Stage 1 assets into Stage 2.

The requirement to apply this post-model adjustment for latent risk associated with COVID-19 will continue to be assessed until it is evident that underlying customer specific risk can be identified in risk management models and credit metrics.

Group management adjustment for residential mortgages
The Group considered it appropriate to recognise a post-model management adjustment to account for risk associated with diminished internal data on distressed asset sales in recent years, which limits the Group's ability to appropriately calibrate LGD estimates for variances between indexed valuations and individual property values for distressed sales. The quantification of this post-model adjustment has been estimated with reference to application of LGD floors for residential mortgage impairment loss allowance calculation.

Accordingly a €104 million post-model management adjustment is included in the residential mortgages impairment loss allowance at 30 June 2022 (31 December 2021: €117 million). The adjustment is allocated to the RoI mortgage portfolio (€71 million) and the UK mortgage portfolio (€33 million). The requirement for this post-model adjustment will be assessed with reference to further review of the residential mortgage LGD methodology in the second half of 2022.

Group management adjustment for NPE
The impairment loss allowance for stage 3 assets at 30 June 2022 includes a €130 million post-model management adjustment to reflect the potential for the Group to utilise portfolio sales and / or securitisations to a greater extent in its resolution

2 Critical accounting estimates and judgements *(continued)*

strategies for NPEs in the RoI and UK residential mortgages and RoI business banking portfolio (31 December 2021: €80 million applied to the RoI mortgage portfolio). The requirement for post-model adjustments reflects the fact that modelled LGD parameters are calibrated based on historical resolution strategies, which were more heavily reliant on case-by-case resolution (e.g. forbearance arrangements, voluntary sales or legal recovery processes). Individually assessed impairment loss allowances are determined on a case-specific assessment and do not take account of discounts that may apply for a portfolio sale / securitisation.

The Group has identified cohorts of loans with certain current characteristics in the residential mortgages and RoI business banking portfolios (e.g. defaulted cases in deep arrears) that will likely form part of future portfolio sales and/ or securitisations. The quantum of the post-model adjustment was calculated with reference to independent external benchmarking, internal impairment cover for these cohorts (i.e. incorporating the impact of other post-model adjustments in the mortgage portfolios), and an assessment of the likelihood of the completion of future asset sales / securitisations.

€89 million of this post-model adjustment is recognised in the RoI residential mortgages portfolio, €25 million is related to the UK residential mortgages portfolio, and the remaining €16 million is related to the RoI business banking portfolio.

Group management adjustment for RoI SME model
A review of the modelled impairment loss allowances for the relationship managed segment of the RoI SME portfolio indicated that the lagged utilisation of the elevated RoI GDP growth rate in 2021 resulted in PD estimates for H122 that were not considered to be reasonable with reference to internal and external information. This dynamic within the model is expected to moderate in 2022 as the impact of COVID-19 on GDP metrics diminishes and growth rates revert to lower levels.

A post-model adjustment of €24 million (31 December 2021: €31 million) to the RoI SME impairment loss allowance has been applied, which was calculated with reference to an upward adjustment in the PD estimate within the associated impairment model.

Group management adjustment for late breaking events
A post-model management adjustment to the Group's impairment loss allowance of €32 million has been recognised as at the 30 June 2022 to reflect increased economic uncertainty, primarily related to geopolitical events as well as inflation and interest rate expectations, which emerged in the Group's key markets in late June 2022.

This adjustment reflects the estimated impact on impairment loss allowances if the probability weightings applied to the Group's multiple economic scenarios utilised in its impairment models were further adjusted so that the central scenario weighting was reduced to 40% (from 45%), the downside 1 scenario weighting was reduced to 30% (from 35%) and the downside scenario 2 weighting was increased to 20% (from 10%).

The adjustment is allocated across portfolios to reflect the estimated impacts of the adjusted scenario weightings on impairment loss allowance, with €2 million allocated to Stage 1, €22 million to Stage 2, and €8 million to Stage 3. The stage classification of assets was not changed through the application of this management adjustment.

Stage 3 Group management adjustment for Loss Given Default in Corporate Portfolios
As outlined above, the Loss Given Default (LGD) component of the Corporate Banking and Business Banking impairment models has been reviewed. Given the enhancements to the LGD component of the impairment models in the period, the €32 million Group management adjustment applied to the impairment models within Corporate Banking at 31 December 2021 is no longer considered to be required.

(2) Davy acquisition

The Group acquired Davy, Ireland's leading provider of wealth management and capital markets services, on 1 June 2022. The Davy transaction is being treated as a business combination in line with the requirements of IFRS 3. Further detail on the accounting considerations and related key management judgements are outlined in note 35, Davy acquisition.

3 Operating segments

The Group has five reportable operating segments which reflect the internal financial and management reporting structure and are organised as follows:

Retail Ireland
Retail Ireland is one of the largest providers of financial services in Ireland with a network of branches across the country, mobile and online banking applications and customer contact centres. Retail Ireland offers a broad range of financial products and services including current accounts, savings, mortgages, credit cards, motor finance and loans to personal and business banking customers and is managed through a number of customer focused business lines, namely EveryDay Banking, Home Buying (including Bank of Ireland Mortgage Bank Unlimited Company) and Business Banking (including Bank of Ireland Finance), supported by Distribution, Marketing and Risk Management partners.

Wealth and Insurance
On 1 June 2022, the Group acquired Davy, Ireland's leading provider of wealth management and capital markets services (note 35). Wealth and Insurance now includes Davy, and the Group's life assurance subsidiary, NIAC, which distributes protection, investment and pension products to the Irish market, across three core channels made up of the Group's distribution channels, independent financial brokers and its own financial advisor network as well as corporate partners. It also includes investment markets, and the Group's general insurance brokerage, Bank of Ireland Insurance Services, which offers home, car and travel insurance cover through its agency with insurance providers.

Retail UK
Retail UK incorporates the UK residential mortgage business, the Group's branch network in NI, the Group's business banking business in NI, the Northridge Finance motor and asset finance, vehicle leasing and fleet management business, as well as the financial services partnership and FX joint venture with the UK Post Office, and the financial services partnership with the Automobile Association (AA). The Group also has a business banking business in Great Britain which is being run down. The Retail UK division includes the activities of Bank of Ireland (UK) plc, the Group's wholly owned UK licenced banking subsidiary.

Corporate and Markets
Corporate and Markets incorporates the Group's corporate banking, wholesale financial markets, specialised acquisition finance and large transaction property lending business, across the RoI, UK and internationally, with offices in Ireland, the UK, the US, Germany, France and Spain.

Group Centre
Group Centre comprises Group Technology and Customer Solutions, Group Finance, Group Risk, People Services, Strategy & Transformation, Group Internal Audit and other central support and control functions. These Group central functions establish governance and oversee policies, provide management services to the Group and provide and manage processes and delivery platforms for the trading divisions.

Other reconciling items
Other reconciling items represent inter segment transactions which are eliminated upon consolidation and the application of hedge accounting at Group level.

Basis of preparation of segmental information
The analysis of results by operating segment is based on the information used by the chief operating decision maker to allocate resources and assess performance. The Group Chief Executive Officer (CEO) and Group Chief Financial Officer (CFO) are considered to be the chief operating decision maker for the Group. The Group's operating segments reflect its organisational and management structures. The CEO and CFO review the Group's internal reporting based around these segments to assess performance and allocate resources. Transactions between the business segments are on normal commercial terms and conditions. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

The measures of segmental assets and liabilities provided to the chief operating decision maker are not adjusted for transfer pricing adjustments or revenue sharing agreements as the impact on the measures of segmental assets and liabilities is not significant.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

On an ongoing basis, the Group reviews the methodology for allocating funding and liquidity costs in order to ensure that the allocations continue to reflect each division's current funding requirement.

External revenue comprises interest income, net insurance premium income, fee and commission income, net trading income / (expense), life assurance investment income gains and losses, other operating income, other leasing income and share of results of associates and joint ventures.

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Group's revenues.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as 'Underlying profit or loss' in its internal management reporting systems. Underlying profit or loss excludes:
- customer redress charges;
- acquisitions costs;
- transformation programme costs[1];
- gross-up for policyholder tax in the Wealth and Insurance business;
- investment return on treasury shares held for policyholders;
- portfolio divestments; and
- gain on disposal / liquidation of business activities.

[1] *Formerly transformation investment costs. Transformation programme costs includes cost of restructuring and other transformation programme costs.*

3 Operating segments *(continued)*

In the tables below, 'Other reconciling items' represent inter segment transactions which are eliminated upon consolidation and the application of hedge accounting at Group level.

6 months ended 30 June 2022	**Retail Ireland €m**	**Wealth and Insurance €m**	**Retail UK €m**	**Corporate and Markets €m**	**Group Centre €m**	**Other reconciling items €m**	**Group €m**
Net interest income	**418**	**(4)**	**346**	**312**	**(1)**	**1**	**1,072**
Other income, net of insurance claims	131	25	(2)	99	73	(9)	317
Total operating income, net of insurance claims	**549**	**21**	**344**	**411**	**72**	**(8)**	**1,389**
Other operating expenses	(322)	(75)	(134)	(88)	(213)	(2)	(834)
Other operating expenses (before levies and regulatory charges)	*(322)*	*(74)*	*(131)*	*(88)*	*(122)*	*(2)*	*(739)*
Levies and regulatory charges	*—*	*(1)*	*(3)*	*—*	*(91)*	*—*	*(95)*
Depreciation and amortisation	(25)	(7)	(14)	(4)	(60)	—	(110)
Total operating expenses	**(347)**	**(82)**	**(148)**	**(92)**	**(273)**	**(2)**	**(944)**
Underlying operating profit / (loss) before impairment charges on financial instruments	**202**	**(61)**	**196**	**319**	**(201)**	**(10)**	**445**
Net impairment gains / (losses) on financial instruments	36	—	(11)	(69)	(3)	—	(47)
Share of results of associates and joint ventures	8	—	13	—	—	—	21
Underlying profit / (loss) before tax	**246**	**(61)**	**198**	**250**	**(204)**	**(10)**	**419**

30 June 2022 Reconciliation of underlying profit before tax to profit before tax	**Group €m**
Underlying profit before tax	419
Customer redress charges	(26)
Acquisitions costs	(25)
Transformation programme costs	(23)
Gross-up for policyholder tax in the Wealth and Insurance business	(8)
Investment return on treasury shares held for policyholders	(4)
Portfolio divestments	2
Gain on disposal / liquidation of business activities	—
Profit before tax	**335**

3 Operating segments *(continued)*

6 months ended 30 June 2021	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Markets €m	Group Centre[2] €m	Other reconciling items €m	Group €m
Net interest income	**451**	**(3)**	**309**	**325**	**(2)**	**—**	**1,080**
Other income, net of insurance claims	102	126	(1)	103	(1)	(11)	318
Total operating income, net of insurance claims	**553**	**123**	**308**	**428**	**(3)**	**(11)**	**1,398**
Other operating expenses	(303)	(65)	(131)	(81)	(240)	—	(820)
Other operating expenses (before levies and regulatory charges)[2]	*(303)*	*(64)*	*(129)*	*(81)*	*(147)*	—	*(724)*
Levies and regulatory charges	—	*(1)*	*(2)*	—	*(93)*	—	*(96)*
Depreciation and amortisation	(30)	(4)	(9)	(6)	(65)	1	(113)
Total operating expenses	**(333)**	**(69)**	**(140)**	**(87)**	**(305)**	**1**	**(933)**
Underlying operating profit / (loss) before impairment charges on financial instruments	**220**	**54**	**168**	**341**	**(308)**	**(10)**	**465**
Net impairment (losses) / gains on financial instruments	(47)	—	(3)	55	(6)	—	(1)
Share of results of associates and joint ventures	7	—	(6)	—	—	—	1
Underlying profit / (loss) before tax	**180**	**54**	**159**	**396**	**(314)**	**(10)**	**465**

30 June 2021 Reconciliation of underlying profit before tax to profit before tax	Group €m
Underlying profit before tax	465
Customer redress charges	(5)
Acquisitions costs	—
Transformation programme costs	(69)
Gross-up for policyholder tax in the Wealth and Insurance business	15
Investment return on treasury shares held for policyholders	(6)
Portfolio divestments	5
Gain on disposal / liquidation of business activities	1
Profit before tax	**406**

In the tables below, external asset balances are inclusive of investments in associates and joint ventures.

30 June 2022 Analysis by operating segment	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Markets €m	Group Centre €m	Other reconciling items €m	Group €m
Investment in associates and joint ventures	**67**	**1**	**67**	**—**	**1**	**—**	**136**
External assets	33,262	21,769	29,899	33,346	37,880	(3)	156,153
Inter segment assets	88,121	689	1,496	120,374	31,978	(242,658)	—
Total assets	**121,383**	**22,458**	**31,395**	**153,720**	**69,858**	**(242,661)**	**156,153**
External liabilities	69,647	20,808	20,468	24,493	8,682	(1)	144,097
Inter segment liabilities	47,034	308	8,495	131,061	55,740	(242,638)	—
Total liabilities	**116,681**	**21,116**	**28,963**	**155,554**	**64,422**	**(242,639)**	**144,097**

[2] *The Group is no longer incurring transformation investment charges. Accordingly, prior period comparatives have been restated to ensure consistency with H122, with the H121 transformation investment charge of €21 million reallocated. 'Other operating expenses (before levies and regulatory charges)' increased by €21 million to €147 million in Group Centre and €724 million for total Group.*

3 Operating segments *(continued)*

31 December 2021 Analysis by operating segment	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Markets €m	Group Centre €m	Other reconciling items €m	Group €m
Investment in associates and joint ventures	**59**	**—**	**56**	**—**	**1**	**—**	**116**
External assets	33,010	23,537	33,407	36,197	29,120	(3)	155,268
Inter segment assets	83,620	483	1,313	108,501	28,289	(222,206)	—
Total assets	**116,630**	**24,020**	**34,720**	**144,698**	**57,409**	**(222,209)**	**155,268**
External liabilities	66,061	22,841	23,274	23,653	8,105	(4)	143,930
Inter segment liabilities	45,609	247	9,085	122,447	44,835	(222,223)	—
Total liabilities	**111,670**	**23,088**	**32,359**	**146,100**	**52,940**	**(222,227)**	**143,930**

6 months ended 30 June 2022 Revenue by operating segments	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Markets €m	Group Centre €m	Other reconciling items €m	Group €m
External revenue	**529**	**(383)**	**420**	**771**	**—**	**38**	**1,375**
Inter segment revenues	399	(39)	93	74	258	(785)	—
Revenue before claims paid	**928**	**(422)**	**513**	**845**	**258**	**(747)**	**1,375**
Insurance contract liabilities and claims paid	—	481	—	—	(1)	—	480
Revenue	**928**	**59**	**513**	**845**	**257**	**(747)**	**1,855**
Interest expense	**(15)**	**—**	**(35)**	**(98)**	**(169)**	**5**	**(312)**
Capital expenditure	**7**	**211**	**43**	**27**	**176**	**—**	**464**

6 months ended 30 June 2021 Revenue by operating segments	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Markets €m	Group Centre €m	Other reconciling items €m	Group €m
External revenue	**641**	**1,532**	**403**	**621**	**(4)**	**(11)**	**3,182**
Inter segment revenues	266	22	54	191	123	(656)	—
Revenue before claims paid	**907**	**1,554**	**457**	**812**	**119**	**(667)**	**3,182**
Insurance contract liabilities and claims paid	—	(1,377)	—	—	(2)	—	(1,379)
Revenue	**907**	**177**	**457**	**812**	**117**	**(667)**	**1,803**
Interest expense	**(17)**	**—**	**(48)**	**(126)**	**(104)**	**26**	**(269)**
Capital expenditure	**3**	**12**	**42**	**22**	**73**	**—**	**152**

4 Interest income

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Financial assets measured at amortised cost		
Loans and advances to customers	1,062	1,033
Loans and advances to banks	17	2
Debt securities at amortised cost	4	3
Interest income on financial assets measured at amortised cost	**1,083**	**1,038**
Financial assets at fair value through other comprehensive income		
Debt securities at fair value through other comprehensive income	9	11
Interest income on financial assets at fair value through other comprehensive income	**9**	**11**
Negative interest on financial liabilities		
Customer accounts	108	83
Deposits from banks	10	17
Debt securities in issue	1	2
Negative interest on financial liabilities	**119**	**102**
Interest income calculated using the effective interest method	**1,211**	**1,151**
Other interest income		
Non-trading derivatives (not in hedge accounting relationships - economic hedges)	88	108
Finance leases and hire purchase receivables	82	81
Loans and advances to customers at fair value through profit or loss	8	9
Other interest income	**178**	**198**
Interest income	**1,389**	**1,349**

Interest income on loans and advances to customers

In H122, interest income of €50 million was recognised (H121: €48 million) and €53 million was received (H121: €48 million) on credit-impaired loans and advances to customers.

Interest income on TLTRO III

In March 2021, the Group secured funding of €10.8 billion from the ECB under the third series of TLTRO (TLTRO III).

In measuring the amortised cost of the liability at 30 June 2022, the Group reflected the fact that it did not expect to repay the funding until March 2024, resulting in an increase in the amortised cost of the liability and corresponding reduction in interest income of €24 million in H122, with increased income to be recognised in H222 and through to March 2024.

In H122, €11 million of interest income was recognised on the TLTRO III liability.

Interest income recognised on customer accounts

Interest income on customer accounts of €108 million (H121: €83 million) comprises interest income of €48 million resulting from negative effective interest rates (H121: €30 million) and interest income on customer accounts of €60 million (H121: €53 million) arising on related derivatives which are in a hedge relationship.

5 Interest expense

	6 months ended 30 June 2022 €m	Restated[1] 6 months ended 30 June 2021 €m
Financial liabilities measured at amortised cost		
Debt securities in issue	51	31
Subordinated liabilities	36	31
Customer accounts	20	43
Deposits from banks	11	1
Lease liabilities	6	6
Other interest expense at amortised cost	2	—
Interest expense on financial liabilities measured at amortised cost	**126**	**112**
Negative interest on financial assets		
Cash and balances at central banks	63	26
Debt securities at fair value through other comprehensive income	12	18
Debt securities at amortised cost	8	10
Loans and advances to banks	2	—
Negative interest on financial assets	**85**	**54**
Interest expense calculated using the effective interest method	**211**	**166**
Other interest expense		
Non-trading derivatives (not in hedge accounting relationships - economic hedges)	100	102
Customer accounts at fair value through profit or loss	1	1
Other interest expense	**101**	**103**
Interest expense	**312**	**269**

Interest expense recognised on debt securities at amortised cost

Interest expense of €8 million on debt securities at amortised cost (H121: €10 million) comprises interest income of €11 million (H121: €11 million) recognised net of interest expense on related derivatives which are in a hedge relationship of €19 million (H121: €21 million).

Interest expense recognised on debt securities at fair value through other comprehensive income

Interest expense of €12 million on debt securities at fair value through other comprehensive income (FVOCI) (H121: €18 million) comprises interest income of €6 million (H121: €16 million) recognised net of interest expense on related derivatives which are in a hedge relationship of €18 million (H121: €34 million).

6 Net insurance premium income

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Gross premiums written	1,120	957
Ceded reinsurance premiums	(87)	(109)
Net premium written	**1,033**	**848**
Change in provision for unearned premiums	(2)	(2)
Net insurance premium income	**1,031**	**846**

[1] *Comparative figures for 'negative interest on financial assets' have been restated to reclassify €26 million from 'negative interest on loans and advances to banks' to 'negative interest on cash and balances at central banks', as interest on balances held with central banks was incorrectly classified in H121.*

7 Fee and commission income and expense

6 months ended 30 June 2022 Income	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Markets €m	Group Centre €m	Group €m
Retail banking customer fees	146	—	19	25	—	190
Asset management fees	—	13	—	—	—	13
Credit related fees	3	—	—	6	—	9
Insurance commissions	—	5	1	—	—	6
Other	13	3	2	13	—	31
Fee and commission income	**162**	**21**	**22**	**44**	**—**	**249**

6 months ended 30 June 2021 Income	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Markets €m	Group Centre €m	Group €m
Retail banking customer fees	119	—	30	21	—	170
Asset management fees	—	1	—	—	—	1
Credit related fees	3	—	1	14	—	18
Insurance commissions	—	5	1	—	—	6
Other	3	3	3	13	—	22
Fee and commission income	**125**	**9**	**35**	**48**	**—**	**217**

Expense

Fee and commission expense of €119 million (H121: €90 million) primarily comprises brokerage fees, sales commissions and other fees paid to third parties.

8 Net trading income / (expense)

Net trading income / (expense) includes the gains and losses on financial instruments mandatorily measured at fair value through profit or loss (FVTPL) and those designated at FVTPL (other than unit linked life assurance assets and investment contract liabilities). It includes the fair value movement on these instruments and the realised gains and losses arising on the purchase and sale. It also includes the interest income receivable and expense payable on financial instruments held for trading and €6 million of a net gain arising from FX (H121: net gain €7 million).

It does not include interest income on debt financial assets mandatorily measured at FVTPL, interest expense on financial liabilities designated at FVTPL and interest income or expense on derivatives that are held with hedging intent, but for which hedge accounting is not applied (economic hedges).

Net income from financial instruments mandatorily measured at FVTPL includes dividend income from equities, realised and unrealised gains and losses.

Net fair value hedge ineffectiveness reflects a net gain from hedged items of €616 million (H121: €83 million) offsetting a net loss from hedging instruments of €610 million (H121: €83 million).

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Financial liabilities designated at fair value	69	(77)
Related derivatives held for trading	(67)	77
	2	**—**
Net income from financial instruments mandatorily measured at FVTPL		
Securities and non-trading debt	3	13
Other financial instruments held for trading	2	47
Loans and advances	—	1
	7	**61**
Net fair value hedge ineffectiveness	6	—
Net trading income	**13**	**61**

9 Life assurance investment income, gains and losses

This note comprises the investment return, realised and unrealised gains and losses which accrue to the Group on all investment assets held by the Wealth and Insurance division, other than those held for the benefit of policyholders whose contracts are considered to be investment contracts. These instruments are mandatorily measured at FVTPL.

Life assurance investment income losses of €1,475 million in H122 is consistent with adverse investment market performance, due in large part to external economic environmental factors (H121: gains of €614 million). The fall in value of insurance contract liabilities (note 12) is consistent with the fall in value of investments reflected in the life assurance investment income losses.

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
(Losses) / gains on other financial assets held on behalf of Wealth and Insurance policyholders	(1,492)	608
Gains on investment property held on behalf of Wealth and Insurance policyholders	17	6
Life assurance investment income and (losses) / gains	**(1,475)**	**614**

10 Other leasing income and expense

Other leasing income and expense relates to the business activities of Marshall Leasing Limited (MLL). MLL is a car and commercial leasing and fleet management company based in the UK.

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Other leasing income	**33**	**32**
Operating lease payments	*21*	*18*
Sale of leased assets	*9*	*12*
Other income	*3*	*2*
Other leasing expense	**(19)**	**(25)**
Depreciation of rental vehicles	*(10)*	*(13)*
Other selling and disposal costs	*(9)*	*(12)*
Net other leasing income	**14**	**7**

11 Other operating income

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Transfer from debt instruments at FVOCI reserve on asset disposal	83	1
Other insurance income	36	22
Movement in Value of in Force asset	(3)	36
Elimination of investment return on treasury shares held for the benefit of policyholders in the Wealth and Insurance business	(1)	(2)
Other income	(1)	2
Dividend income	—	3
Other operating income	**114**	**62**

Transfer from debt instruments at FVOCI reserve on asset disposal has increased by €82 million driven by gains realised on bond sales in H122.

12 Insurance contract liabilities and claims paid

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Claims paid		
Policy surrenders	(402)	(413)
Death and critical illness claims	(99)	(94)
Annuity payments	(53)	(56)
Other claims	(48)	(28)
Gross claims paid	**(602)**	**(591)**
Recovered from reinsurers	71	69
Net claims paid	**(531)**	**(522)**
Change in insurance contract liabilities		
Change in gross liabilities	1,226	(835)
Change in reinsured liabilities	(215)	(22)
Net change in insurance contract liabilities	**1,011**	**(857)**
Insurance contract liabilities and claims paid	**480**	**(1,379)**

The fall in value of investments reflected in the life assurance investment income losses (note 9) is consistent with the fall in value of insurance contract liabilities and is also a result of the adverse investment market performance, due in large part to external economic environmental factors.

13 Other operating expenses

Administrative expenses and staff costs	6 months ended 30 June 2022 €m	*Restated*[1] 6 months ended 30 June 2021 €m
Staff costs excluding transformation programme staff costs	422	423
Levies and regulatory charges	95	96
Amortisation of intangible assets (note 24)	77	77
Depreciation of property, plant and equipment	33	36
Other administrative expenses	393	312
Total	**1,020**	**944**
Total staff costs are analysed as follows:		
Wages and salaries	332	323
Retirement benefit costs (defined benefit plans)	43	54
Social security costs	37	36
Retirement benefit costs (defined contribution plans)	19	18
Other staff expenses	3	10
	434	441
Staff costs capitalised	(12)	(18)
Staff costs excluding transformation programme staff costs	**422**	**423**
Additional transformation programme staff costs		
Included in transformation programme costs (note 14)	2	10
Total staff costs recognised in the income statement	**424**	**433**

[1] The Group is no longer incurring transformation investment charges. Accordingly prior period comparatives have been restated to ensure consistency with H122, with the H121 transformation investment charge of €21 million reallocated, 'staff costs' increased by €4 million to €423 million and 'other administrative expenses' increased by €17 million to €312 million.

13 Other operating expenses *(continued)*

Staff numbers
At 30 June 2022, the number of staff (full time equivalents) for the Group was 9,863 (30 June 2021: 9,211). This figure includes 810 Davy staff post acquisition on 1 June 2022.

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Full time equivalents	9,863	9,211
Average (full time equivalents)	9,073	9,643

Other administrative expenses include a charge of €33 million (H121: €4 million) relating to the Tracker Mortgage Examination Review (see note 29 for further details).

14 Cost of restructuring programme

In H122, the Group recognised a restructuring charge of €3 million (H121: €69 million). Further details can be found on page 12.

	6 months ended 30 June 2022 €m	*Restated*[1] 6 months ended 30 June 2021 €m
Transformation programme costs	3	69
Staff costs	*2*	*10*
Programme management costs	*1*	*4*
UK Strategic review costs	*(1)*	*20*
Property-related costs	*1*	*40*
Other restructuring credit	*—*	*(5)*
Total	**3**	**69**

15 Net impairment gains / (losses) on financial instruments

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Loans and advances to customers at amortised cost	(53)	(12)
Movement in impairment loss allowance (note 21)	*(60)*	*(26)*
Cash recoveries	*7*	*14*
Loan commitments	8	16
Guarantees and irrevocable letters of credit	—	1
Other financial assets	(2)	(6)
Net impairment losses on financial instruments	**(47)**	**(1)**

[1] *Comparative figures for transformation programme costs (formerly transformation investment costs) have been restated from €74 million to €69 million, to include €5 million other restructuring credit previously shown separately to total transformation programme costs on the table above.*

15 Net impairment gains / (losses) on financial instruments *(continued)*

Net impairment gains / (losses) on loans and advances to customers at amortised cost

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Residential mortgages	(25)	(61)
Retail Ireland	*2*	*(47)*
Retail UK	*(27)*	*(14)*
Non-property SME & corporate	(29)	—
Republic of Ireland SME	*22*	*(18)*
UK SME	*7*	*(1)*
Corporate	*(58)*	*19*
Property and Construction	3	15
Investment	*6*	*2*
Development	*(3)*	*13*
Consumer	(2)	34
Total	**(53)**	**(12)**

16 Share of results of associates and joint ventures (after tax)

The positive movement in Share of results of associates and joint ventures is due to the improved performance of First Rate Exchange Services (FRES) during the period. FRES experienced higher foreign currency sales as a result of the recovery in the travel market after COVID-19 restrictions were lifted.

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
First Rate Exchange Services	13	(6)
Associates	8	7
Share of results of associates and joint ventures (after tax)	**21**	**1**

17 Taxation

The taxation charge for the period is €56 million with an effective statutory taxation rate of 17% (H121: taxation charge of €65 million and taxation rate of 16%). The effective tax rate is influenced by changes in the jurisdictional mix of profits and losses and the reassessment of the tax value of the tax losses carried forward.

Recognised in income statement	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Current tax		
Irish Corporation Tax		
Current period	12	17
Foreign tax		
Current period	42	37
Adjustments in respect of prior period	4	1
Current tax charge	**58**	**55**
Deferred tax		
Current period profits	47	22
Origination and reversal of temporary differences	(28)	16
Reassessment of value of tax losses carried forward	(21)	(8)
Impact of Corporation Tax rate change on deferred tax	—	(14)
Adjustments in respect of prior period	—	(6)
Deferred tax charge	**(2)**	**10**
Taxation charge	**56**	**65**

17 Taxation *(continued)*

Reconciliation of tax on the profit before taxation at the standard Irish corporation tax rate to actual tax charge	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Profit before tax multiplied by the standard rate corporation tax in Ireland of 12.5% (2021: 12.5%)	42	51
Effects of:		
Foreign earnings subject to different rates of tax	32	26
Reassessment of value of tax losses carried forward	(21)	(8)
Adjustments in respect of prior period	4	(5)
Share of results of associates and joint venture shown post tax in the income statement	(2)	1
Other adjustments for tax purposes	1	14
Impact of UK corporation tax rate change on deferred tax	—	(14)
Taxation charge	**56**	**65**

	6 months ended 30 June 2022			6 months ended 30 June 2021		
	Pre-tax €m	Tax €m	Net of Tax €m	Pre-tax €m	Tax €m	Net of Tax €m
Debt instruments at FVOCI reserve						
Changes in fair value	(63)	8	(55)	(32)	4	(28)
Transfer to income statement - Asset disposal	(83)	10	(73)	(1)	—	(1)
Net change in debt instruments at FVOCI reserve	**(146)**	**18**	**(128)**	**(33)**	**4**	**(29)**
Remeasurement of the net defined benefit pension asset / (liability)	**776**	**(101)**	**675**	**338**	**(53)**	**285**
Cash flow hedge reserve						
Changes in fair value	190	(21)	169	(633)	82	(551)
Transfer to income statement	(180)	22	(158)	625	(78)	547
Net change in cash flow hedge reserve	**10**	**1**	**11**	**(8)**	**4**	**(4)**
Net change in foreign exchange reserve	**6**	**—**	**6**	**113**	**—**	**113**
Liability credit reserve						
Changes in fair value of liabilities designated at FVTPL due to own credit risk	17	(4)	13	(6)	1	(5)
Other comprehensive income / (expense) for the period	**663**	**(86)**	**577**	**404**	**(44)**	**360**

18 Earnings per share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue excluding treasury shares (own shares held for the benefit of life assurance policyholders).

Diluted earnings per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue excluding treasury shares adjusted for the effect of all dilutive potential ordinary shares.

For 2022 and 2021, there was no difference in the weighted average number of units of share used for basic and diluted earnings per share.

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Basic and diluted earnings per share		
Profit attributable to shareholders	275	337
Distributions on other equity instruments - AT1 coupon	(33)	(34)
Profit attributable to ordinary shareholders	**242**	**303**
	Shares	**Shares**
Weighted average number of shares in issue excluding treasury shares (millions)	1,073	1,075
Basic and diluted earnings per share (cent)	22.6	28.2

19 Derivative financial instruments

At 30 June 2022, the fair value of the Group's derivative portfolio was a net liability of c.€1.0 billion comprising assets of €3.4 billion and liabilities of €4.3 billion (31 December 2021: net liability of €0.6 billion, comprising assets of €1.6 billion and liabilities of €2.2 billion). The movement of c.€0.4 billion is primarily due to the impact of the rising interest rate environment on the revaluation of interest rate derivatives (€0.6 billion credit) partially offset by the move in cross-currency swaps (€0.2 billion charge) as a result of EURO strengthening against GBP.

Included within the Group's derivative financial liabilities of €4.3 billion at 30 June 2022 is €147 million relating to a derivative contract recognised as part of the commitment to purchase the performing retail book of KBCI, entered into on 22 October 2021. The Group has entered into a binding agreement with KBCI and KBC Group for the acquisition of c.€8.8 billion of performing mortgages, c.€0.1 billion of performing commercial and consumer loans and c.€4.4 billion of deposits. The Group will acquire the performing mortgages for 103.6% of par value. This agreement is considered to represent a derivative financial instrument, with a fair value of €147 million recognised at 30 June 2022. The interest rate swaps which were traded to economically hedge the acquisition of the KBCI mortgages materially offset this derivative financial instrument within net trading income / (expense).

	30 June 2022 €m	31 December 2021 €m
Derivative financial assets	3,351	1,571
Derivative financial liabilities	(4,340)	(2,185)
Net derivative liability	**(989)**	**(614)**

20 Financial assets at fair value through other comprehensive income

In H122, the Group disposed of debt instruments at FVOCI of €3,677 million (31 December 2021: €1,924 million) which resulted in a transfer of €83 million (31 December 2021: €16 million) from the debt instruments at FVOCI reserve to the income statement. The Group placed the proceeds of the disposal in cash and balances at central banks (note 34).

	30 June 2022 €m	31 December 2021 €m
Debt instruments at FVOCI		
Government bonds	1,226	5,082
Other debt securities - listed	3,786	4,375
Total debt instruments at FVOCI	**5,012**	**9,457**
Impairment loss allowance on debt instruments at FVOCI	**(2)**	**(3)**

Fair value	30 June 2022 €m	31 December 2021 €m
Opening balance	**9,457**	**10,942**
Additions	87	1,446
Redemptions and disposals	(4,036)	(2,620)
Revaluation, exchange and other adjustments	(496)	(311)
Closing balance	**5,012**	**9,457**

21 Loans and advances to customers

Loans and advances to customers includes cash collateral of €67 million (31 December 2021: €118 million) placed with derivative counterparties in relation to net derivative liability positions.

Loans and advances to customers at FVTPL
Loans and advances to customers at fair value through profit or loss are not subject to impairment under IFRS 9. At 30 June 2022, loans and advances to customers at FVTPL included €220 million (31 December 2021: €225 million) relating to the Life Loan mortgage product, which was offered by the Group until November 2010. The cash flows of the Life Loans are not considered to consist solely of payments of principal and interest, and as such are classified as FVTPL.

The remaining €120 million (31 December 2021: €201 million) of loans and advances to customers at FVTPL related to syndicated corporate facilities. As the Group's objective is to realise cash flows through the sale of these assets, they are classified as loans and advances to customers at FVTPL.

Included within loans and advances to customers is €303 million (31 December 2021: €360 million) of lending in relation to the UK government-backed Bounce Back Loan and Coronavirus Business Interruption schemes.

	30 June 2022 €m	31 December 2021 €m
Loans and advances to customers at amortised cost	72,803	74,400
Finance leases and hire purchase receivables	3,751	3,554
Fair value hedge adjustment	(400)	(76)
	76,154	**77,878**
Less allowance for impairment charges on loans and advances to customers	(1,878)	(1,958)
Loans and advances to customers at amortised cost	**74,276**	**75,920**
Loans and advances to customers at fair value through profit or loss	340	426
Total loans and advances to customers	**74,616**	**76,346**

21 Loans and advances to customers *(continued)*

The following tables show the gross carrying amount and impairment loss allowances subject to 12 month and lifetime ECL on loans and advances to customers at amortised cost. The Purchased or Originated Credit-impaired (POCI) assets of €82 million at 30 June 2022 (31 December 2021: €81 million) included €1 million (31 December 2021: €1 million) of assets with an impairment loss allowance of €nil (31 December 2021: €nil) which, while credit-impaired upon purchase or origination were no longer credit-impaired at the reporting date due to improvements in credit risk. These assets will remain classified as POCI until derecognition. 'Other' relates to a fair value hedge adjustment on loans and advances to customers.

30 June 2022 **Gross carrying amount at amortised cost (before impairment loss allowance)**	**Residential mortgages €m**	**Non-property SME and corporate €m**	**Property and construction €m**	**Consumer €m**	**Other €m**	**Total €m**
Stage 1 - 12 month ECL (not credit-impaired)	37,278	15,612	4,166	5,129	(400)	61,785
Stage 2 - Lifetime ECL (not credit-impaired)	1,832	4,475	3,710	233	—	10,250
Stage 3 - Lifetime ECL (credit-impaired)	1,606	1,530	768	133	—	4,037
Purchased / originated credit-impaired	4	16	62	—	—	82
Gross carrying amount at 30 June 2022	**40,720**	**21,633**	**8,706**	**5,495**	**(400)**	**76,154**

30 June 2022 **Impairment loss allowance**	**Residential mortgages €m**	**Non-property SME and corporate €m**	**Property and construction €m**	**Consumer €m**	**Total €m**
Stage 1 - 12 month ECL (not credit-impaired)	23	60	9	45	137
Stage 2 - Lifetime ECL not credit-impaired	54	205	58	37	354
Stage 3 - Lifetime ECL credit-impaired	433	500	352	73	1,358
Purchased / originated credit-impaired	1	3	25	—	29
Impairment loss allowance at 30 June 2022	**511**	**768**	**444**	**155**	**1,878**

31 December 2021 **Gross carrying amount at amortised cost (before impairment loss allowance)**	**Residential mortgages €m**	**Non-property SME and corporate €m**	**Property and construction €m**	**Consumer €m**	**Other €m**	**Total €m**
Stage 1 - 12 month ECL (not credit-impaired)	38,708	14,430	3,280	4,863	(76)	61,205
Stage 2 - Lifetime ECL (not credit-impaired)	2,779	5,100	4,299	229	—	12,407
Stage 3 - Lifetime ECL (credit-impaired)	1,773	1,305	970	137	—	4,185
Purchased / originated credit-impaired	2	15	64	—	—	81
Gross carrying amount at 31 December 2021	**43,262**	**20,850**	**8,613**	**5,229**	**(76)**	**77,878**

31 December 2021 **Impairment loss allowance**	**Residential mortgages €m**	**Non-property SME and corporate €m**	**Property and construction €m**	**Consumer €m**	**Total €m**
Stage 1 - 12 month ECL (not credit-impaired)	28	67	10	65	170
Stage 2 - Lifetime ECL not credit-impaired	60	247	78	31	416
Stage 3 - Lifetime ECL credit-impaired	416	439	416	76	1,347
Purchased / originated credit-impaired	—	2	23	—	25
Impairment loss allowance at 31 December 2021	**504**	**755**	**527**	**172**	**1,958**

21 Loans and advances to customers *(continued)*

The following tables show the changes in gross carrying amount and impairment loss allowances of loans and advances to customers at amortised cost for H122 and the year ended 31 December 2021. The tables are prepared based on a combination of aggregation of monthly movements for material term loan portfolios (i.e. incorporating all movements a loan in these portfolios has made during the period) and full year movements for revolving-type facilities and less material (primarily Consumer) portfolios.

Transfers between stages represent the migration of loans from Stage 1 to Stage 2 following a 'significant increase in credit risk' or to Stage 3 as loans enter defaulted status. Conversely, improvement in credit quality and loans exiting default result in loans migrating in the opposite direction. The approach taken to identify a 'significant increase in credit risk' and identifying defaulted and credit-impaired assets is outlined in the credit risk section of the Risk Management Report on page 171 of the Group's Annual Report for the year ended 31 December 2021 with updates for 2022 outlined in the asset quality section of the OFR on page 32.

Transfers between each stage reflect the balances and impairment loss allowances prior to transfer. The impact of re-measurement of impairment loss allowance on stage transfer is reported within 're-measurement' in the new stage that a loan has transferred into. For those tables based on an aggregation of the months transfers between stages, transfers may include loans which have subsequently transferred back to their original stage or migrated further to another stage.

'Net changes in exposure' comprise the movements in the gross carrying amount and impairment loss allowance as a result of new loans originated and repayments of outstanding balances throughout the reporting period.

'Net impairment (losses) / gains in income statement' does not include the impact of cash recoveries which are recognised directly in the income statement (note 15).

'Remeasurements' includes the impact of remeasurement on stage transfers noted above, other than those directly related to the update of FLI and / or other model and parameter updates, changes in management adjustments and remeasurement due to changes in asset quality that did not result in a transfer to another stage.

ECL model parameter and / or methodology changes represents the impact on impairment loss allowances of semi-annual updates to the FLI, and other model and parameter updates used in the measurement of impairment loss allowances , including the impact of stage migrations where the migration is directly related to the update of FLI and / or other model and parameter updates.

'Impairment loss allowances utilised' represents the reduction in the gross carrying amount and associated impairment loss allowance on loans where the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The utilisation of an allowance does not, of itself, alter a customer's obligations nor does it impact on the Group's rights to take relevant enforcement action.

'Measurement reclassification and other movements' includes a fair value hedge adjustment on loans and advances to customers.

30 June 2022 **Gross carrying amount (before impairment loss allowance)**	**Stage 1 - 12 month ECL (not credit impaired)** **€m**	**Stage 2 - Lifetime ECL (not credit impaired)** **€m**	**Stage 3 - Lifetime ECL (credit impaired)** **€m**	**Purchased / originated credit impaired** **€m**	**Total gross carrying amount** **€m**
Opening balance 1 January 2022	**61,205**	**12,407**	**4,185**	**81**	**77,878**
Total net transfers	392	(919)	527	—	—
To 12 month ECL (not credit impaired)	*3,810*	*(3,803)*	*(7)*	—	—
To lifetime ECL (not credit impaired)	*(3,297)*	*3,627*	*(330)*	—	—
To lifetime ECL (credit impaired)	*(121)*	*(743)*	*864*	—	—
Net changes in exposure	814	(1,268)	(495)	2	(947)
Impairment loss allowances utilised	—	—	(158)	—	(158)
Exchange adjustments	(266)	23	(21)	(1)	(265)
Measurement reclassification and other movements	(360)	7	(1)	—	(354)
Gross carrying amount at 30 June 2022	**61,785**	**10,250**	**4,037**	**82**	**76,154**

21 Loans and advances to customers *(continued)*

Impairment loss allowances utilised on loans and advances to customers at amortised cost during H122 includes €51 million of contractual amounts outstanding that are still subject to enforcement activity.

30 June 2022 Impairment loss allowance	Stage 1 - 12 month ECL (not credit impaired) €m	Stage 2 - Lifetime ECL (not credit impaired) €m	Stage 3 - Lifetime ECL (credit impaired) €m	Purchased / originated credit impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2022	**170**	**416**	**1,347**	**25**	**1,958**
Total net transfers	75	(82)	7	—	—
To 12 month ECL (not credit impaired)	*93*	*(91)*	*(2)*	—	—
To lifetime ECL (not credit impaired)	*(17)*	*59*	*(42)*	—	—
To lifetime ECL (credit impaired)	*(1)*	*(50)*	*51*	—	—
Net impairment losses / (gains) in income statement	(107)	22	141	4	60
Re-measurement	*(104)*	*71*	*268*	*4*	*239*
Net changes in exposures	*13*	*(40)*	*(125)*	—	*(152)*
ECL model parameter and / or methodology changes	*(16)*	*(9)*	*(2)*	—	*(27)*
Impairment loss allowances utilised	—	—	(158)	—	(158)
Exchange adjustments	(1)	(2)	(2)	—	(5)
Measurement reclassification and other movements	—	—	23	—	23
Impairment loss allowance at 30 June 2022	**137**	**354**	**1,358**	**29**	**1,878**
Impairment coverage at 30 June 2022 (%)	**0.22%**	**3.45%**	**33.64%**	**35.37%**	**2.47%**

Total gross loans and advances to customers decreased during the period by €1.7 billion from €77.9 billion as at 31 December 2021 to €76.2 billion as at 30 June 2022.

Stage 1 loans have increased by €0.6 billion primarily reflecting the impact of net new lending (€0.8 billion) and net transfers from other risk stages (€0.4 billion) partly offset by adverse FX movements (€0.3 billion) and other reclassification (€0.4 billion). Total net transfers from other risk stages reflects the net impact of a reduction in the post-model staging adjustment whereby customers identified as highly impacted by COVID-19, that impairment models classify as Stage 1, are classified as Stage 2.

Impairment loss allowances on Stage 1 loans have decreased by €33 million resulting in a decrease in coverage on Stage 1 loans from 0.28% at 31 December 2021 to 0.22% at 30 June 2022. ECL model parameter changes, which includes the impact of impairment model parameter updates and changes in the macroeconomic outlook, resulted in a reduction of €16 million in H122. Remeasurements contributed a decrease of €104 million reflecting the net impact of reduction in the Group's COVID-19 post-model staging adjustment, combined with the impact of re-measuring net transfers from other stages from lifetime ECL to 12 month ECL.

Stage 2 loans have decreased by €2.2 billion with net repayments of €1.3 billion and transfers to other stages of €0.9 billion. Net transfers to other stages of €0.9 billion includes the reduction of the post-model staging adjustment of €1.0 billion at 30 June 2022 (31 December 2021: €3.2 billion), and impairment model updates incorporating changes in the macroeconomic outlook.

Coverage on Stage 2 loans has increased from 3.35% at 31 December 2021 to 3.45% at 30 June 2022. The impact of the net repayment of Stage 2 exposures noted above was a reduction in impairment loss allowances with net transfers to other stages resulting in a reduction of €82 million. This is partially offset by €22 million charge comprising of remeasurement, repayments and ECL model parameter or methodology changes.

Stage 3 loans have decreased by €0.1 billion with the key drivers being a net migration from other stages of €0.5 billion more than offset by the impact of net repayments of €0.5 billion and the utilisation of impairment loss allowances of €0.2 billion. The net transfer in from other stages reflects the emergence of new defaults for case specific reasons primarily in the Corporate and Property and construction portfolios partly offset by ongoing resolution strategies that include appropriate and sustainable support to viable customers who are in financial difficulty.

Stage 3 impairment loss allowances have increased by €11 million with re-measurement of €268 million and ECL model parameter changes of €2 million offset by the utilisation of impairment loss allowances of €158 million and the impact of net reductions in exposure of €125 million across all portfolios. The increase in impairment loss allowances due to remeasurement primarily reflects the impact of a net increase of €46 million in post-model management adjustments on Stage 3 assets applied to Residential Mortgages and Non-property SME corporate portfolios, combined with case specific loss emergence on a small number of defaulted cases in the Corporate Banking portfolio.

Cover on Stage 3 loans has increased from 32% at 31 December 2021 to 34% at 30 June 2022. The increase is primarily driven by an increase in Stage 3 cover in the Residential Mortgages portfolio from 23% at 31 December 2021 to 27% at 30 June 2022 due to the impact of increases in post model management adjustments. This was partly offset by a marginal decrease in impairment cover observed in the Non-property SME and corporate from 34% to 33% reflecting case specific impairment assessments for some larger defaulted assets.

21 Loans and advances to customers *(continued)*

31 December 2021 Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit impaired) €m	Stage 2 - Lifetime ECL (not credit impaired) €m	Stage 3 - Lifetime ECL (credit impaired) €m	Purchased / originated credit impaired €m	Total gross carrying amount €m
Opening balance 1 January 2021	**58,253**	**15,743**	**4,376**	**90**	**78,462**
Total net transfers	(1,049)	173	876	—	—
To 12 month ECL (not credit impaired)	*9,095*	*(9,086)*	*(9)*	—	—
To lifetime ECL (not credit impaired)	*(9,828)*	*10,356*	*(528)*	—	—
To lifetime ECL (credit impaired)	*(316)*	*(1,097)*	*1,413*	—	—
Net changes in exposure	2,034	(3,910)	(937)	2	(2,811)
Impairment loss allowances utilised	—	—	(244)	(16)	(260)
Exchange adjustments	2,050	387	113	5	2,555
Measurement reclassification and other movements	(83)	14	1	—	(68)
Gross carrying amount at 31 December 2021	**61,205**	**12,407**	**4,185**	**81**	**77,878**

'Measurement reclassification and other movements' includes a fair value hedge adjustment on loans and advances to customers.

31 December 2021 Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance
Opening balance 1 January 2021	**346**	**552**	**1,312**	**32**	**2,242**
Total net transfers	128	(166)	38	—	—
To 12 month ECL (not credit impaired)	*235*	*(232)*	*(3)*	—	—
To lifetime ECL (not credit impaired)	*(102)*	*165*	*(63)*	—	—
To lifetime ECL (credit impaired)	*(5)*	*(99)*	*104*	—	—
Net impairment losses / (gains) in income statement	(315)	22	174	7	(112)
Re-measurement	*(186)*	*249*	*313*	*7*	*383*
Net changes in exposures	*9*	*(130)*	*(165)*	—	*(286)*
ECL model parameter and / or methodology changes	*(138)*	*(97)*	*26*	—	*(209)*
Impairment loss allowances utilised	—	—	(244)	(16)	(260)
Exchange adjustments	10	6	16	2	34
Measurement reclassification and other movements	1	2	51	—	54
Impairment loss allowance at 31 December 2021	**170**	**416**	**1,347**	**25**	**1,958**
Impairment coverage at 31 December 2021 (%)	**0.28%**	**3.35%**	**32.19%**	**30.86%**	**2.51%**

Impairment loss allowances utilised on loans and advances to customers at amortised cost during 2021 included €97 million of contractual amounts outstanding that are still subject to enforcement activity.

21 Loans and advances to customers *(continued)*

The following tables set out the movement in both the gross carrying amount and impairment loss allowances subject to 12 month and lifetime ECL on loans and advances to customers at amortised cost by portfolio asset class. These tables are prepared on the same basis as the total Group tables as set out above.

Residential Mortgages

30 June 2022 Residential mortgages - Gross carrying amount (before impairment loss allowance)	**Stage 1 - 12 month ECL (not credit impaired) €m**	**Stage 2 - Lifetime ECL (not credit impaired) €m**	**Stage 3 - Lifetime ECL (credit impaired) €m**	**Purchased / originated credit impaired €m**	**Total gross carrying amount €m**
Opening balance 1 January 2022	**38,708**	**2,779**	**1,773**	**2**	**43,262**
Total net transfers	614	(686)	72	—	—
To 12 month ECL (not credit impaired)	*1,903*	*(1,903)*	—	—	—
To lifetime ECL (not credit impaired)	*(1,201)*	*1,362*	*(161)*	—	—
To lifetime ECL (credit impaired)	*(88)*	*(145)*	*233*	—	—
Net changes in exposure	(1,653)	(237)	(200)	2	(2,088)
Impairment loss allowances utilised	—	—	(24)	—	(24)
Exchange adjustments	(397)	(22)	(14)	—	(433)
Measurement reclassification and other movements	6	(2)	(1)	—	3
Gross carrying amount at 30 June 2022	**37,278**	**1,832**	**1,606**	**4**	**40,720**

30 June 2022 Residential mortgages - Impairment loss allowance	**Stage 1 - 12 month ECL (not credit impaired) €m**	**Stage 2 - Lifetime ECL (not credit impaired) €m**	**Stage 3 - Lifetime ECL (credit impaired) €m**	**Purchased / originated credit impaired €m**	**Total impairment loss allowance €m**
Opening balance 1 January 2022	**28**	**60**	**416**	**—**	**504**
Total net transfers	36	(18)	(18)	—	—
To 12 month ECL (not credit impaired)	*39*	*(39)*	—	—	—
To lifetime ECL (not credit impaired)	*(3)*	*25*	*(22)*	—	—
To lifetime ECL (credit impaired)	—	*(4)*	*4*	—	—
Net impairment losses / (gains) in income statement	(41)	13	54	1	27
Re-measurement	*(32)*	*13*	*77*	*1*	*59*
Net changes in exposures	*(8)*	*(4)*	*(17)*	—	*(29)*
ECL model parameter and / or methodology changes	*(1)*	*4*	*(6)*	—	*(3)*
Impairment loss allowances utilised	—	—	(24)	—	(24)
Exchange adjustments	—	(1)	—	—	(1)
Measurement reclassification and other movements	—	—	5	—	5
Impairment loss allowance at 30 June 2022	**23**	**54**	**433**	**1**	**511**
Impairment coverage at 30 June 2022 (%)	**0.06%**	**2.95%**	**26.96%**	**25.00%**	**1.25%**

Impairment loss allowances utilised on Residential mortgages at amortised cost during H122 includes €8 million of contractual amounts outstanding that are still subject to enforcement activity.

21 Loans and advances to customers *(continued)*

31 December 2021 Residential mortgages - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 -Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2021	**40,016**	**2,528**	**2,196**	**2**	**44,742**
Total net transfers	(890)	743	147	—	—
To 12 month ECL (not credit impaired)	*3,820*	*(3,820)*	*—*	—	—
To lifetime ECL (not credit impaired)	*(4,519)*	*4,859*	*(340)*	—	—
To lifetime ECL (credit impaired)	*(191)*	*(296)*	*487*	—	—
Net changes in exposure	(1,857)	(540)	(581)	—	(2,978)
Impairment loss allowances utilised	—	—	(37)	—	(37)
Exchange adjustments	1,435	46	48	—	1,529
Measurement reclassification and other movements	4	2	—	—	6
Gross carrying amount at 31 December 2021	**38,708**	**2,779**	**1,773**	**2**	**43,262**

31 December 2021 Residential mortgages - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 -Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2021	**74**	**31**	**374**	**—**	**479**
Total net transfers	59	(44)	(15)	—	—
To 12 month ECL (not credit impaired)	*75*	*(75)*	*—*	—	—
To lifetime ECL (not credit impaired)	*(15)*	*42*	*(27)*	—	—
To lifetime ECL (credit impaired)	*(1)*	*(11)*	*12*	—	—
Net impairment losses / (gains) in income statement	(109)	72	83	1	47
Re-measurement	*(68)*	*81*	*101*	*1*	*115*
Net changes in exposures	*(18)*	*(8)*	*(34)*	—	*(60)*
ECL model parameter and / or methodology changes	*(23)*	*(1)*	*16*	—	*(8)*
Impairment loss allowances utilised	—	—	(37)	—	(37)
Exchange adjustments	4	1	3	(1)	7
Measurement reclassification and other movements	—	—	8	—	8
Impairment loss allowance at 31 December 2021	**28**	**60**	**416**	**—**	**504**
Impairment coverage at 31 December 2021 (%)	**0.07%**	**2.16%**	**23.46%**	**—**	**1.16%**

Impairment loss allowances utilised on Residential mortgages at amortised cost during 2021 included €6 million of contractual amounts outstanding that are still subject to enforcement activity.

21 Loans and advances to customers *(continued)*

Non-property SME and corporate

30 June 2022 Non-property SME and corporate - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2022	**14,430**	**5,100**	**1,305**	**15**	**20,850**
Total net transfers	(269)	(150)	419	—	—
To 12 month ECL (not credit impaired)	*1,018*	*(1,015)*	*(3)*	—	—
To lifetime ECL (not credit impaired)	*(1,269)*	*1,374*	*(105)*	—	—
To lifetime ECL (credit impaired)	*(18)*	*(509)*	*527*	—	—
Net changes in exposure	1,307	(530)	(168)	1	610
Impairment loss allowances utilised	—	—	(30)	—	(30)
Exchange adjustments	186	50	4	—	240
Measurement reclassification and other movements	(42)	5	—	—	(37)
Gross carrying amount at 30 June 2022	**15,612**	**4,475**	**1,530**	**16**	**21,633**

30 June 2022 Non-property SME and corporate - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2022	**67**	**247**	**439**	**2**	**755**
Total net transfers	29	(50)	21	—	—
To 12 month ECL (not credit impaired)	*39*	*(38)*	*(1)*	—	—
To lifetime ECL (not credit impaired)	*(10)*	*24*	*(14)*	—	—
To lifetime ECL (credit impaired)	—	*(36)*	*36*	—	—
Net impairment losses / (gains) in income statement	(36)	7	60	1	32
Re-measurement	*(42)*	*41*	*98*	*1*	*98*
Net changes in exposures	*12*	*(23)*	*(42)*	—	*(53)*
ECL model parameter and / or methodology changes	*(6)*	*(11)*	*4*	—	*(13)*
Impairment loss allowances utilised	—	—	(30)	—	(30)
Exchange adjustments	—	—	(1)	—	(1)
Measurement reclassification and other movements	—	1	11	—	12
Impairment loss allowance at 30 June 2022	**60**	**205**	**500**	**3**	**768**
Impairment coverage at 30 June 2022 (%)	**0.38%**	**4.58%**	**32.68%**	**18.75%**	**3.55%**

Impairment loss allowances utilised on non-property SME and corporate during H122 includes €18 million of contractual amounts outstanding that are still subject to enforcement activity.

21 Loans and advances to customers *(continued)*

31 December 2021 Non-property SME and corporate - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2021	**10,637**	**8,181**	**1,014**	**26**	**19,858**
Total net transfers	681	(1,175)	494	—	—
To 12 month ECL (not credit impaired)	*3,896*	*(3,890)*	*(6)*	—	—
To lifetime ECL (not credit impaired)	*(3,137)*	*3,260*	*(123)*	—	—
To lifetime ECL (credit impaired)	*(78)*	*(545)*	*623*	—	—
Net changes in exposure	2,683	(2,150)	(132)	3	404
Impairment loss allowances utilised	—	—	(95)	(16)	(111)
Exchange adjustments	341	228	21	1	591
Measurement reclassification and other movements	88	16	3	1	108
Gross carrying amount at 31 December 2021	**14,430**	**5,100**	**1,305**	**15**	**20,850**

31 December 2021 Non-property SME and corporate - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2021	**134**	**368**	**416**	**13**	**931**
Total net transfers	60	(91)	31	—	—
To 12 month ECL (not credit impaired)	*138*	*(136)*	*(2)*	—	—
To lifetime ECL (not credit impaired)	*(76)*	*100*	*(24)*	—	—
To lifetime ECL (credit impaired)	*(2)*	*(55)*	*57*	—	—
Net impairment losses / (gains) in income statement	(128)	(34)	70	4	(88)
Re-measurement	*(91)*	*143*	*106*	*4*	*162*
Net changes in exposures	*22*	*(88)*	*(46)*	—	*(112)*
ECL model parameter and / or methodology changes	*(59)*	*(89)*	*10*	—	*(138)*
Impairment loss allowances utilised	—	—	(95)	(16)	(111)
Exchange adjustments	—	2	2	1	5
Measurement reclassification and other movements	1	2	15	—	18
Impairment loss allowance at 31 December 2021	**67**	**247**	**439**	**2**	**755**
Impairment coverage at 31 December 2021 (%)	**0.46%**	**4.84%**	**33.64%**	**13.33%**	**3.62%**

Impairment loss allowances utilised on non-property SME and corporate during 2021 included €40 million of contractual amounts outstanding that are still subject to enforcement activity.

21 Loans and advances to customers *(continued)*

Property and construction

30 June 2022 Property and construction - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2022	**3,280**	**4,299**	**970**	**64**	**8,613**
Total net transfers	139	(143)	4	—	—
To 12 month ECL (not credit impaired)	*792*	*(792)*	—	—	—
To lifetime ECL (not credit impaired)	*(653)*	*714*	*(61)*	—	—
To lifetime ECL (credit impaired)	—	*(65)*	*65*	—	—
Net changes in exposure	740	(447)	(114)	(1)	178
Impairment loss allowances utilised	—	—	(82)	—	(82)
Exchange adjustments	8	(3)	(10)	(1)	(6)
Measurement reclassification and other movements	(1)	4	—	—	3
Gross carrying amount at 30 June 2022	**4,166**	**3,710**	**768**	**62**	**8,706**

30 June 2022 Property and construction - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2022	**10**	**78**	**416**	**23**	**527**
Total net transfers	7	(5)	(2)	—	—
To 12 month ECL (not credit impaired)	*9*	*(9)*	—	—	—
To lifetime ECL (not credit impaired)	*(2)*	*7*	*(5)*	—	—
To lifetime ECL (credit impaired)	—	*(3)*	*3*	—	—
Net impairment losses / (gains) in income statement	(8)	(14)	16	2	(4)
Re-measurement	*(8)*	*(3)*	*78*	*2*	*69*
Net changes in exposures	*2*	*(5)*	*(62)*	—	*(65)*
ECL model parameter and / or methodology changes	*(2)*	*(6)*	—	—	*(8)*
Impairment loss allowances utilised	—	—	(82)	—	(82)
Exchange adjustments	—	—	—	—	—
Measurement reclassification and other movements	—	(1)	4	—	3
Impairment loss allowance at 30 June 2022	**9**	**58**	**352**	**25**	**444**
Impairment coverage at 30 June 2022 (%)	**0.22%**	**1.56%**	**45.83%**	**40.32%**	**5.10%**

Impairment loss allowances utilised on Property and construction during H122 includes €3 million of contractual amounts outstanding that are still subject to enforcement activity.

21 Loans and advances to customers *(continued)*

31 December 2021 Property and construction - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2021	**2,639**	**4,869**	**1,021**	**62**	**8,591**
Total net transfers	(649)	469	180	—	—
To 12 month ECL (not credit impaired)	*1,268*	*(1,268)*	—	—	—
To lifetime ECL (not credit impaired)	*(1,915)*	*1,968*	*(53)*	—	—
To lifetime ECL (credit impaired)	*(2)*	*(231)*	*233*	—	—
Net changes in exposure	1,333	(1,141)	(205)	(1)	(14)
Impairment loss allowances utilised	—	—	(64)	—	(64)
Exchange adjustments	58	106	40	4	208
Measurement reclassification and other movements	(101)	(4)	(2)	(1)	(108)
Gross carrying amount at 31 December 2021	**3,280**	**4,299**	**970**	**64**	**8,613**

31 December 2021 Property and construction - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2021	**9**	**126**	**442**	**19**	**596**
Total net transfers	6	(25)	19	—	—
To 12 month ECL (not credit impaired)	*12*	*(12)*	—	—	—
To lifetime ECL (not credit impaired)	*(6)*	*12*	*(6)*	—	—
To lifetime ECL (credit impaired)	—	*(25)*	*25*	—	—
Net impairment losses / (gains) in income statement	(5)	(24)	(9)	2	(36)
Re-measurement	*(8)*	*3*	*72*	*2*	*69*
Net changes in exposures	*6*	*(22)*	*(82)*	—	*(98)*
ECL model parameter and / or methodology changes	*(3)*	*(5)*	*1*	—	*(7)*
Impairment loss allowances utilised	—	—	(64)	—	(64)
Exchange adjustments	—	1	9	2	12
Measurement reclassification and other movements	—	—	19	—	19
Impairment loss allowance at 31 December 2021	**10**	**78**	**416**	**23**	**527**
Impairment Coverage at 31 December 2021 (%)	**0.30%**	**1.81%**	**42.89%**	**35.94%**	**6.12%**

Impairment loss allowances utilised on Property and construction during 2021 included €7 million of contractual amounts outstanding that are still subject to enforcement activity.

21 Loans and advances to customers *(continued)*

Consumer

30 June 2022 Consumer - Gross carrying amount (before impairment loss allowance)	**Stage 1 - 12 month ECL (not credit-impaired) €m**	**Stage 2 - Lifetime ECL (not credit-impaired) €m**	**Stage 3 - Lifetime ECL (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total gross carrying amount €m**
Opening balance 1 January 2022	**4,863**	**229**	**137**	**—**	**5,229**
Total net transfers	(92)	60	32	—	—
To 12 month ECL (not credit impaired)	*97*	*(93)*	*(4)*	—	—
To lifetime ECL (not credit impaired)	*(174)*	*177*	*(3)*	—	—
To lifetime ECL (credit impaired)	*(15)*	*(24)*	*39*	—	—
Net changes in exposure	420	(54)	(13)	—	353
Impairment loss allowances utilised	—	—	(22)	—	(22)
Exchange adjustments	(63)	(2)	(1)	—	(66)
Measurement reclassification and other movements	1	—	—	—	1
Gross carrying amount at 30 June 2022	**5,129**	**233**	**133**	**—**	**5,495**

30 June 2022 Consumer - Impairment loss allowance	**Stage 1 - 12 month ECL (not credit-impaired) €m**	**Stage 2 - Lifetime ECL (not credit-impaired) €m**	**Stage 3 - Lifetime ECL (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total impairment loss allowance €m**
Opening balance 1 January 2022	**65**	**31**	**76**	**—**	**172**
Total net transfers	3	(9)	6	—	—
To 12 month ECL (not credit impaired)	*6*	*(5)*	*(1)*	—	—
To lifetime ECL (not credit impaired)	*(2)*	*3*	*(1)*	—	—
To lifetime ECL (credit impaired)	*(1)*	*(7)*	*8*	—	—
Net impairment losses / (gains) in income statement	(22)	16	11	—	5
Re-measurement	*(22)*	*20*	*15*	—	*13*
Net changes in exposures	*7*	*(8)*	*(4)*	—	*(5)*
ECL model parameter and / or methodology changes	*(7)*	*4*	—	—	*(3)*
Impairment loss allowances utilised	—	—	(22)	—	(22)
Exchange adjustments	(1)	(1)	(1)	—	(3)
Measurement reclassification and other movements	—	—	3	—	3
Impairment loss allowance at 30 June 2022	**45**	**37**	**73**	**—**	**155**
Impairment Coverage at 30 June 2022 (%)	**0.88%**	**15.88%**	**54.89%**	**—**	**2.82%**

Impairment loss allowances utilised on consumer during H122 includes €22 million of contractual amounts outstanding that are still subject to enforcement activity.

21 Loans and advances to customers *(continued)*

31 December 2021 Consumer - Gross carrying amount (before impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2021	**4,961**	**165**	**145**	**—**	**5,271**
Total net transfers	(191)	136	55	—	—
To 12 month ECL (not credit impaired)	*111*	*(108)*	*(3)*	—	—
To lifetime ECL (not credit impaired)	*(257)*	*269*	*(12)*	—	—
To lifetime ECL (credit impaired)	*(45)*	*(25)*	*70*	—	—
Net changes in exposure	(125)	(79)	(19)	—	(223)
Impairment loss allowances utilised	—	—	(48)	—	(48)
Exchange adjustments	216	7	4	—	227
Measurement reclassification and other movements	2	—	—	—	2
Gross carrying amount at 31 December 2021	**4,863**	**229**	**137**	**—**	**5,229**

31 December 2021 Consumer - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2021	**129**	**27**	**80**	**—**	**236**
Total net transfers	3	(6)	3	—	—
To 12 month ECL (not credit impaired)	*10*	*(9)*	*(1)*	—	—
To lifetime ECL (not credit impaired)	*(5)*	*11*	*(6)*	—	—
To lifetime ECL (credit impaired)	*(2)*	*(8)*	*10*	—	—
Net impairment losses / (gains) in income statement	(73)	8	30	—	(35)
Re-measurement	*(19)*	*22*	*34*	—	*37*
Net changes in exposures	*(1)*	*(12)*	*(3)*	—	*(16)*
ECL model parameter and / or methodology changes	*(53)*	*(2)*	*(1)*	—	*(56)*
Impairment loss allowances utilised	—	—	(48)	—	(48)
Exchange adjustments	6	2	2	—	10
Measurement reclassification and other movements	—	—	9	—	9
Impairment loss allowance at 31 December 2021	**65**	**31**	**76**	**—**	**172**
Impairment Coverage at 31 December 2021 (%)	**1.34%**	**13.54%**	**55.47%**	**—**	**3.29%**

Impairment loss allowances utilised on consumer during 2021 included €44 million of contractual amounts outstanding that are still subject to enforcement activity.

22 Credit risk exposures

The following disclosures provide quantitative information about credit risk within financial instruments held by the Group. Details of the Group's credit risk methodologies are set out on pages 168 to 174 of the Group's Annual Report for the year ended 31 December 2021, with updates for 2022 outlined in the OFR on page 30.

In addition to credit risk, the primary risks affecting the Group through its use of financial instruments are: funding and liquidity risk, market risk and life insurance risk. The Group's approach to the management of these risks, together with its approach to Capital management, are set out in the Risk Management Report included on pages 161 to 193 of the Group's Annual Report for the year ended 31 December 2021.

The table below illustrates the relationship between the Group's internal credit risk rating grades as used for credit risk management purposes and PD percentages, and further illustrates the indicative relationship with credit risk ratings used by external rating agencies.

Internal credit risk ratings		
PD Grade	**PD %**	**Indicative S&P type external ratings**
1-4	0% ≤ PD < 0.26%	AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB
5-7	0.26% ≤ PD < 1.45%	BBB-, BB+, BB, BB-
8-9	1.45% ≤ PD < 3.60%	B+
10-11	3.60% ≤ PD < 100%	B, Below B
12 (credit-impaired)	100%	n/a

Financial assets

Composition and risk profile

The tables below and on the following page summarise the composition and risk profile of the Group's financial assets subject to impairment and the impairment loss allowances on these financial assets. The tables exclude loan commitments, guarantees and letters of credit of €17,090 million at 30 June 2022 (31 December 2021: €16,023 million) that are subject to impairment (note 31).

At 30 June 2022, POCI assets included €1 million of assets (31 December 2021: €1 million) with an impairment loss allowance of € nil (31 December 2021: € nil) which, while credit-impaired upon purchase or origination were no longer credit-impaired at the reporting date due to improvements in credit risk. These assets will remain classified as POCI until derecognition.

30 June 2022 Financial assets exposure by stage (before impairment loss allowance)	**Stage 1 - 12 month ECL (not credit-impaired) €m**	**Stage 2 - Lifetime ECL (not credit-impaired) €m**	**Stage 3 - Lifetime ECL (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total €m**
Financial assets measured at amortised cost					
Loans and advances to customers	61,785	10,250	4,037	82	76,154
Loans and advances to banks	2,722	—	—	—	2,722
Debt securities	4,971	1	—	—	4,972
Other financial assets	38,746	—	—	—	38,746
Total financial assets measured at amortised cost	**108,224**	**10,251**	**4,037**	**82**	**122,594**
Debt instruments at FVOCI	5,012	—	—	—	5,012
Total	**113,236**	**10,251**	**4,037**	**82**	**127,606**

22 Credit risk exposures *(continued)*

30 June 2022 Impairment loss allowance on financial assets	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Purchased / originated credit- impaired €m	Total €m
Financial assets measured at amortised cost					
Loans and advances to customers	137	354	1,358	29	1,878
Loans and advances to banks	1	—	—	—	1
Debt securities	1	—	—	—	1
Other financial assets	15	—	—	—	15
Total financial assets measured at amortised cost	**154**	**354**	**1,358**	**29**	**1,895**
Debt instruments at FVOCI	1	—	—	—	1
Total	**155**	**354**	**1,358**	**29**	**1,896**

Loans and advances to customers excludes €340 million (31 December 2021: €426 million) of loans mandatorily at FVTPL at 30 June 2022 which are not subject to impairment under IFRS 9 and are therefore excluded from impairment related tables (note 21).

At 30 June 2022, other financial assets (before impairment loss allowance) includes: cash and balances at central banks of €38,563 million (31 December 2021: €31,371 million) and items in the course of collection from other banks of €183 million (31 December 2021: €159 million).

31 December 2021 Financial assets exposure by stage (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Purchased / originated credit- impaired €m	Total €m
Financial assets measured at amortised cost					
Loans and advances to customers	61,205	12,407	4,185	81	77,878
Loans and advances to banks	2,470	1	—	—	2,471
Debt securities	6,006	3	—	—	6,009
Other financial assets	31,530	—	—	—	31,530
Total financial assets measured at amortised cost	**101,211**	**12,411**	**4,185**	**81**	**117,888**
Debt instruments at FVOCI	9,457	—	—	—	9,457
Total	**110,668**	**12,411**	**4,185**	**81**	**127,345**

31 December 2021 Impairment loss allowance on financial assets	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Purchased / originated credit- impaired €m	Total €m
Financial assets measured at amortised cost					
Loans and advances to customers	170	416	1,347	25	1,958
Loans and advances to banks	1	—	—	—	1
Debt securities	1	—	—	—	1
Other financial assets	11	—	—	—	11
Total financial assets measured at amortised cost	**183**	**416**	**1,347**	**25**	**1,971**
Debt instruments at FVOCI	3	—	—	—	3
Total	**186**	**416**	**1,347**	**25**	**1,974**

22 Credit risk exposures *(continued)*

Loans and advances to customers at amortised cost

Composition and risk profile

The table below summarises the composition and risk profile of the Group's loans and advances to customers at amortised cost.

Excluded from the table below are POCI assets of €82 million (31 December 2021: €81 million), €1 million (31 December 2021: €1 million) of which were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These assets will remain classified as POCI until derecognition. The table below excludes also impairment loss allowance of €29 million (31 December 2021: €25 million) on POCI assets.

Loans and advances to customers Composition and risk profile (before impairment loss allowance)	30 June 2022 Not credit-impaired €m	30 June 2022 Credit-impaired €m	30 June 2022 Total €m	30 June 2022 Total %	31 December 2021 Not credit-impaired €m	31 December 2021 Credit-impaired €m	31 December 2021 Total €m	31 December 2021 Total %
Residential mortgages	39,110	1,606	40,716	54%	41,487	1,773	43,260	56%
Retail Ireland	*21,445*	*884*	*22,329*	*30%*	*21,349*	*1,047*	*22,396*	*29%*
Retail UK	*17,665*	*722*	*18,387*	*24%*	*20,138*	*726*	*20,864*	*27%*
Non-property SME and corporate	20,087	1,530	21,617	29%	19,530	1,305	20,835	26%
Republic of Ireland SME	*6,540*	*684*	*7,224*	*10%*	*6,334*	*680*	*7,014*	*9%*
UK SME	*1,591*	*128*	*1,719*	*2%*	*1,611*	*137*	*1,748*	*2%*
Corporate	*11,956*	*718*	*12,674*	*17%*	*11,585*	*488*	*12,073*	*15%*
Property and construction	7,876	768	8,644	11%	7,579	970	8,549	11%
Investment	*6,810*	*740*	*7,550*	*10%*	*6,549*	*939*	*7,488*	*10%*
Development	*1,066*	*28*	*1,094*	*1%*	*1,030*	*31*	*1,061*	*1%*
Consumer	5,362	133	5,495	7%	5,092	137	5,229	7%
Fair value hedge adjustment	(400)	—	(400)	(1%)	(76)	—	(76)	—
Total	**72,035**	**4,037**	**76,072**	**100%**	**73,612**	**4,185**	**77,797**	**100%**
Impairment loss allowance on loans and advances to customers	**491**	**1,358**	**1,849**	**2%**	**586**	**1,347**	**1,933**	**2%**

Asset quality - not credit-impaired

The table below summarises the composition and impairment loss allowance of the Group's loans and advances to customers at amortised cost that are not credit-impaired.

Excluded from the tables below are POCI assets of €82 million (31 December 2021: €81 million), €1 million (31 December 2021: €1 million) of which were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These assets will remain classified as POCI until derecognition.

30 June 2022 Not credit-impaired loans and advances to customers Composition and impairment loss allowance	Stage 1 Loans €m	Stage 1 Loans as % of total advances %	Stage 1 Impairment loss allowance €m	Stage 1 Impairment loss allowance as % of loans %	Stage 2 Loans €m	Stage 2 Loans as % of total advances %	Stage 2 Impairment loss allowance €m	Stage 2 Impairment loss allowance as % of loans %
Residential mortgages	37,278	49%	23	0.06%	1,832	3%	54	2.95%
Retail Ireland	*20,141*	*26%*	*13*	*0.06%*	*1,304*	*2%*	*43*	*3.30%*
Retail UK	*17,137*	*23%*	*10*	*0.06%*	*528*	*1%*	*11*	*2.08%*
Non-property SME and corporate	15,612	21%	60	0.38%	4,475	5%	205	4.58%
Republic of Ireland SME	*4,721*	*6%*	*38*	*0.80%*	*1,819*	*2%*	*102*	*5.61%*
UK SME	*1,298*	*2%*	*4*	*0.31%*	*293*	—	*13*	*4.44%*
Corporate	*9,593*	*13%*	*18*	*0.19%*	*2,363*	*3%*	*90*	*3.81%*
Property and construction	4,166	6%	9	0.22%	3,710	5%	58	1.56%
Investment	*3,525*	*5%*	*6*	*0.17%*	*3,285*	*4%*	*47*	*1.43%*
Development	*641*	*1%*	*3*	*0.47%*	*425*	*1%*	*11*	*2.59%*
Consumer	5,129	7%	45	0.88%	233	—	37	15.88%
Fair value hedge adjustment	(400)	(1%)	—	—	—	—	—	—
Total	**61,785**	**82%**	**137**	**0.22%**	**10,250**	**13%**	**354**	**3.45%**

22 Credit risk exposures *(continued)*

31 December 2021 Not credit-impaired loans and advances to customers Composition and impairment loss allowance	Stage 1 Loans €m	Stage 1 Loans as % of total advances %	Stage 1 Impairment loss allowance €m	Stage 1 Impairment loss allowance as % of loans %	Stage 2 Loans €m	Stage 2 Loans as % of total advances %	Stage 2 Impairment loss allowance €m	Stage 2 Impairment loss allowance as % of loans %
Residential mortgages	38,708	50%	28	0.07%	2,779	4%	60	2.16%
Retail Ireland	*19,573*	*25%*	*17*	*0.09%*	*1,776*	*2%*	*47*	*2.65%*
Retail UK	*19,135*	*25%*	*11*	*0.06%*	*1,003*	*2%*	*13*	*1.30%*
Non-property SME and corporate	14,430	18%	67	0.46%	5,100	7%	247	4.84%
Republic of Ireland SME	*4,258*	*5%*	*39*	*0.92%*	*2,076*	*3%*	*136*	*6.55%*
UK SME	*1,161*	*1%*	*4*	*0.34%*	*450*	*1%*	*16*	*3.56%*
Corporate	*9,011*	*12%*	*24*	*0.27%*	*2,574*	*3%*	*95*	*3.69%*
Property and construction	3,280	4%	10	0.30%	4,299	5%	78	1.81%
Investment	*2,596*	*3%*	*6*	*0.23%*	*3,953*	*5%*	*71*	*1.80%*
Development	*684*	*1%*	*4*	*0.58%*	*346*	*—*	*7*	*2.02%*
Consumer	4,863	6%	65	1.34%	229	—	31	13.54%
Fair value hedge adjustment	(76)	—	—	—	—	—	—	—
Total	**61,205**	**78%**	**170**	**0.28%**	**12,407**	**16%**	**416**	**3.35%**

The table below provides analysis of the asset quality of loans and advances to customers at amortised cost that are not credit-impaired based on mapping the IFRS 9 twelve month PD of each loan to a PD grade based on the table provided on page 85 .

Excluded from the tables below are POCI assets of €82 million (31 December 2021: €81 million), €1 million (31 December 2021: €1 million) of which were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These assets will remain classified as POCI until derecognition. 'Other' relates to a fair value hedge adjustment on loans and advances to customers.

30 June 2022 Not credit-impaired loans and advances to customers Asset quality - PD grade	Residential mortgages €m	Residential mortgages %	Non-property SME and corporate €m	Non-property SME and corporate %	Property and Construction €m	Property and Construction %	Consumer €m	Consumer %	Other €m	Other %	Total €m	Total %
Stage 1												
1-4	7,555	19%	5,041	25%	55	1%	5	—	(129)	(32%)	12,527	17%
5-7	27,320	70%	7,615	38%	3,374	43%	2,380	45%	(195)	(49%)	40,494	57%
8-9	1,668	4%	2,055	10%	630	8%	1,284	24%	(53)	(13%)	5,584	8%
10-11	735	2%	901	4%	107	1%	1,460	27%	(23)	(6%)	3,180	4%
Total Stage 1	**37,278**	**95%**	**15,612**	**77%**	**4,166**	**53%**	**5,129**	**96%**	**(400)**	**(100%)**	**61,785**	**86%**
Stage 2												
1-4	23	—	446	2%	3	—	—	—	—	—	472	1%
5-7	557	1%	1,372	7%	1,698	21%	4	—	—	—	3,631	5%
8-9	263	1%	1,159	6%	1,571	20%	85	2%	—	—	3,078	4%
10-11	989	3%	1,498	8%	438	6%	144	2%	—	—	3,069	4%
Total Stage 2	**1,832**	**5%**	**4,475**	**23%**	**3,710**	**47%**	**233**	**4%**	**—**	**—**	**10,250**	**14%**
Not credit-impaired												
1-4	7,578	19%	5,487	27%	58	1%	5	—	(129)	(32%)	12,999	18%
5-7	27,877	71%	8,987	45%	5,072	64%	2,384	45%	(195)	(49%)	44,125	62%
8-9	1,931	5%	3,214	16%	2,201	28%	1,369	26%	(53)	(13%)	8,662	12%
10-11	1,724	5%	2,399	12%	545	7%	1,604	29%	(23)	(6%)	6,249	8%
Total not credit-impaired	**39,110**	**100%**	**20,087**	**100%**	**7,876**	**100%**	**5,362**	**100%**	**(400)**	**(100%)**	**72,035**	**100%**

22 Credit risk exposures *(continued)*

31 December 2021 Not credit-impaired loans and advances to customers Asset quality - PD grade	Residential mortgages €m	Residential mortgages %	Non-property SME and corporate €m	Non-property SME and corporate %	Property and Construction €m	Property and Construction %	Consumer €m	Consumer %	Other €m	Other %	Total €m	Total %
Stage 1												
1-4	3,523	8%	4,661	24%	226	3%	11	—	(25)	(33%)	8,396	11%
5-7	31,746	77%	6,568	34%	2,507	33%	612	12%	(34)	(45%)	41,399	56%
8-9	2,465	6%	2,339	12%	399	5%	2,785	55%	(12)	(16%)	7,976	11%
10-11	974	2%	862	4%	148	2%	1,455	29%	(5)	(6%)	3,434	5%
Total Stage 1	**38,708**	**93%**	**14,430**	**74%**	**3,280**	**43%**	**4,863**	**96%**	**(76)**	**(100%)**	**61,205**	**83%**
Stage 2												
1-4	32	—	211	1%	—	—	—	—	—	—	243	—
5-7	1,515	4%	1,567	7%	2,352	32%	2	—	—	—	5,436	7%
8-9	435	1%	1,658	9%	1,153	15%	67	1%	—	—	3,313	5%
10-11	797	2%	1,664	9%	794	10%	160	3%	—	—	3,415	5%
Total Stage 2	**2,779**	**7%**	**5,100**	**26%**	**4,299**	**57%**	**229**	**4%**	**—**	**—**	**12,407**	**17%**
Not credit-impaired												
1-4	3,555	8%	4,872	25%	226	3%	11	—	(25)	(33%)	8,639	11%
5-7	33,261	81%	8,135	41%	4,859	65%	614	12%	(34)	(45%)	46,835	63%
8-9	2,900	7%	3,997	21%	1,552	20%	2,852	56%	(12)	(16%)	11,289	16%
10-11	1,771	4%	2,526	13%	942	12%	1,615	32%	(5)	(6%)	6,849	10%
Total not credit-impaired	**41,487**	**100%**	**19,530**	**100%**	**7,579**	**100%**	**5,092**	**100%**	**(76)**	**(100%)**	**73,612**	**100%**

Asset quality - credit-impaired

Credit-impaired loans include loans where the borrower is considered unlikely to pay in full without recourse by the Group to actions such as realising security, and loans where the borrower is greater than 90 days past due and the arrears amount is material. All credit-impaired loans and advances to customers are risk rated PD grade 12.

The table below summarises the composition and impairment loss allowance of the Group's loans and advances to customers at amortised cost that are credit-impaired (i.e. Stage 3). Excluded from the table below are POCI assets of €82 million (31 December 2021: €81 million), €1 million (31 December 2021: €1 million) of which were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These loans will remain classified as POCI loans until derecognition.

Credit-impaired loans and advances to customers Composition and impairment loss allowance	30 June 2022 Credit-impaired loans €m	30 June 2022 CI Loans as % of total advances %	30 June 2022 Impairment loss allowance €m	30 June 2022 ILA as % of loans %	31 December 2021 Credit-impaired loans €m	31 December 2021 CI Loans as % of total advances %	31 December 2021 Impairment loss allowance €m	31 December 2021 ILA as % of loans %
Residential mortgages	1,606	2%	433	27%	1,773	2%	416	23%
Retail Ireland	*884*	*1%*	*351*	*40%*	*1,047*	*1%*	*362*	*35%*
Retail UK	*722*	*1%*	*82*	*11%*	*726*	*1%*	*54*	*7%*
Non-property SME and corporate	1,530	2%	500	33%	1,305	2%	439	34%
Republic of Ireland SME	*684*	*1%*	*269*	*39%*	*680*	*1%*	*258*	*38%*
UK SME	*128*	*—*	*26*	*20%*	*137*	*—*	*30*	*22%*
Corporate	*718*	*1%*	*205*	*29%*	*488*	*1%*	*151*	*31%*
Property and construction	768	1%	352	46%	970	1%	416	43%
Investment	*740*	*1%*	*345*	*47%*	*939*	*1%*	*408*	*43%*
Development	*28*	*—*	*7*	*25%*	*31*	*—*	*8*	*26%*
Consumer	133	—	73	55%	137	—	76	55%
Total credit-impaired	**4,037**	**5%**	**1,358**	**34%**	**4,185**	**5%**	**1,347**	**32%**

22 Credit risk exposures *(continued)*

Geographical and industry analysis of loans and advances to customers

The following tables provide a geographical and industry breakdown of loans and advances to customers at amortised cost, and the associated impairment loss allowances. The geographical breakdown is primarily based on the location of the business unit where the asset is booked. The Non-property SME & corporate portfolio is analysed by NACE code. The NACE code classification system is a pan-European classification system that groups organisations according to their business activities. Exposures to NACE codes totalling less than €400 million are grouped together as 'Other sectors'. The NACE codes reported in the table above can therefore differ period on period. 'Other' relates to a fair value hedge adjustment on loans and advances to customers.

30 June 2022 Geographical / industry analysis	Gross carrying amount (before impairment loss allowance)				Impairment loss allowance			
	RoI €m	UK €m	RoW €m	Total €m	RoI €m	UK €m	RoW €m	Total €m
Personal	**24,455**	**21,760**	**—**	**46,215**	**469**	**197**	**—**	**666**
Residential mortgages	*22,333*	*18,387*	*—*	*40,720*	*408*	*103*	*—*	*511*
Other consumer lending	*2,122*	*3,373*	*—*	*5,495*	*61*	*94*	*—*	*155*
Property and construction	**7,848**	**858**	**—**	**8,706**	**231**	**213**	**—**	**444**
Investment	*6,786*	*826*	*—*	*7,612*	*212*	*211*	*—*	*423*
Development	*1,062*	*32*	*—*	*1,094*	*19*	*2*	*—*	*21*
Non-property SME & corporate	**18,305**	**2,089**	**1,239**	**21,633**	**667**	**59**	**42**	**768**
Manufacturing	*4,023*	*284*	*549*	*4,856*	*106*	*8*	*29*	*143*
Administrative and support service activities	*2,628*	*371*	*219*	*3,218*	*116*	*13*	*1*	*130*
Wholesale and retail trade	*1,912*	*161*	*49*	*2,122*	*55*	*3*	*—*	*58*
Accommodation and food service activities	*1,532*	*90*	*42*	*1,664*	*68*	*3*	*4*	*75*
Agriculture, forestry and fishing	*1,479*	*86*	*—*	*1,565*	*49*	*2*	*—*	*51*
Human health services and social work activities	*1,207*	*160*	*80*	*1,447*	*42*	*3*	*1*	*46*
Financial and Insurance activities	*988*	*57*	*—*	*1,045*	*12*	*1*	*—*	*13*
Transport and storage	*760*	*37*	*82*	*879*	*56*	*6*	*3*	*65*
Professional, scientific and technical activities	*672*	*26*	*63*	*761*	*21*	*—*	*—*	*21*
Real estate activities	*626*	*71*	*—*	*697*	*60*	*6*	*—*	*66*
Other services	*475*	*31*	*129*	*635*	*34*	*2*	*3*	*39*
Education	*420*	*42*	*8*	*470*	*4*	*—*	*—*	*4*
Arts, entertainment and recreation	*406*	*31*	*13*	*450*	*26*	*5*	*1*	*32*
Other sectors	*1,177*	*642*	*5*	*1,824*	*18*	*7*	*—*	*25*
Other	(195)	(205)	—	(400)	—	—	—	—
Total	**50,413**	**24,502**	**1,239**	**76,154**	**1,367**	**469**	**42**	**1,878**
Analysed by stage:								
Stage 1	38,903	21,950	932	61,785	90	44	3	137
Stage 2	8,860	1,181	209	10,250	286	58	10	354
Stage 3	2,630	1,309	98	4,037	987	342	29	1,358
Purchased / originated credit-impaired	20	62	—	82	4	25	—	29
Total	**50,413**	**24,502**	**1,239**	**76,154**	**1,367**	**469**	**42**	**1,878**

22 Credit risk exposures *(continued)*

31 December 2021 Geographical / industry analysis	Gross carrying amount (before impairment loss allowance) RoI €m	UK €m	RoW €m	Total €m	Impairment loss allowance RoI €m	UK €m	RoW €m	Total €m
Personal	**24,436**	**24,055**	**—**	**48,491**	**487**	**189**	**—**	**676**
Residential mortgages	*22,398*	*20,864*	*—*	*43,262*	*426*	*78*	*—*	*504*
Other consumer lending	*2,038*	*3,191*	*—*	*5,229*	*61*	*111*	*—*	*172*
Property and construction	**7,585**	**1,028**	**—**	**8,613**	**243**	**284**	**—**	**527**
Investment	*6,557*	*995*	*—*	*7,552*	*226*	*282*	*—*	*508*
Development	*1,028*	*33*	*—*	*1,061*	*17*	*2*	*—*	*19*
Non-property SME & corporate	**17,380**	**2,292**	**1,178**	**20,850**	**652**	**75**	**28**	**755**
Manufacturing	*3,432*	*311*	*499*	*4,242*	*62*	*6*	*15*	*83*
Administrative and support service activities	*2,147*	*380*	*175*	*2,702*	*91*	*9*	*1*	*101*
Wholesale and retail trade	*1,963*	*299*	*45*	*2,307*	*70*	*5*	*—*	*75*
Agriculture, forestry and fishing	*1,482*	*228*	*—*	*1,710*	*49*	*5*	*—*	*54*
Accommodation and food service activities	*1,561*	*101*	*39*	*1,701*	*89*	*5*	*4*	*98*
Human health services and social work activities	*1,352*	*207*	*104*	*1,663*	*37*	*17*	*2*	*56*
Financial and Insurance activities	*1,005*	*49*	*—*	*1,054*	*11*	*2*	*—*	*13*
Transport and storage	*744*	*87*	*76*	*907*	*59*	*7*	*1*	*67*
Other services	*707*	*52*	*127*	*886*	*55*	*3*	*3*	*61*
Real estate activities	*596*	*176*	*—*	*772*	*58*	*8*	*—*	*66*
Professional, scientific and technical activities	*618*	*28*	*57*	*703*	*16*	*—*	*—*	*16*
Arts, entertainment and recreation	*429*	*56*	*7*	*492*	*30*	*6*	*1*	*37*
Education	*297*	*78*	*29*	*404*	*3*	*—*	*—*	*3*
Other sectors	*1,047*	*240*	*20*	*1,307*	*22*	*2*	*1*	*25*
Other	(17)	(59)	—	(76)	—	—	—	—
Total	**49,384**	**27,316**	**1,178**	**77,878**	**1,382**	**548**	**28**	**1,958**
Analysed by stage:								
Stage 1	36,561	23,783	861	61,205	104	62	4	170
Stage 2	10,219	1,939	249	12,407	336	68	12	416
Stage 3	2,587	1,530	68	4,185	940	395	12	1,347
Purchased / originated credit-impaired	17	64	—	81	2	23	—	25
Total	**49,384**	**27,316**	**1,178**	**77,878**	**1,382**	**548**	**28**	**1,958**

22 Credit risk exposures *(continued)*

The following tables provide an analysis of loans and advances to customers at amortised cost, and the associated impairment loss allowances, by portfolio, sub-sector and stage. The Non-property SME & corporate portfolio is analysed by NACE code. The NACE code classification system is a pan-European classification system that groups organisations according to their business activities. Exposures to NACE codes totalling less than €400 million are grouped together as 'Other sectors'. The NACE codes reported in the tables below can therefore differ period on period. 'Other' relates to a fair value hedge adjustment on loans and advances to customers.

	Gross carrying amount (before impairment loss allowance)					Impairment loss allowance				
30 June 2022 Sectoral analysis by stage	**Stage 1 €m**	**Stage 2 €m**	**Stage 3 €m**	**POCI €m**	**Total €m**	**Stage 1 €m**	**Stage 2 €m**	**Stage 3 €m**	**POCI €m**	**Total €m**
Personal										
Residential mortgages	37,278	1,832	1,606	4	40,720	23	54	433	1	511
Other consumer	5,129	233	133	—	5,495	45	37	73	—	155
Motor lending UK	*1,844*	*48*	*25*	—	*1,917*	*7*	*4*	*11*	—	*22*
Loans UK	*1,370*	*46*	*40*	—	*1,456*	*22*	*21*	*30*	—	*73*
Motor lending RoI	*771*	—	*24*	—	*795*	*6*	—	*8*	—	*14*
Loans RoI	*684*	*123*	*31*	—	*838*	*8*	*10*	*15*	—	*33*
Credit cards - RoI	*460*	*16*	*13*	—	*489*	*2*	*2*	*9*	—	*13*
	42,407	**2,065**	**1,739**	**4**	**46,215**	**68**	**91**	**506**	**1**	**666**
Property and construction	**4,166**	**3,710**	**768**	**62**	**8,706**	**9**	**58**	**352**	**25**	**444**
Investment	*3,525*	*3,285*	*740*	*62*	*7,612*	*6*	*47*	*345*	*25*	*423*
Development	*641*	*425*	*28*	—	*1,094*	*3*	*11*	*7*	—	*21*
Non-property SME & corporate	**15,612**	**4,475**	**1,530**	**16**	**21,633**	**60**	**205**	**500**	**3**	**768**
Manufacturing	*3,631*	*981*	*244*	—	*4,856*	*12*	*51*	*80*	—	*143*
Administrative and support service activities	*2,337*	*663*	*202*	*16*	*3,218*	*7*	*37*	*83*	*3*	*130*
Wholesale and retail trade	*1,689*	*351*	*82*	—	*2,122*	*9*	*12*	*37*	—	*58*
Accommodation and food service activities	*553*	*879*	*232*	—	*1,664*	*2*	*20*	*53*	—	*75*
Agriculture, forestry and fishing	*1,304*	*144*	*117*	—	*1,565*	*9*	*5*	*37*	—	*51*
Human health services and social work activities	*865*	*389*	*193*	—	*1,447*	*3*	*18*	*25*	—	*46*
Financial and Insurance activities	*981*	*48*	*16*	—	*1,045*	*1*	*5*	*7*	—	*13*
Transport and storage	*501*	*231*	*147*	—	*879*	*2*	*8*	*55*	—	*65*
Professional, scientific and technical activities	*640*	*87*	*34*	—	*761*	*2*	*3*	*16*	—	*21*
Real estate activities	*331*	*255*	*111*	—	*697*	*4*	*15*	*47*	—	*66*
Other services	*452*	*111*	*72*	—	*635*	*2*	*5*	*32*	—	*39*
Education	*439*	*30*	*1*	—	*470*	*2*	*1*	*1*	—	*4*
Arts, entertainment and recreation	*224*	*187*	*39*	—	*450*	—	*18*	*14*	—	*32*
Other sectors	*1,665*	*119*	*40*	—	*1,824*	*5*	*7*	*13*	—	*25*
Other	(400)	—	—	—	(400)	—	—	—	—	—
Total	**61,785**	**10,250**	**4,037**	**82**	**76,154**	**137**	**354**	**1,358**	**29**	**1,878**

22 Credit risk exposures *(continued)*

31 December 2021 Sectoral analysis by stage	Gross carrying amount (before impairment loss allowance) Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	Impairment loss allowance Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m
Personal										
Residential mortgages	38,708	2,779	1,773	2	43,262	28	60	416	—	504
Other consumer	4,863	229	137	—	5,229	65	31	76	—	172
Motor lending UK	*1,731*	*46*	*26*	—	*1,803*	*7*	*3*	*11*	—	*21*
Loans UK	*1,297*	*48*	*43*	—	*1,388*	*39*	*19*	*33*	—	*91*
Motor lending RoI	*720*	—	*27*	—	*747*	*8*	—	*9*	—	*17*
Loans RoI	*653*	*122*	*30*	—	*805*	*9*	*7*	*16*	—	*32*
Credit cards - RoI	*462*	*13*	*11*	—	*486*	*2*	*2*	*7*	—	*11*
	43,571	**3,008**	**1,910**	**2**	**48,491**	**93**	**91**	**492**	**—**	**676**
Property and construction	**3,280**	**4,299**	**970**	**64**	**8,613**	**10**	**78**	**416**	**23**	**527**
Investment	*2,596*	*3,953*	*939*	*64*	*7,552*	*6*	*71*	*408*	*23*	*508*
Development	*684*	*346*	*31*	—	*1,061*	*4*	*7*	*8*	—	*19*
Non-property SME & corporate	**14,430**	**5,100**	**1,305**	**15**	**20,850**	**67**	**247**	**439**	**2**	**755**
Manufacturing	*3,239*	*876*	*127*	—	*4,242*	*12*	*39*	*32*	—	*83*
Administrative and support service activities	*1,803*	*762*	*122*	*15*	*2,702*	*7*	*41*	*51*	*2*	*101*
Wholesale and retail trade	*1,895*	*301*	*111*	—	*2,307*	*10*	*16*	*49*	—	*75*
Agriculture, forestry and fishing	*1,427*	*159*	*124*	—	*1,710*	*11*	*7*	*36*	—	*54*
Accommodation and food service activities	*243*	*1,231*	*227*	—	*1,701*	*1*	*44*	*53*	—	*98*
Human health services and social work activities	*994*	*604*	*65*	—	*1,663*	*5*	*30*	*21*	—	*56*
Financial and Insurance activities	*988*	*50*	*16*	—	*1,054*	*2*	*4*	*7*	—	*13*
Transport and storage	*568*	*189*	*150*	—	*907*	*3*	*8*	*56*	—	*67*
Other services	*619*	*170*	*97*	—	*886*	*2*	*11*	*48*	—	*61*
Real estate activities	*418*	*242*	*112*	—	*772*	*5*	*15*	*46*	—	*66*
Professional, scientific and technical activities	*578*	*99*	*26*	—	*703*	*4*	*3*	*9*	—	*16*
Arts, entertainment and recreation	*199*	*233*	*60*	—	*492*	—	*21*	*16*	—	*37*
Education	*375*	*28*	*1*	—	*404*	*2*	*1*	—	—	*3*
Other sectors	*1,084*	*156*	*67*	—	*1,307*	*3*	*7*	*15*	—	*25*
Other	(76)	—	—	—	(76)	—	—	—	—	—
Total	**61,205**	**12,407**	**4,185**	**81**	**77,878**	**170**	**416**	**1,347**	**25**	**1,958**

Asset quality - other financial assets

The tables below summarise the asset quality of debt instruments at FVOCI, debt securities at amortised cost and loans and advances to banks at amortised cost by IFRS 9 twelve month PD grade.

Debt instruments at FVOCI	30 June 2022						31 December 2021					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
Asset quality	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
PD Grade												
1-4	4,932	98%	—	—	4,932	98%	8,882	94%	—	—	8,882	94%
5-7	80	2%	—	—	80	2%	575	6%	—	—	575	6%
8-9	—	—	—	—	—	—	—	—	—	—	—	—
10-11	—	—	—	—	—	—	—	—	—	—	—	—
Total	**5,012**	**100%**	**—**	**—**	**5,012**	**100%**	**9,457**	**100%**	**—**	**—**	**9,457**	**100%**

22 Credit risk exposures *(continued)*

Debt securities at amortised cost (before impairment loss allowance) Asset quality	30 June 2022						31 December 2021					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
PD Grade												
1-4	4,971	100%	1	100%	4,972	100%	6,006	100%	3	100%	6,009	100%
5-7	—	—	—	—	—	—	—	—	—	—	—	—
8-9	—	—	—	—	—	—	—	—	—	—	—	—
10-11	—	—	—	—	—	—	—	—	—	—	—	—
Total	**4,971**	**100%**	**1**	**100%**	**4,972**	**100%**	**6,006**	**100%**	**3**	**100%**	**6,009**	**100%**

Loans and advances to banks at amortised cost (before impairment loss allowance) Asset quality	30 June 2022						31 December 2021					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
PD Grade												
1-4	2,676	99%	—	—	2,676	99%	2,400	97%	—	—	2,400	97%
5-7	7	—	—	—	7	—	7	—	—	—	7	—
8-9	39	1%	—	—	39	1%	63	3%	1	100%	64	3%
10-11	—	—	—	—	—	—	—	—	—	—	—	—
Total	**2,722**	**100%**	**—**	**—**	**2,722**	**100%**	**2,470**	**100%**	**1**	**100%**	**2,471**	**100%**

Asset quality: other financial instruments

Other financial instruments as set out in the table below include instruments that are not within the scope of IFRS 9 or are not subject to impairment under IFRS 9. These include trading securities, derivative financial instruments, loans and advances to banks at fair value, other financial instruments at FVTPL (excluding equity instruments) and any reinsurance assets. The table summarises the asset quality of these financial instruments by equivalent external risk ratings.

	30 June 2022		31 December 2021	
Other financial instruments with ratings equivalent to:	€m	%	€m	%
AAA to AA-	4,817	44%	4,952	50%
A+ to A-	4,200	38%	2,525	26%
BBB+ to BBB-	1,511	14%	1,780	18%
BB+ to BB-	217	2%	354	4%
B+ to B-	210	2%	242	2%
Lower than B-	40	—	42	—
Total	**10,995**	**100%**	**9,895**	**100%**

23 Modified financial assets

The following table provides analysis of financial assets for which the contractual cash flows have been modified while they had an impairment loss allowance measured at an amount equal to lifetime ECL, and where the modification did not result in derecognition.

The increase in balances moving back to Stage 1 from Stage 2 & 3 for impairment reporting is concentrated to the RoI Mortgage book, whereby in H122, the post COVID-19 forbearance supports have now expired and the customers are returning to previous terms and conditions and the ECL realigning back to the previous classification.

	30 June 2022 €m	31 December 2021 €m
Financial assets modified during the period		
Amortised cost before modification	225	1,294
Net modification losses (i.e. net of impairment gains impact)	(4)	(2)
Financial assets modified since initial recognition		
Gross carrying amount of financial assets for which impairment loss allowance has changed from lifetime to 12 month expected credit losses during the period	2,120	1,400

24 Intangible assets and goodwill

	30 June 2022					31 December 2021				
	Goodwill €m	Computer software externally purchased €m	Computer software internally generated €m	Other externally purchased intangible assets €m	Total €m	Goodwill €m	Computer software externally purchased €m	Computer software internally generated €m	Other externally purchased intangible assets €m	Total €m
Cost at 1 January	**36**	**72**	**2,475**	**197**	**2,780**	**34**	**71**	**2,219**	**180**	**2,504**
Additions	—	—	113	—	113	—	—	238	9	247
Acquisitions	251	5	—	50	306	—	—	—	—	—
Disposals / write-offs	—	—	—	—	—	—	—	—	(1)	(1)
Exchange adjustments	(1)	—	(6)	(3)	(10)	2	1	18	9	30
At end of period	**286**	**77**	**2,582**	**244**	**3,189**	**36**	**72**	**2,475**	**197**	**2,780**
Amortisation and impairment at 1 January	**(9)**	**(72)**	**(1,677)**	**(170)**	**(1,928)**	**(9)**	**(71)**	**(1,522)**	**(151)**	**(1,753)**
Disposals / write-offs	—	—	—	—	—	—	—	—	1	1
Impairment	—	—	—	—	—	—	—	(1)	(1)	(2)
Amortisation charge (note 13)	—	—	(73)	(4)	(77)	—	—	(140)	(10)	(150)
Exchange adjustments	—	—	5	3	8	—	(1)	(14)	(9)	(24)
At end of period	**(9)**	**(72)**	**(1,745)**	**(171)**	**(1,997)**	**(9)**	**(72)**	**(1,677)**	**(170)**	**(1,928)**
Net book value	**277**	**5**	**837**	**73**	**1,192**	**27**	**—**	**798**	**27**	**852**

24 Intangible assets and goodwill *(continued)*

Impairment review - goodwill
At 30 June 2022, goodwill on the Group's balance sheet is €277 million and relates to the acquisitions of J&E Davy ('Davy') €251 million, Ireland's leading provider of wealth management and capital markets services (Note 35), and MLL €26 million, a car commercial leasing and fleet management company in UK.

As set out in note 32 of the Group's Annual Report for the year ended 31 December 2021, goodwill is reviewed annually for impairment or more frequently if events or circumstances indicate that impairment may have occurred, by comparing the carrying value of goodwill to its recoverable amount. An impairment charge arises if the carrying value exceeds the recoverable amount.

Impairment reviews of MLL were carried out during 2021 and H122, and no impairment of goodwill was required.

Computer software internally generated
The category 'computer software internally generated' includes the Transformation Investment asset with a carrying value of €361 million (31 December 2021: €351 million). This asset reflects investment in technical infrastructure, applications and software licences. €266 million (31 December 2021: €274 million) of the Transformation Investment asset is an amortising asset, with amortisation periods normally ranging from five to ten years and with the majority being amortised over a period of ten years. At 30 June 2022, the remaining amortisation period for these assets ranges between 1 and 10 years. The remaining €95 million (31 December 2021: €77 million) represents assets under construction on which amortisation will commence once the assets are available for use. The residual assets in this category, with a carrying value of €476 million (31 December 2021: €447 million), primarily comprises of Payments and Regulatory assets.

Other externally purchased intangible assets
The Group acquired the Davy business on 1 June 2022. As part of the acquisition, the Group recognised incremental intangible assets valued at €50 million relating to customer relationships and brand value at the date of acquisition.

Impairment review - computer software internally generated
During H122, the Group reviewed its internally generated computer software for any indicators of impairment and concluded that no impairment is required (31 December 2021: €1 million).

Impairment review - other externally purchased intangible assets
During H122, the Group reviewed other externally purchased intangible assets for any indicators of impairment and concluded that no impairment is required (31 December 2021: €1 million).

25 Deferred tax

The deferred tax asset (DTA) of €936 million (31 December 2021: €1,044 million) includes an amount of €1,093 million (31 December 2021: €1,118 million) in respect of operating losses which are available to shelter future profits from tax, of which €1,003 million relates to Irish tax losses carried forward by The Governor and Company of the Bank of Ireland (the 'Bank'), €84 million relates to UK tax losses carried forward by Bank of Ireland (UK) plc and the UK branch of the bank, and €6 million relates to US tax losses carried forward by the US branch of the Bank.

The recognition of a DTA in respect of tax losses carried forward requires the Directors to be satisfied that it is probable that the Group will have sufficient future taxable profits against which the losses can be utilised.

In considering the available evidence to support recognition of the DTA, the Group takes into consideration the impact of both positive and negative evidence including historical financial performance, projections of future taxable income and the impact of tax legislation.

Positive factors which have been considered include:
- as evidenced by the return to profitability in the previous year, and with the exception of the financial crisis, the Group has a sustained history of the Irish operating profits and a large market share and it is considered likely that the Group's Irish activities will be profitable into the future;
- the absence of any expiry dates for Irish and UK tax losses; and
- external economic forecasts for Ireland and the UK which indicate continued economic growth and improved employment levels in 2022.

The Group also considered negative evidence and the inherent uncertainties in any long term financial assumptions and projections, including:
- the absolute level of DTAs compared to the Group's equity;
- the quantum of profits required to be earned and the extended period over which it is projected that the tax losses will be utilised;
- the challenge of projecting over a long period, taking account of the level of competition, low interest rate environment and accelerated transformation of banking business models.

The Group's assessment of deferred tax recoverability is based on its financial projections covering its five year initial planning period with an annual 2% growth rate thereafter. The forecast for year five onwards is based on the projections within that fifth year of the initial planning period and the deferred tax recoverability is most sensitive to the forecast in the initial planning period.

Based on the Group's proven earnings history, its strong position within the Irish financial services market and its strategic priorities to deliver sustained future Irish profits, the Directors believe that the Group will be profitable over the longer term but acknowledge the external challenges facing the banking industry, in particular, the traditional, full service banks and the inherent uncertainties of long-term financial projections.

Based on the Group's projections, the DTA in respect of tax losses is estimated to be recovered in full by the end of 2030 (31 December 2021: 2032).

25 Deferred tax *(continued)*

The use of alternative assumptions representing reasonably possible alternative outcomes would not impact the recognition of the Group's DTAs although they could increase or decrease the estimated recovery period. If the projected rate of growth of taxable profits from the fifth year of the strategic planning period was either decreased by two percentage points or increased by one percentage point, the Group estimates that this would have no impact on the recovery period of its Irish DTA.

Notwithstanding the absence of any expiry date for trading losses in the UK, but acknowledging that profits forecasts become increasingly uncertain as the forecast period extends into the future, the Group has determined that, at 30 June 2022, the recognition of DTAs in respect of tax losses of the UK branch of the Bank will continue to be limited by reference to the amount of losses that are expected to be utilised within a 10 year period of projected profits. This 10 year timescale is supported by forecast taxable profits and takes into account the Group's long-term financial and strategic plans and reflects the period over which the Group believes it can conclude that it is probable that future UK taxable profits will be available in the UK branch of the Bank.

The recovery period of the DTA relating to trading losses of Bank of Ireland (UK) plc is now projected to be less than 10 years and the DTA has therefore been reassessed and increased by €21 million in H122 (31 December 2021: increase of €50 million).

There is a risk that the final taxation outcome could be different to the amounts currently recorded. If future profits or subsequent forecasts differ from current forecasts, a further adjustment may be required to the DTA.

The Group's Annual Report for the year ended 31 December 2021, noted that the Organisation for Economic Co-operation and Development (OECD) had released the 15% minimum effective tax rate Model Rules in December 2021 with the new rules expected to be effective from 1 January 2023. The draft EU Directive, which seeks to adopt these rules within the EU, has yet to be fully endorsed by all EU Member States with the date for implementation into national law extended until 31 December 2023.

26 Deposits from banks

Deposits from banks include cash collateral of €0.3 billion at 30 June 2022 (31 December 2021: €0.1 billion) received from derivative counterparties in relation to net derivative asset positions.

	30 June 2022 €m	31 December 2021 €m
Monetary Authority secured funding	11,250	12,619
Deposits from banks	629	327
Deposits from banks	**11,879**	**12,946**

	30 June 2022			31 December 2021		
Monetary Authority secured funding	TLTRO III €m	TFSME €m	Total €m	TLTRO III €m	TFSME €m	Total €m
Deposits from banks	8,569	2,681	11,250	9,882	2,737	12,619
Debt securities in issue (note 28)	2,205	—	2,205	848	—	848
Total	**10,774**	**2,681**	**13,455**	**10,730**	**2,737**	**13,467**

During 2021, the Group secured funding from the ECB under TLTRO III. The earliest the Group could repay these drawings was March 2022, with optional repayment dates quarterly thereafter until the final repayment date of March 2024, in line with the terms and conditions of the TLTRO III facility. The Group expects to repay in March 2024. During H122, €1.4 billion of TLTRO III was reclassified from deposits from banks to debt securities in issue due to changes in the underlying collateral.

Negative interest on the TLTRO III is recognised in interest income. The interest rate applicable to the TLTRO III from June 2022 until repayment is the average deposit facility rate over the life of the instrument.

Drawings under the Term Funding Scheme for Small and Medium-sized Enterprises (TFSME) from the Bank of England (BoE) will be repaid in October 2026.

The Group's Monetary Authority funding is secured by debt securities at amortised cost, financial assets at FVOCI and loans and advances to customers.

27 Customer accounts

The carrying amount of the customer accounts designated at FVTPL as at 30 June 2022 is €364 million, €42 million lower than the contractual amount due at maturity of €406 million (31 December 2021: the carrying amount was €417 million, €3 million higher than the contractual amount due at maturity of €414 million).

At 30 June 2022, the Group's largest 20 customer deposits amounted to 4% (31 December 2021: 4%) of customer accounts on a connected counterparty basis. Deposit accounts where a period of notice is required to make a withdrawal are classified within term deposits and other products.

At 30 June 2022, total customer accounts are reported net of a fair value hedge adjustment related to hedging of structural interest rate risk of €1.5 billion (31 December 2021: €0.02 billion). This adjustment is offset by the move in fair value of the related derivatives in a hedge relationship with the customer accounts. See note 19 Derivative financial instruments.

	30 June 2022 €m	31 December 2021 €m
Current accounts	54,472	52,090
Demand deposits	28,623	28,556
Term deposits and other products	10,625	11,711
Customer accounts at amortised cost	**93,720**	**92,357**
Term deposits at FVTPL	364	417
Fair value hedge adjustment	(1,514)	(20)
Total customer accounts	**92,570**	**92,754**

Movement in own credit risk on deposits at FVTPL	30 June 2022 €m	31 December 2021 €m
Balance at beginning of the year	4	(2)
Recognised in other comprehensive income	(20)	6
Balance at end of the year	**(16)**	**4**

28 Debt securities in issue

The Monetary Authority secured funding classified as debt securities in issue of €2.2 billion (31 December 2021: €0.8 billion) has increased primarily due to changes in the underlying collateral of TLTRO III resulting in €1.4 billion being reclassified from deposits from banks (note 26) to debt securities in issue.

The carrying amount of the debt securities in issue designated at FVTPL at 30 June 2022 was €269 million, €17 million lower than the contractual amount due at maturity of €286 million (31 December 2021: the carrying amount was €307 million, €23 million higher than the contractual carrying amount due at maturity of €284 million).

	30 June 2022 €m	31 December 2021 €m
Bonds and medium term notes	6,094	6,228
Monetary Authorities secured funding	2,205	848
Other debt securities in issue	814	1,100
Debt securities in issue at amortised cost	**9,113**	**8,176**
Debt securities in issue at fair value through profit or loss	269	307
Total debt securities in issue	**9,382**	**8,483**

Movement in debt securities in issue	30 June 2022 €m	31 December 2021 €m
Balance at 1 January	8,483	6,367
Issued during the period	7,513	2,984
Redemptions	(6,404)	(817)
Repurchases	—	(11)
Other movements[1]	(210)	(40)
Balance at end of the period	**9,382**	**8,483**

Movement in own credit risk on debt securities in issue at FVTPL	30 June 2022 €m	31 December 2021 €m
Balance at 1 January	3	3
Recognised in OCI	3	—
Balance at end of the period	**6**	**3**

[1] Other movements primarily relates to fair value hedge adjustments in respect of debt securities in issue held at amortised cost, exchange adjustments and changes in fair value of debt securities in issue held at fair value.

29 Provisions

	30 June 2022 €m	31 December 2021 €m
Opening balance as at 1 January	190	268
Charge to income statement	36	102
Utilised during the period	(38)	(166)
Acquisitions	16	—
Unused amounts reversed during the period	(9)	(21)
Exchange adjustment	—	3
Other	—	3
Transfers	—	1
Balance at end of the period	**195**	**190**

The Group has recognised provisions in relation to restructuring costs, onerous contracts, legal and other. Such provisions are sensitive to a variety of factors, which vary depending on their nature. The estimation of the amounts of such provisions is judgemental because the relevant payments are due in the future and the quantity and probability of such payments is uncertain.

The methodology and the assumptions used in the calculation of provisions are reviewed regularly and, at a minimum, at each reporting date.

At 30 June 2022, the restructuring provision amounted to €39 million (31 December 2021: €55 million). The decrease is mainly attributed to the net utilisation of €14 million provision in relation to the Voluntary Redundancy Programme.

At 30 June 2022, the Group held a provision of €120 million (31 December 2021: €94 million) in respect of the ongoing industry wide Tracker Mortgage Examination. This provision covers the estimated costs of remediation of any remaining impacted customers, addressing customer appeals and closing out all other outstanding costs of the exercise and in particular any sanction that may be incurred under the CBI's administrative sanctions procedure.

In H122, the Group has set aside a further €33 million provision to cover the operational costs associated with the length and nature of the review and for the estimated costs of closing out the Tracker Mortgage examination review including any sanction that may be incurred under the CBI's administrative sanctions procedure. Since 31 December 2021, €7 million of the provision has been utilised covering redress, compensation and related cost.

While the redress and compensation element of the provision is largely known, there are still a number of uncertainties as to the eventual total cost of the examination.

Acquisitions of €16 million at 30 June 2022, relate to provisions identified from the acquisition of Davy, see note 35, Davy acquisition.

For additional information and details on the key judgement items within the provisions, see notes 2 and 44 of the Group's Annual Report for the year ended 31 December 2021.

30 Contingent liabilities and commitments

The table gives the contract amounts of contingent liabilities and commitments. The maximum exposure to credit loss under contingent liabilities and commitments is the contractual amount of the instrument in the event of non-performance by the other party where all counter claims, collateral or security prove worthless.

Loss allowance provisions of €40 million (31 December 2021: €48 million) recognised on loan commitments and guarantees and irrevocable letters of credit are shown in note 31.

Other contingent liabilities

Other contingent liabilities primarily include performance bonds and are generally short-term commitments to third parties which are not directly dependent on the customers' credit worthiness. The Group is also party to legal, regulatory, taxation and other actions arising out of its normal business operations.

The Group continues to review its application of certain charges that have been applied in its Retail Ireland business. It is not currently practicable to estimate the amount or timing of any impact from this review.

Loan commitments

On 24 May 2022, the Competition and Consumer Protection Commission ("CCPC") confirmed clearance of the Group's acquisitions of certain assets and liabilities of KBCI. As part of the agreement, the Group committed to support the growth of non-bank lenders in the Irish mortgage market, making €1 billion in total funding available to certain non-bank lenders through the purchase of securities issued by them, to increase their funding capacity and reduce their cost of funding.

30 Contingent liabilities and commitments *(continued)*

Capital commitments
In the normal course of business, the Group sources investment opportunities for private clients principally in respect of private equity investments from leading international private equity groups who require the Group to enter into commitments in relation to meeting any future capital calls as investments are made.

The total of such commitments at 30 June 2022 was €269 million (31 December 2021: €nil). In turn, Davy obtain legally binding commitments from private clients to meet their share of potential future cash calls up to indicative levels as outlined in the individual investment memoranda. The total of such cash calls for H122 was €30 million (H121: €nil). At 30 June 2022, there were no unpaid cash calls in respect of third-party investment providers (31 December 2021: €nil). The amounts and timing of any future cash calls are uncertain and are dependent on the investment activities and funding requirements of the relevant third- party private equity providers. The Directors believe that, based on conditions in existence at the balance sheet date, there is no potential liability that would result in a loss for Davy arising from future potential cash calls which may be made. When cash calls are made, the normal risk management procedures in relation to counterparty & settlement risk are applied.

	30 June 2022 €m	31 December 2021 €m
Contingent liabilities		
Guarantees and irrevocable letters of credit	538	507
Acceptances and endorsements	6	6
Other contingent liabilities	106	145
	650	**658**
Loan commitments		
Documentary credits and short-term trade related transactions	28	33
Undrawn formal standby facilities, credit lines and other commitments to lend	16,524	15,483
revocable or irrevocable with original maturity of 1 year or less	*8,320*	*7,949*
irrevocable with original maturity of over 1 year	*8,204*	*7,534*
	16,552	**15,516**
Capital commitments	**269**	**—**

31 Loss allowance provision on loan commitments and financial guarantees

	30 June 2022		31 December 2021	
	Amount €m	Loss allowance €m	Amount €m	Loss allowance €m
Loan commitments (note 30)	16,552	35	15,516	44
Guarantees and irrevocable letters of credit (note 30)	538	5	507	4
	17,090	**40**	**16,023**	**48**

The loss allowance on loan commitments are presented as a provision in the balance sheet (i.e. as a liability under IFRS 9) and separate from the impairment loss allowance. To the extent a facility includes both a loan and an undrawn commitment, it is only the impairment attributable to the undrawn commitment that is presented in the table above. The impairment loss allowance attributable to the loan is shown as part of the financial asset to which the loan commitment relates.

At 30 June 2022, the Group held a loss allowance provision of €40 million (31 December 2021: €48 million) on loan commitments and financial guarantees, of which €18 million (31 December 2021: €21 million) are classified as Stage 1, €16 million (31 December 2021: €23 million) as Stage 2 and €6 million (31 December 2021: €4 million) as Stage 3.

31 Loss allowance provision on loan commitments and financial guarantees

(continued)

The following tables summarise the asset quality of loan commitments and financial guarantees by IFRS 9 twelve month PD grade which are not credit-impaired.

30 June 2022 Loan commitments and financial guarantees - Contract amount	Loan commitments						Guarantees and irrevocable letters of credit					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
PD Grade												
1-4	6,015	39%	177	17%	6,192	38%	182	41%	1	1%	183	35%
5-7	7,276	48%	567	54%	7,843	48%	229	52%	52	63%	281	53%
8-9	1,882	12%	193	18%	2,075	12%	32	7%	15	18%	47	9%
10-11	146	1%	115	11%	261	2%	—	—	14	18%	14	3%
Total	**15,319**	**100%**	**1,052**	**100%**	**16,371**	**100%**	**443**	**100%**	**82**	**100%**	**525**	**100%**

At 30 June 2022, credit-impaired loan commitments are €181 million (31 December 2021: €125 million) while credit-impaired guarantees and irrevocable letters of credit are €13 million (31 December 2021: €15 million).

31 December 2021 Loan commitments and financial guarantees - Contract amount	Loan commitments						Guarantees and irrevocable letters of credit					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
PD Grade												
1-4	5,044	36%	117	9%	5,161	34%	173	43%	—	—	173	35%
5-7	6,703	48%	720	53%	7,423	48%	184	46%	53	59%	237	48%
8-9	2,189	15%	399	29%	2,588	17%	46	11%	21	24%	67	14%
10-11	94	1%	125	9%	219	1%	—	—	15	17%	15	3%
Total	**14,030**	**100%**	**1,361**	**100%**	**15,391**	**100%**	**403**	**100%**	**89**	**100%**	**492**	**100%**

32 Retirement benefit obligations

The net IAS 19 pension surplus at 30 June 2022 was €1,376 million (31 December 2021: net surplus €598 million). This is shown on the balance sheet as a retirement benefit asset of €1,382 million (31 December 2021: €740 million) and a retirement benefit obligation of €6 million (31 December 2021: €142 million). The significant financial assumptions used in measuring the Group's net defined benefit pension surplus under IAS 19 are set out in the table below.

Financial assumptions	30 June 2022 % p.a.	31 December 2021 % p.a.
Irish Schemes		
Discount rate	3.45	1.35
Inflation rate	2.10	1.85
UK Schemes		
Discount rate	3.85	1.90
Consumer Price Inflation	2.70	2.75
Retail Price Inflation	3.30	3.35

32 Retirement benefit obligations *(continued)*

Sensitivity of defined benefit obligation to key assumptions

The table below sets out how the defined benefit obligation would have been affected by changes in the significant actuarial assumptions that were reasonably possible.

Impact on defined benefit obligations	Increase / (decrease) 30 June 2022 €m	Increase / (decrease) 31 December 2021 €m
RoI schemes		
Discount rate		
Increase of 0.25%	(220)	(357)
Decrease of 0.25%	234	384
Inflation rate		
Increase of 0.10%	58	96
Decrease of 0.10%	(57)	(94)
UK schemes		
Discount rate		
Increase of 0.25%	(52)	(87)
Decrease of 0.25%	56	94
RPI Inflation		
Increase of 0.10%	13	22
Decrease of 0.10%	(11)	(22)

The sensitivities have reduced during the period due to the lower present value of the defined benefit obligation at 30 June 2022 compared to 31 December 2021, due to changes in financial assumptions during the period.

This table sets out the estimated sensitivity of plan assets to changes in equity markets and interest rates.

Impact on plan assets	Increase / (decrease) 30 June 2022 €m	Increase / (decrease) 31 December 2021 €m
Sensitivity of plan assets to a movement in global equity markets with allowance for other correlated diversified asset classes		
Increase of 5.00%	142	137
Decrease of 5.00%	(142)	(137)
Sensitivity of liability-matching assets to a 25bps movement in interest rates		
Increase of 0.25%	(262)	(409)
Decrease of 0.25%	277	433
Sensitivity of liability matching assets to a 10 bps movement in inflation rates		
Increase of 0.10%	75	115
Decrease of 0.10%	(74)	(113)

The sensitivities of liability-matching assets to movements in interest rates and inflation rates have reduced due to the lower value of liability-matching assets at 30 June 2022 compared to 31 December 2021, due to market movements during the period.

32 Retirement benefit obligations *(continued)*

The remeasurement of the net defined benefit pension asset is recognised in other comprehensive income as set out in the following table.

	6 months ended 30 June 2022 €m	6 months ended 30 June 2021 €m
Present value of obligation gain	2,660	332
Fair value of plan assets (loss) / gain	(1,884)	6
Total gain	**776**	**338**

33 Subordinated liabilities

The principal terms and conditions of all subordinated liabilities are set out in note 48 of the Group's Annual Report for the year ended 31 December 2021.

	30 June 2022 €m	31 December 2021 €m
US$500 million 4.125% Fixed Rate Reset Callable Subordinated Notes 2027	481	445
€500 million 1.375% Fixed Rate Reset Callable Subordinated Notes 2031	461	498
Stg£300 million 3.125% Fixed Rate Reset Callable Subordinated Notes 2027	349	357
€300 million 2.375% Fixed Rate Reset Callable Subordinated Notes 2029	287	297
€250 million 10% Fixed Rate Subordinated Notes 2022	252	255
Undated loan capital	126	129
Total subordinated liabilities	**1,956**	**1,981**

34 Cash and cash equivalents

Cash and cash equivalents are classified as amortised cost financial assets. Impairment loss allowance on cash and cash equivalents is measured at amortised cost on a 12 month or lifetime ECL approach as appropriate.

The Group is required to hold an average balance with the Central Bank over the published ECB reserve maintenance (six weeks) periods in order to meet its minimum reserve requirement, which at 30 June 2022 was €864 million (31 December 2021: €816 million).

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

	30 June 2022 €m	31 December 2021 €m
Cash and balances at central banks	38,563	31,371
Less impairment loss allowance on cash and balances at central banks	(15)	(11)
Cash and balances at central banks net of impairment loss allowance	**38,548**	**31,360**
Loans and advances to banks (with an original maturity of less than 3 months)	2,856	2,571
Cash and cash equivalents at amortised cost	**41,404**	**33,931**

The Group's cash and cash equivalents balances with central banks increased by €7.5 billion since 31 December 2021 primarily due to bond sales and maturities of c.€3.6 billion and c.€1.1 billion respectively, higher deposit balances of €1.3 billion (constant currency basis), lower lending volumes of €1.5 billion (constant currency basis), higher loans and advances to banks of €0.3 billion, other inflows of €0.2 billion, partially offset by the Davy acquisition of €0.4 billion and lower wholesale funding volumes of €0.1 billion.

Cash and balances at central banks (net of impairment loss allowance) is made up as follows:

	30 June 2022 €m	31 December 2021 €m
Republic of Ireland (Central Bank of Ireland)	34,693	26,330
United Kingdom (Bank of England)	3,305	4,190
United States (Federal Reserve)	151	456
Other (cash holdings)	399	384
Total	**38,548**	**31,360**

35 Davy acquisition

The accounting policy for business combinations is set out on page 220 of the Group's Annual Report for the year ended 31 December 2021.

On 1 June 2022, following receipt of all regulatory approvals, the Group acquired 100% of the voting equity interests of Amber Note Unlimited Company and its subsidiaries including J&E Davy Holdings ('Davy'), Ireland's leading provider of wealth management and capital markets services. The acquisition of Davy strongly supports the Group's commercial and strategic objectives of growing its Wealth and Insurance business, with the aim of unlocking growth opportunities in Ireland, increasing fee income, and generating sustainable profits.

Davy has been acquired for c.€427 million after adjusting for the capital position of Davy as of 1 June 2022. 75% (€320 million) was paid upfront on 1 June 2022 and 25% (€107 million) of the enterprise value (split between consideration and remuneration) will be paid two years after completion, subject to Davy's pre-existing shareholders meeting a number of agreed criteria. In addition, as announced on 22 July 2021, Bank of Ireland also paid for excess cash which amounts to c.€126 million, following the sale prior to the acquisition date of Davy Global Fund Management (DGFM) and Davy's shareholding in Rize ETF Limited. A further payment of up to €40 million will be payable to certain employees of Davy from 2025, contingent on future business model performance. This amount will be reflected as remuneration by the Group in due course. An additional contingent consideration of up to €20 million will be payable to certain Davy's pre-existing shareholders within one year, upon the satisfaction of a composite capital requirement.

Davy's financial performance for the one month to 30 June 2022 is reported within the Wealth and Insurance operating segment.

Consideration recognised for the acquisition of Davy

A total consideration (before pre-existing relationships) of €506 million has been recognised by the Group, €382 million of which relates to an upfront cash payment of €320 million along with deferred and contingent consideration of €62 million (€2 million of which relates to DGFM). The Group additionally paid €124 million on acquisition date, for excess cash comprised of the proceeds from the disposal to a third party of DGFM and Rize ETF Limited. After excluding pre-existing relationships, the total consideration transferred is €400 million.

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	1 June 2022 €m
Upfront cash payment	320
Deferred/contingent consideration	62
Total consideration before excess cash	**382**
Payment for excess cash arising from sale of DGFM and Rize ETF Limited (excluding €2 million included in deferred consideration)	124
Total consideration before pre-existing relationships	**506**
Pre-existing relationships	(106)
Total consideration transferred	**400**

Pre-existing relationships mainly consist of current and savings deposit accounts balances, partly offset by a term loan and bank overdraft balance, which were held between Davy and Bank of Ireland Group entities as at the date of acquisition.

Deferred and contingent consideration

The €62 million deferred and contingent consideration is made up as follows; €50 million payable in two years' time subject to certain criteria being met over the two year period and €2 million relating to proceeds from the sale of DGFM that are held back in escrow, subject to certain criteria being satisfied. This consideration has been recognised at fair value based on probabilities of expected payments. In addition, the Group has also recognised €10 million in consideration relating to the satisfaction of a composite capital requirement. This amount has been recognised at fair value based on the probability of expected payment.

Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Davy at the date of acquisition, which exclude pre-existing relationships and have been determined provisionally by management in line with the requirements of IFRS 3 are as follows:

	1 June 2022 €m
Assets	
Property, plant and equipment	14
Intangible assets	55
Investment in joint ventures	1
Deferred tax asset	2
Trade receivables and other assets	297
Financial assets held at fair value through profit or loss	13
Current tax receivable	1
Cash and cash equivalents	53
Total assets	**436**
Liabilities	
Lease liabilities	9
Deferred tax liability	7
Trade payables and other liabilities	255
Provisions	16
Total liabilities	**287**
Fair value of identifiable net assets	**149**

Fair value of identifiable net assets

The intangible asset substantially reflects the fair value determined by the Group for customer relationships and brand value in the Davy business at the date of acquisition.

The fair value of receivables amounts to €283 million. The gross amount of those receivables is €284 million and it is expected that the full contractual amounts can be collected.

Goodwill

	1 June 2022 €m
Consideration transferred	400
Fair value of identifiable net assets	149
Goodwill arising on acquisition	**251**

35 Davy acquisition *(continued)*

The principal factor contributing to the recognition of goodwill of €251 million is Davy's growth potential, further supported by access to the Group's distribution reach and other intangible assets that would not have otherwise qualified for separate recognition in Davy's financial statements. None of the goodwill recognised is expected to be deductible for income tax purposes.

The initial accounting for the acquisition of Davy has been provisionally determined as at 30 June 2022. The measurement of certain items of contingent consideration, deferred remuneration and provisions, whilst not finalised, is substantially complete reflecting management's best estimate using information available at the date of the consolidated financial statements.

Davy's contribution to the Group results

For the one month from 1 June 2022 to 30 June 2022, Davy contributed revenue[1] amounting to €12.5 million and a profit before tax of c.€1 million to the Group's results. If the acquisition had occurred on 1 January 2022, Davy's revenue[1] would have been €183.5 million, and profit before tax would have been €95.8 million for H122. However, these numbers include both the profit from disposal of DGFM of €94.6 million and Davy deal and transaction related costs of €10.5 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

Separate transactions

During H122, the Group recognised an employee remuneration charge of c.€6 million in the income statement related to the incurred portion of a deferred remuneration payable to certain employees of Davy on satisfaction of certain conditions.

On the date of acquisition, the Group had pre-existing relationships amounting to €106 million with Davy. The effective settlement of these relationships has been treated as a separate transaction in the financial statements.

Acquisition related costs

The Group incurred acquisition related costs amounting to €19 million on due diligence costs, stamp duty and legal fees which were incurred and expensed as part of the transaction. These are included in 'Other operating expenses' (note 13).

36 Client property

In the normal course of business, the Group (through Davy) provides the following services to certain of its clients:

- investment of funds at the sole discretion of the Group in securities and the placing of deposits in separately designated accounts with recognised banks and building societies, the income from which accrues for the benefit of these clients, and
- custodianship of securities held on behalf of clients.

Client property placed with third parties has been excluded from the financial statements while client deposit accounts placed with the Group are included in customer accounts (note 27).

37 Summary of relations with the State

The Group considers the State to be a related party under IAS 24, as it is in a position to exercise significant influence over the Group.

Further details of the Group's relations with the state are set out in note 56 of the Group's Annual Report for the year ended 31 December 2021.

In H122, the State's shareholding in the Group has dropped below 3% (31 December 2021: 7.74%).

There have been no changes with respect to guarantee schemes during H122.

The Finance Act (No 2) 2013 introduced a bank levy on certain financial institutions, including the Group. An income statement charge is recognised annually on the date on which all of the criteria set out in the legislation are met. The Group's Annual Report for the year ended 31 December 2021 noted that the Finance Act 2021 extended the levy for a further year based on the current methodology and the Group paid the annual levy of €25 million in April 2022 (31 December 2021: €25 million). The future of the levy is being reviewed by the Irish Government in 2022.

Through its participation in the Strategic Banking Corporation of Ireland (SBCI) Support loan Schemes (the 'Schemes') the Group benefits from an 80% Government guarantee related to amounts advanced under the Schemes. To date c.€655 million has been advanced under the schemes (31 December 2021: c.€518 million).

The amounts outstanding at 30 June 2022 and 31 December 2021 in respect of these transactions, which are considered individually significant (either quantitatively or qualitatively), are set out in the following table.

[1] *Revenue consists of net interest income, net fee and commission income and other operating income.*

37 Summary of relations with the State *(continued)*

In addition to the matters set out in the table, the Group enters into other transactions in the normal course of business with the State, its agencies and entities under its control or joint control. This includes transactions with AIB, Permanent TSB Group Holdings plc, Government departments, local authorities, county councils, embassies and the NTMA which are all considered to be 'controlled' by the Government.

These transactions include the provision of banking services, including money market transactions, dealing in government securities and trading in financial instruments issued by certain banks.

	30 June 2022 €m	31 December 2021 €m
Assets		
Bonds issued by the State	4,391	7,827
Unguaranteed senior bonds issued by AIB	32	101
Derivative financial assets	53	70
Liabilities		
Customer Accounts		
State (including agencies & entities under its control or joint control)	607	606

38 Liquidity risk and profile

The following tables summarise the maturity profile of the Group's non-derivative financial liabilities (excluding those arising from insurance and investment contracts in the Wealth and Insurance division) at 30 June 2022 and 31 December 2021 based on contractual undiscounted repayment obligations. The Group does not manage liquidity risk on the basis of contractual maturity. Instead the Group manages liquidity risk based on expected cash flows.

Unit linked investment liabilities and unit linked insurance liabilities with a carrying value of €5,743 million and €14,173 million respectively (31 December 2021: €6,671 million and €15,399 million respectively) are excluded from this analysis as their repayment is linked to the financial assets backing these contracts.

Customer accounts include a number of term accounts that contain easy access features. These allow the customer to access a portion or all of their deposit notwithstanding that this repayment could result in financial penalty being paid by the customer. For such accounts, the portion subject to the potential early access has been classified in the 'demand' category in the tables below.

The balances will not agree directly to the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal and interest payments.

30 June 2022 Group's Non Derivative financial liabilities Contractual maturity	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Deposits from banks	135	494	—	—	—	629
Monetary Authorities secured funding	—	14	23	13,246	—	13,283
Customer accounts	86,929	4,613	1,648	653	216	94,059
Debt securities in issue	—	35	131	6,772	1,599	8,537
Subordinated liabilities	—	28	302	234	1,923	2,487
Lease liabilities	—	15	49	202	269	535
Contingent liabilities	402	22	81	138	7	650
Commitments	14,975	70	507	1,000	—	16,552
Short positions in trading securities	—	7	—	—	—	7
Total	**102,441**	**5,298**	**2,741**	**22,245**	**4,014**	**136,739**

38 Liquidity risk and profile *(continued)*

31 December 2021 Group's Non Derivative financial liabilities Contractual maturity	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Deposits from banks	92	235	—	—	—	327
Monetary Authorities secured funding	—	3	5	13,272	—	13,280
Customer accounts	84,606	5,084	2,011	916	211	92,828
Debt securities in issue	—	295	1,049	4,747	2,479	8,570
Subordinated liabilities	—	9	320	218	1,841	2,388
Lease liabilities	—	15	44	203	286	548
Contingent liabilities	417	36	103	88	14	658
Commitments	14,913	62	488	53	—	15,516
Short positions in trading securities	—	60	—	—	—	60
Total	**100,028**	**5,799**	**4,020**	**19,497**	**4,831**	**134,175**

39 Fair values of assets and liabilities

A definition of fair value and the fair value hierarchy, along with a description of the methods, assumptions and processes used to calculate fair values of assets and liabilities is set out on pages 326 to 328 of the Group's Annual Report for the year ended 31 December 2021. At 30 June 2022, there have been no significant changes to those methods, assumptions, processes or the Group's policy for assessing transfers between the different levels of the fair value hierarchy.

Sensitivity of level 3 valuations

Derivative financial instruments

Certain derivatives are valued using unobservable inputs relating to counterparty credit such as credit grade, which are significant to their valuation. The effect of using reasonably possible alternative assumptions in the valuation of these derivatives as at 30 June 2022 is immaterial. Where the impact of unobservable inputs is material to the valuation of the asset or liability, it is categorised as level 3 on the fair value hierarchy.

The Group has entered into a binding agreement with KBCI and KBC Group for the acquisition of c.€8.8 billion of performing mortgages, c.€0.1 billion of performing commercial and consumer loans and c.€4.4 billion of deposits. The Group will acquire the performing mortgages for 103.6% of par value. This agreement is considered to represent a derivative financial liability, the fair value of which was (€147 million) at 30 June 2022. The derivative was valued using unobservable inputs, in this case the behavioural maturity and credit quality of the KBC mortgages. Using reasonably possible alternative assumptions for behavioural maturity and credit quality would result in an increase of up to €15 million in the liability. Interest rate swaps, with a fair value of €147 million at 30 June 2022, which have been traded to economically hedge the acquisition of the KBCI mortgages, materially offset this derivative financial instrument within net trading income / (expense).

In addition, a small number of derivative financial instruments are valued using significant unobservable inputs other than counterparty credit (level 3 inputs). However, changing one or more assumptions used in the valuation of these derivatives would not have a significant impact as they are entered into to hedge the exposure arising on certain customer accounts (see below), leaving the Group with no net valuation risk due to the unobservable inputs.

Loans and advances to customers held at fair value

These consist of assets mandatorily measured at FVTPL, of which €220 million are 'Life loan mortgage products'. Unlike a standard mortgage product, borrowers do not make any periodic repayments and the outstanding loan balance increases through the life of the loan as interest due is capitalised. The mortgage is typically repaid out of the proceeds of the sale of the property. These assets are valued using discounted cash flow (DCF) models which incorporate unobservable inputs (level 3 inputs). Using reasonably possible alternative assumptions would not have a material impact on the value of these assets. €120 million of loans and advances to customers held at fair value relate to syndicated corporate facilities. These assets are valued by applying a discount based on a secondary market loan index and the Group's ECL models (level 3). Using reasonably possible alternative assumptions would not have a material impact on the value of these assets.

Other financial assets at fair value through profit or loss

A small number of assets have been valued using DCF models and discounted equity value method, which incorporate unobservable inputs (level 3). Certain private equity funds, which predominantly invest in properties, are valued with reference to the underlying property value which in itself incorporate unobservable inputs (level 3). Using reasonably possible alternative assumptions would not have a material impact on the value of these assets.

Interest in associates

Investments in associates, which are venture capital investments, are accounted for at FVTPL and are valued in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines'. This requires the use of various inputs such as DCF analysis and comparison with the earnings multiples of listed comparative companies amongst others. Although the valuation of unquoted equity instruments is subjective by nature, the relevant methodologies are commonly applied by other market participants and have been consistently applied over time. As the inputs are unobservable, the valuation is deemed to be based on level 3 inputs. Using reasonably possible alternative assumptions would not have a material impact on the value of these assets.

39 Fair values of assets and liabilities *(continued)*

Customer accounts
Customer accounts designated at FVTPL consist of deposits which contain an embedded derivative (typically an equity option). These instruments are typically valued using valuation techniques which use observable market data. The Group incorporates the effect of changes in its own credit spreads when valuing these instruments. The Group sources own credit spreads from independent brokers (level 3 inputs) as observable own credit spreads are not available. Where the impact of unobservable inputs is material to the valuation of a customer account, that account is categorised as level 3 on the fair value hierarchy. Using reasonably possible alternative assumptions would not have a material impact on the value of these liabilities.

A small number of customer accounts are valued using additional unobservable inputs (level 3 inputs). However, changing one or more assumptions used in the valuation of these customer accounts would not have a significant impact as these customer accounts are hedged with offsetting derivatives (see above), leaving the Group with no net valuation risk due to those unobservable inputs.

Fair value on offsetting positions
Where the Group manages certain financial assets and financial liabilities on the basis of its net exposure to either market risks or credit risk, the Group applies the exception allowed under paragraph 48 of IFRS 13. That exception permits the Group to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions. Accordingly, the Group measures the fair value of the group of financial assets and financial liabilities consistently with how market participants would price the net risk exposure at the measurement date.

The following table sets out the level of the fair value hierarchy for financial assets and financial liabilities held at fair value.

	30 June 2022				31 December 2021			
	Level 1 €m	Level 2 €m	Level 3 €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets held at fair value								
Trading securities	18	—	—	18	20	—	—	20
Derivative financial instruments	8	3,326	17	3,351	—	1,497	74	1,571
Other financial assets at FVTPL	17,444	285	360	18,089	19,412	330	336	20,078
Loans and advances to banks at FVTPL	—	322	—	322	—	280	—	280
Financial assets at FVOCI	5,012	—	—	5,012	9,457	—	—	9,457
Loans and advances to customers at FVTPL	—	—	340	340	—	—	426	426
Interest in associates	—	—	63	63	—	—	55	55
	22,482	**3,933**	**780**	**27,195**	**28,889**	**2,107**	**891**	**31,887**
Financial liabilities held at fair value								
Customer accounts	—	338	26	364	—	402	15	417
Derivative financial instruments	7	4,175	158	4,340	—	2,125	60	2,185
Debt securities in issue	—	269	—	269	—	307	—	307
Liabilities to customers under investment contracts	—	5,743	—	5,743	—	6,671	—	6,671
Insurance contract liabilities	—	14,173	—	14,173	—	15,399	—	15,399
Short positions in trading securities	9	—	—	9	60	—	—	60
Other liabilities	—	—	10	10	—	—	—	—
	16	**24,698**	**194**	**24,908**	**60**	**24,904**	**75**	**25,039**

In the table above, 'Other liabilities' relates to the contingent consideration recognised for the acquisition of Davy (note 35).

39 Fair values of assets and liabilities *(continued)*

30 June 2022 Movements in level 3 assets	**Loans and advances to customers at FVTPL €m**	**Other financial assets at FVTPL €m**	**Derivative financial instruments €m**	**Interest in associates €m**	**Total €m**
Opening balance 1 January 2022	**426**	**336**	**74**	**55**	**891**
Exchange adjustment	—	1	(1)	—	—
Total gains or losses in:					
Profit or loss					
Interest income	8	—	—	—	8
Net trading income / (expense)	—	7	(14)	—	(7)
Revaluation	—	(1)	—	—	(1)
Share of results of associates	—	—	—	8	8
Life assurance investment income and gains	—	17	—	—	17
Additions	—	15	—	5	20
Disposals	(85)	—	—	(5)	(90)
Redemptions	(9)	(16)	—	—	(25)
Reclassifications	—	—	—	—	—
Transfers out of level 3					
From level 3 to level 2	—	—	(52)	—	(52)
Transfers into level 3					
From level 1 to level 3	—	—	—	—	—
From level 2 to level 3	—	1	10	—	11
Closing balance 30 June 2022	**340**	**360**	**17**	**63**	**780**
Total unrealised gains / (losses) for the period included in profit or loss for level 3 assets at the end of the reporting period	**5**	**24**	**(10)**	**3**	**22**
Net trading income / (expense)	*—*	*7*	*(10)*	*—*	*(3)*
Interest income	*5*	*—*	*—*	*—*	*5*
Share of results of associates	*—*	*—*	*—*	*3*	*3*
Life assurance investment income and gains	*—*	*17*	*—*	*—*	*17*

The transfer from level 3 to level 2 arose as a result of the availability of observable inputs at 30 June 2022. The transfers from level 2 to level 3 arose as a result of certain unobservable inputs becoming material.

There were no transfers to or from level 1.

39 Fair values of assets and liabilities *(continued)*

31 December 2021 Movements in level 3 assets	Loans and advances to customers at FVTPL €m	Other financial assets at FVTPL €m	Derivative financial instruments €m	Interest in associates €m	Total €m
Opening balance 1 January 2021	**361**	**152**	**7**	**54**	**574**
Exchange adjustment	—	—	1	—	1
Total gains or losses in:					
Profit or loss					
Interest income	18	—	—	—	18
Net trading income / (expense)	1	21	62	—	84
Revaluation	—	—	—	—	—
Share of results of associates	—	—	—	7	7
Life assurance investment income and gains	—	1	—	—	1
Additions	287	18	—	11	316
Disposals	(208)	(7)	(2)	(17)	(234)
Redemptions	(33)	(12)	—	—	(45)
Reclassifications	—	—	—	—	—
Transfers out of level 3					
From level 3 to level 2	—	—	(2)	—	(2)
Transfers into level 3					
From level 1 to level 3	—	77	—	—	77
From level 2 to level 3	—	86	8	—	94
Closing balance 31 December 2021	**426**	**336**	**74**	**55**	**891**
Total unrealised gains / (losses) for the year included in profit or loss for level 3 assets at the end of the year	**13**	**17**	**59**	**7**	**96**
Net trading income / (expense)	*—*	*16*	*59*	*—*	*75*
Interest income	*13*	*—*	*—*	*—*	*13*
Share of results of associates	*—*	*—*	*—*	*7*	*7*
Life assurance investment income and gains	*—*	*1*	*—*	*—*	*1*

The transfer from level 3 to level 2 arose as a result of the availability of observable inputs at 31 December 2021. The transfers from levels 1 and 2 to level 3 arose as a result of certain material inputs becoming unobservable.

There were no transfers between levels 1 and 2.

39 Fair values of assets and liabilities *(continued)*

Movements in level 3 liabilities	30 June 2022 Customer accounts €m	Derivative financial instruments €m	Other liabilities €m	Total €m	31 December 2021 Customer accounts €m	Derivative financial instruments €m	Other liabilities €m	Total €m
Opening balance	**15**	**60**	**—**	**75**	**5**	**8**	**—**	**13**
Exchange adjustment	—	(1)	—	(1)	—	1	—	1
Total gains or losses in:								
Profit or loss								
Net trading (income) / expense	(1)	151	—	150	2	52	—	54
Other comprehensive income	(1)	—	—	(1)	—	—	—	—
Additions	26	—	10	36	15	—	—	15
Disposals	—	—	—	—	—	—	—	—
Redemptions	—	—	—	—	—	—	—	—
Transfers out of level 3								
From level 3 to level 2	(13)	(53)	—	(66)	(7)	(1)	—	(8)
Transfers into level 3								
From level 2 to level 3	—	1	—	1	—	—	—	—
Closing balance	**26**	**158**	**10**	**194**	**15**	**60**	**—**	**75**
Total unrealised (gains) / losses for the period included in profit or loss for level 3 liabilities at the end of the reporting period								
Net trading (income) / expense	(3)	158	—	155	(3)	59	—	56

'Other liabilities' relates to the contingent consideration recognised for the acquisition of Davy (note 35).

The transfers from level 3 to level 2 arose due to unobservable inputs becoming less significant to the fair value measurement of these liabilities. The transfer from level 2 to level 3 arose as a result of certain unobservable inputs becoming material.

There were no transfers to or from level 1.

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Level 3 financial assets	Valuation technique	Unobservable input	Fair value 30 Jun 2022 €m	Fair value 31 Dec 2021 €m	Range 30 Jun 2022 %	Range 31 Dec 2021 %
Loans and advances to customers	Discounted cash flow	Discount on market rate	220	225	2.75% - 4.50%	2.75% - 4.50%
		Collateral charges			1.00% - 6.80%	1.00% - 5.80%
	Par value less discount	Discount	120	201	—	—
Other financial assets at fair value through profit or loss	Discounted cash flow	Discount rate	360	336	0% - 15%	0% - 15%
	Equity value less discount	Discount			0% - 50%	0% - 50%
	Market comparable property transactions	Yield			3.00% - 7.99%	2.92% - 7.75%
Derivative financial instruments	Discounted cash flow	Counterparty credit spread	17	74	0% - 1.1%	0% - 1.7%
	Option pricing model					
Interest in associates	Market comparable companies	Price of recent investment	63	55	—	—
		Earnings multiple				
		Revenue multiple				

39 Fair values of assets and liabilities *(continued)*

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) *(continued)*

Level 3 financial liabilities	Valuation technique	Unobservable input	Fair Value 30 Jun 2022 €m	Fair Value 31 Dec 2021 €m	Range 30 Jun 2022 %	Range 31 Dec 2021 %
Customer accounts	Discounted cash flow Option pricing model	Own credit spread	26	15	—	0.4% - 0.5%
Derivative financial instruments	Discounted cash flow Option pricing model	Counterparty credit spread	11	60	0% - 1.1%	0.0% - 1.7%
	Discounted cash flow Option pricing model	Maturity profile and credit quality of the KBC mortgages	147	—	—	—
Other liabilities	Discounted cash flow	Probability of the Davy composite capital requirement being met	10	—	40% - 60%	—

Valuation techniques and unobservable inputs

In the tables above;

- Discount rates represent a range of discount rates that market participants would use in valuing these assets.
- Holdings in real estate property funds (within other financial assets at fair value through profit or loss) are valued through market comparable property transactions.
- Counterparty and own credit spreads represent the range of credit spreads that market participants would use in valuing these contracts.
- Earnings and revenue multiples represent multiples that market participants would use in valuing these investments.
- The Group does not disclose the ranges for interests in associates. Given the wide range of diverse investments and the correspondingly large differences in prices, the Group believes disclosure of ranges would not provide meaningful information without a full list of the underlying investments, which would be impractical.
- The Group does not disclose the ranges associated with the behavioural maturity and counterparty credit of the underlying cash flows of the binding commitment to purchase the KBC / KBCI mortgages, which have been recognised as a derivative liability. Given the information that is available and the resulting variability in values, the Group believes disclosure would not provide meaningful information and would be impractical to do so.

Financial assets and liabilities carried at amortised cost

The carrying amount and the fair value of the Group's financial assets and liabilities which are carried at amortised cost are set out in the table below. Items where the carrying amount is a reasonable approximation of fair value are not included, as permitted by IFRS 7.

Financial instruments	30 June 2022 Carrying amount €m	30 June 2022 Fair values €m	31 December 2021 Carrying amount €m	31 December 2021 Fair values €m
Assets				
Loans and advances to banks	2,721	2,721	2,470	2,470
Debt securities at amortised cost	4,972	5,075	6,008	6,101
Loans and advances to customers	74,276	71,878	75,920	74,359
Liabilities				
Deposits from banks	11,879	11,860	12,946	12,964
Customer accounts	92,206	92,195	92,337	92,352
Debt securities in issue	9,113	8,945	8,176	8,245
Subordinated liabilities	1,956	1,938	1,981	2,058

40 Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates to alternative or nearly risk free rates has become a priority for global regulators. The Group's exposures to benchmark interest rates will be replaced or reformed as part of this market wide initiative.

In line with regulatory guidance and now established market practice, for the majority of the Group's contracts, Sterling Overnight Index Average (SONIA) has replaced GBP LIBOR, Secured Overnight Financing Rate (SOFR) will replace USD LIBOR and Euro Short term rate (€STR) has replaced EONIA.

As Euro Interbank Offered Rate (EURIBOR) was reformed during 2019 and currently complies with the EU Benchmarks Regulation under a new hybrid methodology, the Group expects EURIBOR to continue as a benchmark interest rate for the foreseeable future. Therefore, the Group does not consider EURIBOR to be directly affected by the benchmark rate (BMR) reform as at 30 June 2022.

The cessation date for Euro, GBP, Swiss Franc (CHF), Japanese Yen (JPY) and One-Week and Two Month USD LIBOR was 31 December 2021 while the cessation date for USD LIBOR is 30 June 2023.

As at the cessation date 31 December 2021, the Group has transitioned substantially all relevant LIBOR and EONIA products to replacement rates. Progress continues on reducing a small number of contracts which transitioned using Tough Legacy legislation and the Group continues to engage with these counterparties.

A Group wide Benchmark Reform Programme continues to manage the orderly transition of USD LIBOR contracts, in line with regulatory guidance and is expected to conclude by the end of June 2023.

The table below shows the principal values of the Group's non-derivative exposures which remain subject to BMR Reform as at 30 June 2022, excluding USD LIBOR exposures with contractual maturities prior to the cessation date of 30 June 2023:

	30 June 2022				31 December 2021			
	GBP LIBOR €m	USD LIBOR €m	Other €m[1]	Total €m	GBP LIBOR €m	USD LIBOR €m	Other €m[1]	Total €m
Non-derivative financial assets								
Loans and advances to customers	120	2,854	—	2,974	676	3,110	2	3,788
Other financial assets at FVTPL	45	—	—	45	47	—	—	47
Debt securities at amortised cost	8	3	—	11	8	3	—	11
Total non-derivative financial assets	**173**	**2,857**	**—**	**3,030**	**731**	**3,113**	**2**	**3,846**
Non-derivative financial liabilities								
Debt securities in issue	—	4	—	4	—	237	—	237
Total non-derivative financial liabilities	**—**	**4**	**—**	**4**	**—**	**237**	**—**	**237**
Off balance sheet exposures								
Undrawn loan commitments[2]	29	496	—	525	45	648	—	693
Total off-balance sheet exposures	**29**	**496**	**—**	**525**	**45**	**648**	**—**	**693**

[1] Other exposures are made up of JPY LIBOR and CHF LIBOR.
[2] A portion of the Group's loan commitments are in the form of multi-currency facilities. Where facilities are fully undrawn, the commitment is reported under the BMR relating to the currency of the facility. Where the facilities are partially drawn, the remaining loan commitment is reported under the BMR relating to the currency with the largest drawn amount.

40 Interest rate benchmark reform *(continued)*

The table below shows the notional amounts of the Group's derivatives exposures which remain subject to BMR Reform as at 30 June 2022, excluding USD LIBOR exposures with contractual maturities prior to the cessation date of 30 June 2023. It also includes derivative financial instruments designated in hedge accounting relationships.

	30 June 2022			31 December 2021		
	GBP LIBOR €m	USD LIBOR €m	Total €m	GBP LIBOR €m	USD LIBOR €m	Total €m
Derivative financial assets						
OTC interest rate options	—	1,143	1,143	—	782	782
Interest rate swaps	135	692	827	509	1,252	1,761
Cross currency interest rate swaps	—	123	123	—	114	114
Total derivative financial assets	**135**	**1,958**	**2,093**	**509**	**2,148**	**2,657**
Derivative financial liabilities						
Interest rate swaps	—	1,296	1,296	870	721	1,591
OTC interest rate options	—	1,143	1,143	74	782	856
Cross currency interest rate swaps	—	123	123	5	114	119
Total derivative financial liabilities	**—**	**2,562**	**2,562**	**949**	**1,617**	**2,566**

41 Post balance sheet events

In July 2022, the Group together with the Irish State, AIB and PTSB became a founding member and shareholder in the 'First Home' Shared Equity Scheme (FHS). The FHS is an initiative under the Government's Affordable Housing Strategy which aims to provide eligible buyers greater access to homes which would otherwise be deemed unaffordable. The FHS is a shared-equity scheme which will be available to First Time Buyers (FTB) and certain other individuals seeking to purchase a newly built house or apartment in a private development anywhere in Ireland. The support provided to FTBs will take the form of a percentage equity stake in the home, bridging the gap between their deposit and mortgage and the purchase price of the new home. The Group will over time provide an investment of €70 million out of the €400 million total initial investment committed to by the shareholders. The first tranche was effective as of 7 July 2022 with an initial investment of €14 million provided by the Group.

42 Approval of interim report

The Board of Directors approved the Interim Report on 2 August 2022.

Other information

Supplementary asset quality and forbearance disclosures

The tables below (except for tables 3a and 3a-(i)) in 'Other information - Supplementary asset quality and forbearance disclosures' form an integral part of the interim financial statements as described in the basis of preparation in note 1. All other information in 'Other information - Supplementary asset quality and forbearance disclosures' is additional information and does not form part of the interim financial statements.

Retail Ireland mortgages

The following disclosures relate to the Retail Ireland mortgage loan book and provide additional detail and analysis on the composition and quality of this loan book.

The Group has an established infrastructure for the origination, underwriting and management of its mortgage portfolio. The processes of underwriting through to account management are centralised and no delegated discretions are in operation outside the centralised units. The mortgage process is a comprehensively documented process including evidence of key borrower information such as independent valuations of relevant security property.

Retail Ireland mortgage origination lending policy and guidelines are subject to annual governance. Each applicant is primarily assessed based on their ability and capacity to repay the loan while the creditworthiness of the applicant, value of the property and the individual circumstances of the applicant are key factors in the underwriting decision.

Lending criteria for the Retail Ireland mortgage portfolio include:
- repayment capacity of the borrower;
- loan to value (LTV) limits;
- loan to income (LTI) limits;
- mortgage term duration; and
- loan specific terms and conditions.

Unless otherwise indicated, excluded from the following tables are €0.2 billion of loans and advances to customers mandatorily held at FVTPL at 30 June 2022 (31 December 2021: €0.2 billion) relating to the Life Loan mortgage product, which was offered by the Group until November 2010 and which are not subject to impairment under IFRS 9 (note 21).

Book composition

Loan volumes

The tables below summarise the composition and risk profile of the Retail Ireland mortgage loan book.

The following tables reflect the Retail Ireland mortgages at amortised cost at 30 June 2022 and 31 December 2021. The tables exclude undrawn loan commitments relating to Retail Ireland mortgages of €1,587 million at 30 June 2022 (31 December 2021: €1,258 million) that are subject to impairment under IFRS 9.

Table: 1a **Retail Ireland mortgages - Volumes (before impairment loss allowance) by interest rate type**	**30 June 2022** **€m**	**%**	**31 December 2021** **€m**	**%**
Tracker rates	6,338	28%	6,823	30%
Variable rates	2,223	10%	2,472	11%
Fixed rates	13,772	62%	13,103	59%
Total Retail Ireland mortgages	**22,333**	**100%**	**22,398**	**100%**

Table: 1b **30 June 2022** **Retail Ireland mortgages - Volumes (before impairment loss allowance) by product type**	**Stage 1 (not credit-impaired) €m**	**Stage 2 (not credit-impaired) €m**	**Subtotal (not credit-impaired) €m**	**Stage 3 (credit-impaired) €m**	**Purchased or originated credit-impaired €m**	**Total €m**
Owner occupied mortgages	18,933	1,116	20,049	605	2	20,656
Buy to let mortgages	1,208	188	1,396	279	2	1,677
Total Retail Ireland mortgages	**20,141**	**1,304**	**21,445**	**884**	**4**	**22,333**

Book composition *(continued)*

Loan volumes *(continued)*

Table: 1b 31 December 2021 Retail Ireland mortgages - Volumes (before impairment loss allowance) by product type	Stage 1 (not credit- impaired) €m	Stage 2 (not credit- impaired) €m	Subtotal (not credit- impaired) €m	Stage 3 (credit- impaired) €m	Purchased or originated credit- impaired €m	Total €m
Owner occupied mortgages	18,316	1,524	19,840	729	1	20,570
Buy to let mortgages	1,257	252	1,509	318	1	1,828
Total Retail Ireland mortgages	**19,573**	**1,776**	**21,349**	**1,047**	**2**	**22,398**

At 30 June 2022, Purchased or Originated Credit-impaired loans of €4 million (31 December 2021: €2 million) included €1 million (31 December 2021: €1 million) of loans which, while credit-impaired upon purchase or origination, were no longer credit-impaired at the reporting date due to improvements in credit risk. These loans will remain classified as Purchased or Originated Credit-impaired until derecognition.

At 30 June 2022, Retail Ireland mortgages were €22.3 billion (31 December 2021: €22.4 billion), a decrease of €0.1 billion or 0.5%. There was a €0.5 billion decrease in the tracker portfolio, a €0.3 billion decrease in the variable rate portfolio and an increase of €0.7 billion in the fixed rate portfolio. This increase in the fixed rate portfolio reflects the strong take up of fixed interest rate mortgages by both existing and new customers. The movement in the book size reflects a combination of factors including new mortgage lending, principal repayments and resolution activity.

The proportion of the Retail Ireland mortgage portfolio on a 'full principal and interest' repayment basis at 30 June 2022 was 99% (31 December 2021: 98%) with the balance of 1% on an 'interest only' repayment basis (31 December 2021: 2%). Of the Owner occupied mortgages of €20.7 billion, 99% were on a 'full principal and interest' repayment basis (31 December 2021: 99%), while 94% of the Buy to let (BTL) mortgages of €1.7 billion were on a 'full principal and interest' repayment basis (31 December 2021: 93%). It is the Group's policy to revert all loans to a 'full principal and interest' basis on expiry of the 'interest only' period.

'Full principal and interest' repayment basis mortgages consist of mortgages that are contracted to be repaid over the agreed term on an amortising basis. The typical term at origination for these mortgages was between 20 to 30 years.

'Interest only' mortgages typically consist of mortgages where the repayment consists of the full interest element (or greater) for an agreed period at the end of which the mortgage repayment basis becomes 'full principal and interest' contracted to be repaid over the agreed term. Interest only periods on Retail Ireland mortgages typically range between three and five years.

Book composition *(continued)*

Origination profile

The table below shows the origination of the Retail Ireland mortgage loan book. The lending originated in each year is net of related redemptions. For phased drawdowns, the year of the initial drawdown is classified as the year of origination. The 'number of accounts' does not equate to either the number of customers or the number of properties.

The table below includes Purchased or Originated Credit-impaired loans of €4 million at 30 June 2022 (31 December 2021: €2 million) of which €1 million (31 December 2021: €1 million) of loans were no longer credit-impaired at the reporting date due to improvements in credit risk. These loans will remain classified as Purchased or Originated Credit-impaired until derecognition.

Table: 2 Origination of Retail Ireland mortgage loan book (before impairment loss allowance)	30 June 2022				31 December 2021			
	Total Retail Ireland mortgage loan book		Non-performing exposures		Total Retail Ireland mortgage loan book		Non-performing exposures	
	Balance €m	Number of accounts	Balance €m	Number of accounts	Balance €m	Number of accounts	Balance €m	Number of accounts
2000 and before	78	3,119	15	376	89	3,403	17	431
2001	73	1,903	9	125	81	2,021	10	147
2002	158	3,567	22	222	178	4,260	24	264
2003	344	6,307	40	375	381	6,660	45	453
2004	666	9,237	63	549	729	9,702	76	645
2005	1,183	12,717	131	771	1,279	13,271	148	905
2006	1,878	16,647	205	1,069	2,034	17,418	249	1,319
2007	1,698	14,378	178	941	1,823	15,127	212	1,128
2008	1,229	10,540	111	606	1,321	10,976	134	713
2009	667	6,205	34	265	716	6,452	43	313
2010	496	4,277	10	79	533	4,489	13	108
2011	449	3,907	6	42	477	4,059	7	49
2012	395	3,580	5	37	419	3,729	5	41
2013	365	3,176	3	28	391	3,312	4	32
2014	558	4,340	4	30	598	4,546	5	35
2015	778	7,200	8	109	838	7,582	9	106
2016	915	6,909	18	166	992	7,245	21	170
2017	1,348	7,576	9	63	1,434	7,853	9	67
2018	1,749	8,657	5	32	1,851	8,970	6	32
2019	1,838	8,838	6	33	1,939	9,129	7	30
2020	1,901	8,611	4	15	1,991	8,860	3	14
2021	2,309	9,667	1	4	2,304	9,775	—	1
2022	1,258	4,959	—	—	—	—	—	—
Total	**22,333**	**166,317**	**887**	**5,937**	**22,398**	**168,839**	**1,047**	**7,003**

This table illustrates that at 30 June 2022, €2.5 billion or 11% of the Retail Ireland mortgage loan book originated before 2006, €4.8 billion or 22% between 2006 and 2008 and €15.0 billion or 67% in the years since 2008. At 30 June 2022, total non-performing exposures were €0.9 billion (31 December 2021: €1.0 billion) or 4% of the Retail Ireland mortgage loan book (31 December 2021: 5%), of which, €0.5 billion or 2% originated between 2006 and 2008. There has been a decrease in total NPEs in 2022 reflecting the securitisation of €0.1 billion of NPEs and effectiveness of the Group's operating infrastructure, restructure of customer mortgages on a sustainable basis and mortgage resolution activity, supported by improving economic conditions.

Book composition *(continued)*

Arrears profile

The tables below include €0.2 billion of loans mandatorily held at FVTPL at 30 June 2022 (31 December 2021: €0.2 billion) which are not subject to impairment under IFRS 9. The Industry source is CBI Mortgage Arrears Statistics Report, December 2021 - adjusted to exclude Bank of Ireland. The latest information published by the CBI is for the year ended 31 December 2021.

Table: 3a **Mortgage arrears** **Greater than 90 days past due** *(not an integral part of the interim financial statements)*	**30 June 2022** **%**	**31 December 2021** **%**	**30 June 2021** **%**	**31 December 2020** **%**
Number of accounts				
Retail Ireland Owner occupied mortgages	1.6%	1.7%	1.8%	1.9%
Industry Owner occupied (number of accounts)	n/a	5.3%	5.8%	6.2%
Retail Ireland Buy to let mortgages	4.2%	4.2%	4.3%	4.1%
Industry Buy to let (number of accounts)	n/a	13.9%	14.8%	15.4%
Value				
Retail Ireland Owner occupied mortgages	1.9%	2.1%	2.3%	2.3%
Industry Owner occupied (value)	n/a	7.9%	8.8%	8.9%
Retail Ireland Buy to let mortgages	12.1%	11.8%	11.5%	10.4%
Industry Buy to let (value)	n/a	22.0%	22.6%	23.0%

Table: 3a-(i) **Mortgage arrears** **720 days past due** *(not an integral part of the interim financial statements)*	**30 June 2022** **%**	**31 December 2021** **%**	**30 June 2021** **%**	**31 December 2020** **%**
Number of accounts				
Retail Ireland Owner occupied mortgages	1.0%	1.0%	1.0%	1.0%
Industry Owner occupied (number of accounts)	n/a	3.5%	3.9%	4.1%
Retail Ireland Buy to let mortgages	2.9%	2.8%	2.6%	2.3%
Industry Buy to let (number of accounts)	n/a	10.5%	11.3%	11.7%
Value				
Retail Ireland Owner occupied mortgages	1.4%	1.4%	1.5%	1.5%
Industry Owner occupied (value)	n/a	6.1%	6.7%	6.5%
Retail Ireland Buy to let mortgages	9.7%	9.0%	8.2%	7.1%
Industry Buy to let (value)	n/a	17.5%	18.4%	18.5%

This information indicates that the proportion (by number of accounts) of the Retail Ireland mortgage book in arrears (greater than 90 days past due) consistently remains significantly below the industry average for both Owner occupied (32% of industry average) and BTL (30% of industry average) mortgages. At 31 December 2021, 1.7% and 4.2% of Bank of Ireland's Retail Ireland Owner occupied and BTL mortgages respectively (by number of accounts) were greater than '90 days past due' compared to 5.3% and 13.9% respectively for the industry.

This information also indicates that the proportion (by number of accounts) of the Retail Ireland mortgage book in arrears greater than 720 days past due consistently remains significantly below the industry average for both Owner occupied (29% of industry average) and BTL (27% of industry average) mortgages. At 31 December 2021, 1.0% and 2.8% of Bank of Ireland's Retail Ireland Owner occupied and BTL mortgages respectively (by number of accounts) were greater than 720 days past due compared to 3.5% and 10.5% respectively for the industry.

Book composition *(continued)*

Loan to value profiles - total loans

The tables below set out the weighted average indexed LTV for the total Retail Ireland mortgage loan book. The tables exclude Purchased or Originated Credit-impaired loans of €4 million (31 December 2021: €2 million), €1 million (31 December 2021: €1 million) of which were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These loans will remain classified as Purchased or Originated Credit-impaired until derecognition.

Table: 3b 30 June 2022 Loan to value ratio of total Retail Ireland mortgages	Owner occupied Not credit-impaired €m	Credit-impaired €m	Total €m	Buy to let Not credit-impaired €m	Credit-impaired €m	Total €m	Total Not credit-impaired €m	Credit-impaired €m	Total €m
Less than 50%	9,213	184	9,397	1,018	42	1,060	10,231	226	10,457
51% to 70%	6,731	130	6,861	230	39	269	6,961	169	7,130
71% to 80%	2,943	51	2,994	42	10	52	2,985	61	3,046
81% to 90%	990	44	1,034	56	39	95	1,046	83	1,129
91% to 100%	145	33	178	17	18	35	162	51	213
Subtotal	**20,022**	**442**	**20,464**	**1,363**	**148**	**1,511**	**21,385**	**590**	**21,975**
101% to 120%	14	52	66	14	22	36	28	74	102
121% to 150%	7	40	47	5	24	29	12	64	76
Greater than 151%	6	71	77	14	85	99	20	156	176
Subtotal	**27**	**163**	**190**	**33**	**131**	**164**	**60**	**294**	**354**
Total	**20,049**	**605**	**20,654**	**1,396**	**279**	**1,675**	**21,445**	**884**	**22,329**
Weighted average LTV:									
Stock of Retail Ireland mortgages at period end			52%			55%			53%
New Retail Ireland mortgages during the period			74%			55%			74%

Property values are determined by reference to the property valuations held, indexed to the Central Statistics Office (CSO) Residential Property Price Index (RPPI). The indexed LTV profile of the Retail Ireland mortgage loan book contained in table 3b is based on the CSO RPPI at April 2022.

The CSO RPPI for April 2022 reported that average national residential property prices were 2.1% below peak (October 2021: 6.0% below peak), with Dublin residential prices and outside of Dublin residential prices 10.2% and 3.2% below peak respectively (31 December 2021: 12.8% and 8.0% below peak respectively). In the 4 months to April 2022, residential property prices at a national level increased by 2.4%.

At 30 June 2022, €22.0 billion or 98.4% of Retail Ireland mortgages were classified as being in positive equity, 99.1% for owner occupied mortgages and 90.2% for BTL mortgages.

The Retail Ireland mortgages weighted average LTV ratios are calculated at a property level and reflect the average property value in proportion to the outstanding mortgage.

Book composition *(continued)*

Loan to value profiles - total loans *(continued)*

Table: 3b 31 December 2021 Loan to value ratio of total Retail Ireland mortgages	Owner occupied Not credit-impaired €m	Owner occupied Credit-impaired €m	Owner occupied Total €m	Buy to let Not credit-impaired €m	Buy to let Credit-impaired €m	Buy to let Total €m	Total Not credit-impaired €m	Total Credit-impaired €m	Total Total €m
Less than 50%	8,759	212	8,971	1,036	46	1,082	9,795	258	10,053
51% to 70%	6,662	152	6,814	304	41	345	6,966	193	7,159
71% to 80%	3,316	73	3,389	47	15	62	3,363	88	3,451
81% to 90%	966	53	1,019	61	43	104	1,027	96	1,123
91% to 100%	95	48	143	18	24	42	113	72	185
Subtotal	**19,798**	**538**	**20,336**	**1,466**	**169**	**1,635**	**21,264**	**707**	**21,971**
101% to 120%	22	58	80	18	25	43	40	83	123
121% to 150%	12	51	63	9	29	38	21	80	101
Greater than 151%	8	82	90	16	95	111	24	177	201
Subtotal	**42**	**191**	**233**	**43**	**149**	**192**	**85**	**340**	**425**
Total	**19,840**	**729**	**20,569**	**1,509**	**318**	**1,827**	**21,349**	**1,047**	**22,396**

Weighted average LTV:	Owner occupied	Buy to let	Total
Stock of Retail Ireland mortgages at year end	54%	58%	54%
New Retail Ireland mortgages during the year	71%	53%	71%

Book composition *(continued)*

Risk profile

The table below provides an analysis of the Retail Ireland mortgages at amortised cost by IFRS 9 twelve month PD grade. The table excludes Purchased or originated credit-impaired loans of €4 million (31 December 2021: €2 million), €1 million (31 December 2021: €1 million) of which were no longer credit-impaired at the reporting date. These loans will remain classified as Purchased or originated credit-impaired loans until derecognition.

Table: 3c Risk profile of Retail Ireland mortgage loan book (before impairment loss allowance) - PD Grade	30 June 2022						31 December 2021					
	Owner occupied		Buy to let		Total		Owner occupied		Buy to let		Total	
	Performing €m	Non-performing €m	Performing €m	Non-performing €m	Performing €m	Non-performing €m	Performing €m	Non-performing €m	Performing €m	Non-performing €m	Performing €m	Non-performing €m
Not credit-impaired												
Stage 1												
1-4	5,519	—	134	—	5,653	—	2,107	—	27	—	2,134	—
5-7	12,326	—	797	—	13,123	—	14,740	—	767	—	15,507	—
8-9	742	—	165	—	907	—	1,032	—	267	—	1,299	—
10-11	346	—	112	—	458	—	437	—	196	—	633	—
Total Stage 1	**18,933**	**—**	**1,208**	**—**	**20,141**	**—**	**18,316**	**—**	**1,257**	**—**	**19,573**	**—**
Stage 2												
1-4	16	—	1	—	17	—	10	—	—	—	10	—
5-7	442	—	34	—	476	—	829	—	54	—	883	—
8-9	134	—	25	—	159	—	228	—	48	—	276	—
10-11	524	—	128	—	652	—	457	—	150	—	607	—
Total Stage 2	**1,116**	**—**	**188**	**—**	**1,304**	**—**	**1,524**	**—**	**252**	**—**	**1,776**	**—**
Not credit-impaired (Stage 1 & Stage 2)												
1-4	5,535	—	135	—	5,670	—	2,117	—	27	—	2,144	—
5-7	12,768	—	831	—	13,599	—	15,569	—	821	—	16,390	—
8-9	876	—	190	—	1,066	—	1,260	—	315	—	1,575	—
10-11	870	—	240	—	1,110	—	894	—	346	—	1,240	—
Subtotal - not credit-impaired	**20,049**	**—**	**1,396**	**—**	**21,445**	**—**	**19,840**	**—**	**1,509**	**—**	**21,349**	**—**
Credit-impaired (Stage 3)												
12	—	605	—	279	—	884	—	729	—	318	—	1,047
Subtotal - credit-impaired	**—**	**605**	**—**	**279**	**—**	**884**	**—**	**729**	**—**	**318**	**—**	**1,047**
Total	**20,049**	**605**	**1,396**	**279**	**21,445**	**884**	**19,840**	**729**	**1,509**	**318**	**21,349**	**1,047**

Asset quality

Composition and impairment

The tables below summarise the composition of NPEs and impairment loss allowance for the Retail Ireland mortgage portfolio. The tables exclude Purchased or Originated Credit-impaired loans of €4 million (31 December 2021: €2 million), €1 million (31 December 2021: €1 million) of which were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These loans will remain classified as Purchased or Originated Credit-impaired until derecognition.

Table: 4 30 June 2022 Retail Ireland mortgages	Advances (before impairment loss allowance) €m	Non-performing exposures €m	Non-performing exposures as % of advances %	Impairment loss allowance €m	Impairment loss allowance as % of non-performing exposures %	Impairment loss allowance as % advances %
Stage 1 not credit-impaired						
Owner occupied mortgages	18,933	—	—	11	—	—
Buy to let mortgages	1,208	—	—	2	—	—
Total	**20,141**	**—**	**—**	**13**	**—**	**—**
Stage 2 not credit-impaired						
Owner occupied mortgages	1,116	—	—	34	—	3%
Buy to let mortgages	188	—	—	9	—	5%
Total	**1,304**	**—**	**—**	**43**	**—**	**3%**
Stage 3 credit-impaired						
Owner occupied mortgages	605	605	100%	212	35%	35%
Buy to let mortgages	279	279	100%	139	50%	50%
Total	**884**	**884**	**100%**	**351**	**40%**	**40%**
Total						
Owner occupied mortgages	20,654	605	3%	257	42%	1%
Buy to let mortgages	1,675	279	17%	150	54%	9%
Total	**22,329**	**884**	**4%**	**407**	**46%**	**2%**

Total NPEs at 30 June 2022 of €0.9 billion were €0.2 billion lower than at 31 December 2021.

Owner occupied NPEs of €0.6 billion were €0.1 billion lower than 31 December 2021 (31 December 2021: €0.7 billion) and BTL NPEs were €0.3 billion, the same level as at 31 December 2021 (31 December 2021: €0.3 billion).

The reduction in NPEs reflects the securitisation of €0.1 billion of NPEs in addition to the effectiveness of the Group's operating infrastructure, restructure of customer mortgages on a sustainable basis, mortgage resolution activity and improving economic conditions.

Asset quality *(continued)*

Composition and impairment *(continued)*

Table: 4 31 December 2021 Retail Ireland mortgages	Advances (before impairment loss allowance) €m	Non-performing exposures €m	Non-performing exposures as % of advances %	Impairment loss allowance €m	Impairment loss allowance as % of non-performing exposures %	Impairment loss allowance as % advances %
Stage 1 not credit-impaired						
Owner occupied mortgages	18,316	—	—	14	—	—
Buy to let mortgages	1,257	—	—	3	—	—
Total	**19,573**	**—**	**—**	**17**	**—**	**—**
Stage 2 not credit-impaired						
Owner occupied mortgages	1,524	—	—	36	—	2%
Buy to let mortgages	252	—	—	11	—	4%
Total	**1,776**	**—**	**—**	**47**	**—**	**3%**
Stage 3 credit-impaired						
Owner occupied mortgages	729	729	100%	211	29%	29%
Buy to let mortgages	318	318	100%	151	47%	47%
Total	**1,047**	**1,047**	**100%**	**362**	**35%**	**35%**
Total						
Owner occupied mortgages	20,569	729	4%	261	36%	1%
Buy to let mortgages	1,827	318	17%	165	52%	9%
Total	**22,396**	**1,047**	**5%**	**426**	**41%**	**2%**

Retail UK mortgages

The following disclosures relate to the Retail UK mortgage loan book. These provide additional detail and analysis on the composition and quality of this loan book.

The Group has an established infrastructure for the origination, underwriting and management of its mortgage portfolio. The processes of underwriting through to account management are centralised and no delegated discretions are in operation outside the centralised units. The mortgage process is a comprehensively documented process with documentary evidence of key borrower information including independent valuations of relevant security property.

Retail UK mortgage origination lending policy and guidelines are subject to annual governance. Each applicant is primarily assessed based on their ability and capacity to repay the loan. In addition to the above, the credit worthiness of the applicant, value of the property and the individual circumstances of the applicant are key factors in the underwriting decision.

Lending criteria for the Retail UK mortgage portfolio include:
- repayment capacity of the borrower;
- LTV limits;
- LTI limits;
- mortgage term duration; and
- loan specific terms and conditions.

Book composition

Loan volumes

The table below summarises the composition and risk profile of the Retail UK mortgage loan book. The table excludes loan commitments relating to Retail UK mortgages of £435 million at 30 June 2022 (31 December 2021: £410 million) that are subject to impairment.

Table: 1a **Retail UK mortgages - Volumes (before impairment loss allowance) by interest rate type**	**30 June 2022**		**31 December 2021**	
	£m	**%**	**£m**	**%**
Tracker rates	4,091	26%	4,536	26%
Variable rates	1,724	11%	1,857	11%
Fixed rates	9,962	63%	11,139	63%
Total Retail UK mortgages	**15,777**	**100%**	**17,532**	**100%**

At 30 June 2022, Retail UK mortgages were £15.8 billion (31 December 2021: £17.5 billion). The decrease of £1.7 billion or 10% reflects new business generation offset by redemptions in the book.

New mortgage business continues to be sourced through distribution arrangements with selected strategic partners and the Group's branch network in NI.

Tracker mortgages were £4.1 billion or 26% of the Retail UK mortgages compared to £4.5 billion or 26% at 31 December 2021, a decrease of £0.4 billion. Variable rate mortgages were £1.7 billion or 11% of the Retail UK mortgages compared to £1.9 billion or 11% at 31 December 2021, a decrease of £0.2 billion.

Fixed rate mortgages were £10.0 billion or 63% of the Retail UK mortgages compared to £11.1 billion or 63% at 31 December 2021, a decrease of £1.1 billion.

Book composition *(continued)*

Loan volumes *(continued)*

The tables below summarise the composition and risk profile of the Retail UK mortgage loan book. The tables exclude loan commitments relating to Retail UK mortgages of £435 million at 30 June 2022 (31 December 2021: £410 million) that are subject to impairment.

Table: 1b 30 June 2022 Retail UK mortgages - Volumes (before impairment loss allowance) by product type	Stage 1 (not credit-impaired) £m	Stage 2 (not credit-impaired) £m	Subtotal (not credit-impaired) £m	Stage 3 (credit-impaired) £m	Purchased or originated credit-impaired £m	Total £m
Standard mortgages	8,493	160	8,653	231	—	8,884
Buy to let mortgages	5,400	214	5,614	167	—	5,781
Self certified mortgages	812	79	891	221	—	1,112
Total Retail UK mortgages	**14,705**	**453**	**15,158**	**619**	**—**	**15,777**

Table: 1b 31 December 2021 Retail UK mortgages - Volumes (before impairment loss allowance) by product type	Stage 1 (not credit-impaired) £m	Stage 2 (not credit-impaired) £m	Subtotal (not credit-impaired) £m	Stage 3 (credit-impaired) £m	Purchased or originated credit-impaired £m	Total £m
Standard mortgages	9,173	442	9,615	224	—	9,839
Buy to let mortgages	6,079	249	6,328	164	—	6,492
Self certified mortgages	827	152	979	222	—	1,201
Total Retail UK mortgages	**16,079**	**843**	**16,922**	**610**	**—**	**17,532**

Book composition *(continued)*

Origination profile

The table below shows the origination of the Retail UK mortgage loan book. The lending originated in each year is net of related redemptions. For phased drawdowns, the year of the initial drawdown is classified as the year of origination. The 'number of accounts' does not equate to either the number of customers or the number of properties.

Table: 2 Origination of Retail UK mortgage loan book (before impairment loss allowance)	30 June 2022				31 December 2021			
	Total Retail UK mortgage loan book		Non-performing exposures		Total Retail UK mortgage loan book		Non-performing exposures	
	Balance £m	Number of accounts	Balance £m	Number of accounts	Balance £m	Number of accounts	Balance £m	Number of accounts
2000 and before	50	1,638	9	176	58	1,901	9	183
2001	49	871	5	60	55	967	6	72
2002	69	1,148	5	66	78	1,301	4	50
2003	175	2,316	21	182	191	2,508	21	180
2004	217	2,706	25	202	237	2,947	25	213
2005	634	6,561	59	509	688	7,065	61	514
2006	925	9,168	90	751	1,013	9,950	96	791
2007	1,491	14,000	146	1,149	1,635	15,303	136	1,069
2008	2,107	19,143	169	1,276	2,284	20,574	171	1,270
2009	182	2,058	9	99	201	2,231	9	90
2010	119	1,299	3	30	134	1,431	5	39
2011	76	839	3	23	86	910	2	23
2012	74	771	3	22	85	861	2	17
2013	95	941	2	11	109	1,037	2	15
2014	183	1,773	5	37	217	2,023	5	35
2015	394	3,464	6	50	475	3,993	5	48
2016	378	3,271	7	66	459	3,862	6	47
2017	881	7,515	14	109	1,231	10,058	12	93
2018	1,331	11,329	11	101	1,605	13,240	12	100
2019	1,549	11,881	15	112	1,792	13,559	14	105
2020	2,302	13,495	10	71	2,766	16,310	6	45
2021	2,065	8,669	2	14	2,133	8,884	1	7
2022	431	1,596	—	—	—	—	—	—
Total	**15,777**	**126,452**	**619**	**5,116**	**17,532**	**140,915**	**610**	**5,006**

The table above illustrates that at 30 June 2022, £1.2 billion or 7% of the Retail UK mortgage loan book originated before 2006, £4.5 billion or 29% between 2006 and 2008 and £10.1 billion or 64% in the years since.

Non-performing Retail UK mortgages were £0.6 billion or 3.9% (31 December 2021: £0.6 billion or 3.5%) of the Retail UK mortgage loan book at 30 June 2022, of which £0.4 billion or 2.6% originated between 2006 and 2008 (31 December 2021: £0.4 billion or 2.3%).

Book composition *(continued)*

Arrears profile

Table: 3a **Mortgage arrears** **Greater than 90 days past due** *(not an integral part of the interim financial statements)*	**30 June 2022** **%**	**31 December 2021** **%**	**30 June 2021** **%**
Number of accounts			
Standard mortgages	0.93%	0.90%	0.85%
Buy to let mortgages	0.91%	0.89%	0.92%
Self certified mortgages	4.12%	4.33%	4.54%
Value			
Standard mortgages	0.69%	0.66%	0.66%
Buy to let mortgages	0.91%	0.87%	0.90%
Self certified mortgages	5.15%	5.55%	5.69%

Loan to value profiles - total loans

	Standard		**Buy to let**		**Self certified**		**Total**		
Table: 3b **30 June 2022** **Loan to value ratio of total Retail UK mortgages**	**Not credit-impaired £m**	**Credit-impaired £m**	**Not credit-impaired £m**	**Credit-impaired £m**	**Not credit-impaired £m**	**Credit-impaired £m**	**Not credit-impaired £m**	**Credit-impaired £m**	**Total £m**
Less than 50%	2,610	97	3,108	80	565	90	6,283	267	6,550
51% to 70%	3,733	95	2,377	76	300	101	6,410	272	6,682
71% to 80%	1,803	24	122	10	20	18	1,945	52	1,997
81% to 90%	488	8	5	—	3	4	496	12	508
91% to 100%	11	3	2	1	1	2	14	6	20
Subtotal	**8,645**	**227**	**5,614**	**167**	**889**	**215**	**15,148**	**609**	**15,757**
101% to 120%	7	3	—	—	2	4	9	7	16
121% to 150%	1	1	—	—	—	1	1	2	3
Greater than 150%	—	—	—	—	—	1	—	1	1
Subtotal	**8**	**4**	**—**	**—**	**2**	**6**	**10**	**10**	**20**
Total	**8,653**	**231**	**5,614**	**167**	**891**	**221**	**15,158**	**619**	**15,777**
Weighted average LTV:									
Stock of Retail UK mortgages at period end	57%	53%	48%	51%	44%	54%	53%	53%	53%
New Retail UK mortgages during the period	73%	—	64%	—	31%	—	72%	—	72%

The table above sets out the weighted average indexed LTV for the total Retail UK mortgage loan book, which was 53% at 30 June 2022. The weighted average LTV for new Residential mortgages written during 2022 was 72%, 73% for Standard mortgages and 64% for BTL mortgages.

Property values are determined by reference to the original or latest property valuations held, indexed to the published 'Nationwide UK House Price Index'.

At 30 June 2022, £15.8 billion or 99.9% of the Retail UK mortgage book was in positive equity (31 December 2021: £17.5 billion or 99.8%), comprising £8.9 billion or 99.9% of Standard mortgages (31 December 2021: £9.8 billion or 99.8%), £5.8 billion or 100% of BTL mortgages (31 December 2021: £6.5 billion or 100%) and £1.1 billion or 99.3% of Self certified mortgages (31 December 2021: £1.2 billion or 99.3%).

The improvement reflects the upward movement in house prices in the H122 with annual house price growth of 10.7% on average across the UK in June 2022, with significant regional variances, together with capital reductions and principal repayments.

Weighted average LTV ratios are calculated at a property level and reflect the average of property values in proportion to the outstanding mortgage.

Book composition *(continued)*

Loan to value profiles - total loans *(continued)*

Table: 3b 31 December 2021 Loan to value ratio of total Retail UK mortgages	Standard Not credit-impaired £m	Standard Credit-impaired £m	Buy to let Not credit-impaired £m	Buy to let Credit-impaired £m	Self certified Not credit-impaired £m	Self certified Credit-impaired £m	Total Not credit-impaired £m	Total Credit-impaired £m	Total £m
Less than 50%	2,526	81	2,908	64	529	74	5,963	219	6,182
51% to 70%	3,411	87	3,067	79	388	106	6,866	272	7,138
71% to 80%	2,588	32	330	16	50	22	2,968	70	3,038
81% to 90%	977	12	18	3	9	10	1,004	25	1,029
91% to 100%	101	4	3	1	—	4	104	9	113
Subtotal	**9,603**	**216**	**6,326**	**163**	**976**	**216**	**16,905**	**595**	**17,500**
101% to 120%	9	5	2	1	2	4	13	10	23
121% to 150%	3	2	—	—	1	1	4	3	7
Greater than 150%	—	1	—	—	—	1	—	2	2
Subtotal	**12**	**8**	**2**	**1**	**3**	**6**	**17**	**15**	**32**
Total	**9,615**	**224**	**6,328**	**164**	**979**	**222**	**16,922**	**610**	**17,532**
Weighted average LTV:									
Stock of Retail UK mortgages at year end	61%	57%	51%	54%	48%	58%	56%	57%	56%
New Retail UK mortgages during year	76%	71%	65%	55%	29%	—	74%	65%	74%

Book composition *(continued)*

Risk profile

The table below provides an analysis of the Retail UK mortgages at amortised cost by IFRS 9 twelve month PD grade.

Table: 3c 30 June 2022 Risk profile of Retail UK mortgage loan book (before impairment loss allowance) PD Grade	Standard Performing £m	Standard Non-performing £m	Buy to let Performing £m	Buy to let Non-performing £m	Self certified Performing £m	Self certified Non-performing £m	Total Performing £m	Total Non-performing £m
Not credit-impaired								
Stage 1								
1-4	851	—	840	—	3	—	1,694	—
5-7	7,542	—	4,351	—	229	—	12,122	—
8-9	72	—	101	—	479	—	652	—
10-11	28	—	108	—	101	—	237	—
Total Stage 1	**8,493**	**—**	**5,400**	**—**	**812**	**—**	**14,705**	**—**
Stage 2								
1-4	2	—	3	—	—	—	5	—
5-7	30	—	38	—	6	—	74	—
8-9	18	—	40	—	29	—	87	—
10-11	110	—	133	—	44	—	287	—
Total Stage 2	**160**	**—**	**214**	**—**	**79**	**—**	**453**	**—**
Not credit-impaired (Stage 1 & Stage 2)								
1-4	853	—	843	—	3	—	1,699	—
5-7	7,572	—	4,389	—	235	—	12,196	—
8-9	90	—	141	—	508	—	739	—
10-11	138	—	241	—	145	—	524	—
Subtotal - not credit-impaired	**8,653**	**—**	**5,614**	**—**	**891**	**—**	**15,158**	**—**
Credit-impaired (Stage 3)								
12	—	231	—	167	—	221	—	619
Subtotal - credit-impaired	**—**	**231**	**—**	**167**	**—**	**221**	**—**	**619**
Total	**8,653**	**231**	**5,614**	**167**	**891**	**221**	**15,158**	**619**

The not credit-impaired PD grading reduced from £16,922 million at 31 December 2021 to 30 June 2022 to £15,158 million (10.4%) which reflects the reduction in overall book size.

Book composition *(continued)*

Risk profile *(continued)*

The table below provides an analysis of the Retail UK mortgages at amortised cost by IFRS 9 twelve month PD grade.

Table: 3c 31 December 2021 Risk profile of Retail UK mortgage loan book (before impairment loss allowance) PD Grade	Standard Performing £m	Standard Non-performing £m	Buy to let Performing £m	Buy to let Non-performing £m	Self certified Performing £m	Self certified Non-performing £m	Total Performing £m	Total Non-performing £m
Not credit-impaired								
Stage 1								
1-4	962	—	146	—	4	—	1,112	—
5-7	8,056	—	5,442	—	205	—	13,703	—
8-9	76	—	333	—	569	—	978	—
10-11	79	—	158	—	49	—	286	—
Total Stage 1	**9,173**	**—**	**6,079**	**—**	**827**	**—**	**16,079**	**—**
Stage 2								
1-4	18	—	—	—	—	—	18	—
5-7	331	—	167	—	35	—	533	—
8-9	18	—	35	—	81	—	134	—
10-11	75	—	47	—	36	—	158	—
Total Stage 2	**442**	**—**	**249**	**—**	**152**	**—**	**843**	**—**
Not credit-impaired (Stage 1 & Stage 2)								
1-4	980	—	146	—	4	—	1,130	—
5-7	8,387	—	5,609	—	240	—	14,236	—
8-9	94	—	368	—	650	—	1,112	—
10-11	154	—	205	—	85	—	444	—
Subtotal - not credit-impaired	**9,615**	**—**	**6,328**	**—**	**979**	**—**	**16,922**	**—**
Credit-impaired (Stage 3)								
12	—	224	—	164	—	222	—	610
Subtotal - credit-impaired	**—**	**224**	**—**	**164**	**—**	**222**	**—**	**610**
Total	**9,615**	**224**	**6,328**	**164**	**979**	**222**	**16,922**	**610**

Asset quality

Composition and impairment

The table below summarises the composition of NPEs and impairment loss allowance for the Retail UK mortgage portfolio.

Table: 4 30 June 2022 Retail UK mortgages	Advances (before impairment loss allowance) £m	Non-performing exposures £m	Non-performing exposures as % of advances %	Impairment loss allowance £m	Impairment loss allowance as % of non-performing exposures %	Impairment loss allowance as % of advances %
Stage 1 not credit-impaired						
Standard mortgages	8,493	—	—	3	—	—
Buy to let mortgages	5,400	—	—	4	—	—
Self certified mortgages	812	—	—	1	—	—
Total	**14,705**	**—**	**—**	**8**	**—**	**—**
Stage 2 not credit-impaired						
Standard mortgages	160	—	—	3	—	2%
Buy to let mortgages	214	—	—	5	—	2%
Self certified mortgages	79	—	—	2	—	3%
Total	**453**	**—**	**—**	**10**	**—**	**2%**
Stage 3 credit-impaired						
Standard mortgages	231	231	100%	25	11%	11%
Buy to let mortgages	167	167	100%	22	13%	13%
Self certified mortgages	221	221	100%	23	10%	10%
Total	**619**	**619**	**100%**	**70**	**11%**	**11%**
Total						
Standard mortgages	8,884	231	3%	31	13%	—
Buy to let mortgages	5,781	167	3%	31	19%	1%
Self certified mortgages	1,112	221	20%	26	12%	2%
Total	**15,777**	**619**	**4%**	**88**	**14%**	**1%**

Total NPEs of £619 million were £9 million higher than at 31 December 2021. Owner occupied NPEs of £452 million were £6 million higher than at 31 December 2021. BTL NPEs of £167 million were £3 million higher than at 31 December 2021.

Asset quality *(continued)*

Composition and impairment *(continued)*

The table below summarises the composition of NPEs and impairment loss allowance for the Retail UK mortgage portfolio.

Table: 4 31 December 2021 Retail UK mortgages	Advances (before impairment loss allowance) £m	Non-performing exposures £m	Non-performing exposures as % of advances %	Impairment loss allowance £m	Impairment loss allowance as % of non-performing exposures %	Impairment loss allowance as % of advances %
Standard mortgages	9,173	—	—	3	—	—
Buy to let mortgages	6,079	—	—	4	—	—
Self certified mortgages	827	—	—	1	—	—
Total	**16,079**	**—**	**—**	**8**	**—**	**—**
Stage 2 not credit-impaired						
Standard mortgages	442	—	—	4	—	1%
Buy to let mortgages	249	—	—	4	—	2%
Self certified mortgages	152	—	—	3	—	2%
Total	**843**	**—**	**—**	**11**	**—**	**1%**
Stage 3 credit-impaired						
Standard mortgages	224	224	100%	16	7%	7%
Buy to let mortgages	164	164	100%	15	9%	9%
Self certified mortgages	222	222	100%	15	7%	7%
Total	**610**	**610**	**100%**	**46**	**8%**	**8%**
Total						
Standard mortgages	9,839	224	2%	23	10%	—
Buy to let mortgages	6,492	164	3%	23	14%	—
Self certified mortgages	1,201	222	18%	19	9%	2%
Total	**17,532**	**610**	**3%**	**65**	**11%**	**—**

Group forbearance disclosures

Risk profile of forborne loans and advances to customers

The Group's total risk profile of loans and advances to customers at amortised cost at 30 June 2022 of €76.2 billion is available in note 22. Exposures are before impairment loss allowance.

Table: 1 30 June 2022 Loans and advances to customers at amortised cost - Composition	Stage 1 (not credit-impaired) €m	Stage 2 (not credit-impaired) €m	Stage 3 (credit-impaired) €m	Purchased / originated credit-impaired €m	Total €m
Non-forborne loans and advances to customers					
Residential mortgages	37,274	1,523	848	1	39,646
Retail Ireland	*20,138*	*1,067*	*263*	*1*	*21,469*
Retail UK	*17,136*	*456*	*585*	*—*	*18,177*
Non-property SME and corporate	15,612	2,700	371	—	18,683
Republic of Ireland SME	*4,721*	*1,504*	*251*	*—*	*6,476*
UK SME	*1,298*	*206*	*74*	*—*	*1,578*
Corporate	*9,593*	*990*	*46*	*—*	*10,629*
Property and construction	4,166	2,980	50	—	7,196
Investment	*3,525*	*2,621*	*41*	*—*	*6,187*
Development	*641*	*359*	*9*	*—*	*1,009*
Consumer	5,129	232	129	—	5,490
Other[1]	(400)	—	—	—	(400)
Total non-forborne loans and advances to customers	**61,781**	**7,435**	**1,398**	**1**	**70,615**
Forborne loans and advances to customers					
Residential mortgages	4	309	758	3	1,074
Retail Ireland	*3*	*237*	*621*	*3*	*864*
Retail UK	*1*	*72*	*137*	*—*	*210*
Non-property SME and corporate	—	1,775	1,159	16	2,950
Republic of Ireland SME	*—*	*315*	*433*	*—*	*748*
UK SME	*—*	*87*	*54*	*—*	*141*
Corporate	*—*	*1,373*	*672*	*16*	*2,061*
Property and construction	—	730	718	62	1,510
Investment	*—*	*664*	*699*	*62*	*1,425*
Development	*—*	*66*	*19*	*—*	*85*
Consumer	—	1	4	—	5
Total forborne loans and advances to customers	**4**	**2,815**	**2,639**	**81**	**5,539**

At 30 June 2022, the forborne Purchased or Originated Credit-impaired loans included €1 million of loans (31 December 2021: €1 million) which, while credit-impaired upon purchase or origination, were no longer credit-impaired at the reporting date due to improvement in credit risk. These loans will remain classified as Purchased or Originated Credit-impaired loans until derecognition.

[1] *Other relates to a fair value hedge adjustment on loans and advances to customers.*

Group forbearance disclosures *(continued)*

Risk profile of forborne loans and advances to customers *(continued)*

Table: 1 31 December 2021 Loans and advances to customers at amortised cost - Composition	**Stage 1 (not credit-impaired) €m**	**Stage 2 (not credit-impaired) €m**	**Stage 3 (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total €m**
Non-forborne loans and advances to customers					
Residential mortgages	38,707	2,407	876	1	41,991
Retail Ireland	*19,572*	*1,486*	*293*	*1*	*21,352*
Retail UK	*19,135*	*921*	*583*	—	*20,639*
Non-property SME and corporate	14,430	2,899	352	—	17,681
Republic of Ireland SME	*4,258*	*1,702*	*240*	—	*6,200*
UK SME	*1,161*	*356*	*77*	—	*1,594*
Corporate	*9,011*	*841*	*35*	—	*9,887*
Property and construction	3,280	3,583	55	—	6,918
Investment	*2,596*	*3,304*	*44*	—	*5,944*
Development	*684*	*279*	*11*	—	*974*
Consumer	4,863	228	133	—	5,224
Other[1]	(76)	—	—	—	(76)
Total non-forborne loans and advances to customers	**61,204**	**9,117**	**1,416**	**1**	**71,738**
Forborne loans and advances to customers					
Residential mortgages	1	372	897	1	1,271
Retail Ireland	*1*	*290*	*754*	*1*	*1,046*
Retail UK	—	*82*	*143*	—	*225*
Non-property SME and corporate	—	2,201	953	15	3,169
Republic of Ireland SME	—	*374*	*440*	—	*814*
UK SME	—	*94*	*60*	—	*154*
Corporate	—	*1,733*	*453*	*15*	*2,201*
Property and construction	—	716	915	64	1,695
Investment	—	*649*	*895*	*64*	*1,608*
Development	—	*67*	*20*	—	*87*
Consumer	—	1	4	—	5
Total forborne loans and advances to customers	**1**	**3,290**	**2,769**	**80**	**6,140**

[1] *Other relates to a fair value hedge adjustment on loans and advances to customers.*

Group forbearance disclosures *(continued)*

Risk profile of non-performing exposures

The tables below exclude NPEs relating to loans and advances to customers measured at FVTPL of €31 million (31 December 2021: €31 million) and include Purchased or originated credit-impaired assets which remain credit-impaired at the reporting date.

Table: 2 **30 June 2022** **Risk profile of loans and advances to customers at amortised cost - non-performing exposures**	**Residential mortgages €m**	**Non-property SME and corporate €m**	**Property and construction €m**	**Consumer €m**	**Total €m**
Non-forborne loans and advances to customers					
Credit-impaired	817	371	50	129	1,367
Not credit-impaired	31	9	6	1	47
Total non-forborne loans and advances to customers	**848**	**380**	**56**	**130**	**1,414**
Forborne loans and advances to customers					
Credit-impaired	761	1,175	780	4	2,720
Not credit-impaired	—	—	—	—	—
Total forborne loans and advances to customers	**761**	**1,175**	**780**	**4**	**2,720**

Table: 2 **31 December 2021** **Risk profile of loans and advances to customers at amortised cost - non-performing exposures**	**Residential mortgages €m**	**Non-property SME and corporate €m**	**Property and construction €m**	**Consumer €m**	**Total €m**
Non-forborne loans and advances to customers					
Credit-impaired	846	352	55	133	1,386
Not credit-impaired	31	7	6	1	45
Total non-forborne loans and advances to customers	**877**	**359**	**61**	**134**	**1,431**
Forborne loans and advances to customers					
Credit-impaired	897	968	979	4	2,848
Not credit-impaired	—	1	—	—	1
Total forborne loans and advances to customers	**897**	**969**	**979**	**4**	**2,849**

Consolidated average balance sheet and interest rates

The following tables show the average balances and interest rates of interest earning assets and interest bearing liabilities for 30 June 2022 and 31 December 2021. The calculations of average balances can be based on daily, weekly or monthly averages, depending on the reporting unit. The average balances used are considered to be representative of the operations of the Group. Average balances are presented on an underlying basis excluding non-core items, see page 12 for further details.

Interest represents underlying interest income or underlying interest expense recognised on interest bearing items net of interest on derivatives which are in a hedge relationship with the relevant asset or liability. For H122 €5 million of a credit (31 December 2021: €8 million credit) to interest income relating to customer redress charges are excluded as non-core items.

The Group's operating divisions are managed on a product margin basis, with funding and interest exposure managed centrally. The explanation of the underlying business trends in the Group's NIM is outlined on page 8.

	30 June 2022			31 December 2021		
	Average Balance €m	Interest €m[1]	Rate %	Average Balance €m	Interest €m	Rate %
Assets						
Loans and advances to banks	36,908	(48)	(0.26%)	24,627	(72)	(0.29%)
Loans and advances to customers at amortised cost[2]	76,044	1,207	3.20%	77,641	2,360	3.04%
Debt securities at amortised cost, financial assets at FVOCI and FVTPL	12,360	(7)	(0.11%)	16,868	(26)	(0.15%)
Total interest earning assets	**125,312**	**1,152**	**1.85%**	**119,136**	**2,262**	**1.90%**
Non interest earning assets	36,262	—	—	27,000	—	—
Total assets	**161,574**	**1,152**	**1.44%**	**146,136**	**2,262**	**1.55%**
Liabilities and shareholders' equity						
Deposits from banks	11,811	1	0.02%	10,669	(102)	(0.96%)
Customer accounts	39,849	5	0.03%	41,641	49	0.12%
Debt securities in issue	9,535	50	1.06%	6,866	70	1.02%
Subordinated liabilities	1,957	36	3.71%	1,734	63	3.63%
Lease liabilities	421	6	2.87%	430	11	2.56%
Total interest bearing liabilities	**63,573**	**98**	**0.31%**	**61,340**	**91**	**0.15%**
Current accounts	53,242	(32)	(0.12%)	46,680	(44)	(0.09%)
Total interest bearing liabilities and current accounts	**116,815**	**66**	**0.11%**	**110,020**	**47**	**0.04%**
Other interest income	—	2	—	—	—	—
Non-trading derivatives (not in hedge accounting relationships - economic hedges)	—	12	—	—	(4)	—
Non interest bearing liabilities	28,886	—	—	25,818	—	—
Shareholders' equity and non-controlling interests	15,873	—	—	10,298	—	—
Total liabilities and shareholders' equity	**161,574**	**80**	**0.10%**	**146,136**	**43**	**0.03%**
Euro and sterling reference rates (average)						
ECB base rate			0.00%			0.00%
3 month Euribor rate			(0.44%)			(0.55%)
Bank of England base rate			0.71%			0.11%
Sonia rate[3]			0.64%			0.05%

[1] Interest expense of €119 million (31 December 2021: €131 million) arising from assets subject to negative interest rates has been reclassified to interest income, whereas in the consolidated income statement it is presented as interest expense. Interest income of €85 million (31 December 2021: €286 million) arising from liabilities subject to negative interest rates has been reclassified to interest expense, whereas in the consolidated income statement it is presented as interest income.

[2] Average loans and advances to customers volumes are presented net of Stage 3 impairment loss allowances. The Group has availed of the relaxed hedge accounting provisions permitted by IAS 39 'Financial Instruments: recognition and measurement' as adopted by the EU. In order that yields on products are presented on a consistent basis period on period and are not impacted by the resulting change in hedge accounting designations, net interest flows of €60 million (31 December 2021: €110 million) on all derivatives designated as fair value hedges of current accounts continue to be presented together with gross interest income on 'loans and advances to customers' and is not included in 'customer accounts'.

[3] In line with regulatory guidance and now established market practice, for the majority of the Group's contracts, Sonia has replaced GBP Libor from the cessation date 31 December 2021 (31 December 2021: 3 month libor rate was 0.09%).

Forward looking statement

This document contains forward-looking statements with respect to certain of Bank of Ireland Group plc (the 'Company' or 'BOIG plc') and its subsidiaries' (collectively the 'Group' or 'BOIG plc Group') plans and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates and its future capital requirements. These forward-looking statements often can be identified by the fact that they do not relate only to historical or current facts.

Generally, but not always, words such as 'may,' 'could,' 'should,' 'will,' 'expect,' 'intend,' 'estimate,' 'anticipate,' 'assume,' 'believe,' 'plan,' 'seek,' 'continue,' 'target,' 'goal,' 'would,' or their negative variations or similar expressions identify forward-looking statements, but their absence does not mean that a statement is not forward-looking.

Examples of forward-looking statements include, among others: statements regarding the Group's near term and longer term future capital requirements and ratios, level of ownership by the Irish Government, loan to deposit ratios, expected impairment charges, the level of the Group's assets, the Group's financial position, future income, business strategy, projected costs, margins, future payments of dividends, future share buybacks, the implementation of changes in respect of certain of the Group's pension schemes, estimates of capital expenditures, discussions with Irish, United Kingdom, European and other regulators, plans and objectives for future operations, and the impact of the COVID-19 pandemic and Russia's invasion of Ukraine particularly on certain of the above issues and generally on the global and domestic economies. Such forward-looking statements are inherently subject to risks and uncertainties, and hence actual results may differ materially from those expressed or implied by such forward-looking statements.

Investors should read 'Principal Risks and Uncertainties' in this document beginning on page 29 and also the discussion of risk in the Group's Annual Report for the year ended 31 December 2021.

Nothing in this document should be considered to be a forecast of future profitability, dividend forecast or financial position of the Group and none of the information in this document is or is intended to be a profit forecast, dividend forecast or profit estimate. Any forward-looking statement speaks only as at the date it is made. The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

For further information please contact:

Mark Spain
Group Chief Financial Officer
Tel: +353 1 250 8900 ext. 43291

Eamonn Hughes
Chief Sustainability & Investor Relations Officer
Tel: +353 1 250 8900 ext. 35055

Darach O'Leary
Head of Group Investor Relations
Tel: +353 1 250 8900 ext. 44711

Damien Garvey
Head of Group External Communications and Public Affairs
Tel: +353 1 250 8900 ext. 46716

Rates of exchange

Principal rates of exchange used in the preparation of the Interim Financial Statements are as follows:

	30 June 2022		30 June 2021		31 December 2021	
	Average	Closing	Average	Closing	Average	Closing
€ / Stg£	0.8424	0.8582	0.8680	0.8581	0.8596	0.8403
€ / US$	1.0934	1.0387	1.2053	1.1884	1.1827	1.1326

Credit Ratings

	30 June 2022	31 December 2021
Ireland - Senior debt		
Standard & Poor's	AA- (Stable)	AA- (Stable)
Moody’s	A1 (Positive)	A2 (Positive)
Fitch	AA- (Stable)	A+ (Stable)
BOIG plc - Senior debt		
Standard & Poor's	BBB- (Stable)	BBB- (Negative)
Moody’s	A3 (Stable)	Baa1 (Stable)
Fitch	BBB (Stable)	BBB (Stable)
The Governor and Company of the Bank of Ireland - Senior debt		
Standard & Poor's	A- (Stable)	A- (Negative)
Moody’s	A1 (Stable)	A2 (Stable)
Fitch	BBB+ (Stable)	BBB+ (Stable)

Stock exchange listings

Bank of Ireland Group plc is a public limited company incorporated in Ireland in 2016 with registration number 593672. Its ordinary shares, of nominal value €1.00 per share, have a primary listing on the Irish Stock Exchange, trading as Euronext Dublin and a premium listing on the London Stock Exchange.

Alternative performance measures

This section contains further information related to certain measures referred to in the key performance highlights and the OFR.

The OFR is prepared using IFRS and non-IFRS measures to analyse the Group's performance, providing period on period comparability. These performance measures are consistent with those presented to the Board and Group Executive Committee and include alternative performance measures as set out below. These performance measures may not be uniformly defined by all companies and accordingly they may not be directly comparable with similarly titled measures and disclosures by other companies. These measures should be considered in conjunction with IFRS measures as set out in the consolidated financial statements from page 40.

Annual Premium Equivalent (APE) is a common metric used by insurance companies. The approach taken by insurance companies is to take 100% of regular premiums, being the annual premiums received for a policy, and 10% of single premiums. This assumes that an average life insurance policy lasts 10 years and therefore taking 10% of single premiums annualises the single lump sum payment received over the 10 year duration.

Average cost of funds represents the underlying interest expense recognised on interest bearing liabilities, net of interest on derivatives which are in a hedge relationship with the relevant liability. See pages 8 and 137 for further information.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Interest expense	Income statement	312	269
Exclude interest on non-trading derivatives (not in hedge accounting relationships)	Note 5	(100)	(102)
Include negative interest on financial liabilities	Note 4	(119)	(102)
Exclude negative interest on financial assets	Note 5	(85)	(54)
Exclude impact of FV hedges of current accounts	Average balance sheet footnote	60	53
Exclude other interest expense at amortised cost	Note 5	(2)	—
Underlying interest expense		**66**	**64**
Average interest bearing liabilities	Average balance sheet	**116,815**	105,291
Average cost of funds % (annualised)		**(0.11%)**	**(0.12%)**

Business income is net other income before other gains and other valuation items. See page 9 for further details.

Constant currency:

To enable a better understanding of performance, certain variances are calculated on a constant currency basis by adjusting for the impact of movements in exchange rates during the period as follows:
- for balance sheet items, by reference to the closing rate at the end of the current and prior period ends; and
- for items relating to the income statement, by reference to the current and prior period average rates.

Growth in customer deposits on a constant currency basis
The Group calculates growth in customer deposits on a constant currency basis. For this calculation the Group applies the prior period end rate in both periods so that the impact of movements in FX rates is eliminated.

Calculation	Source	30 June 2022 €m	31 December 2021 €m
Customer accounts	Note 27	92,570	92,754
Impact of foreign exchange movements		180	(1,476)
Customer accounts on a constant currency basis		**92,750**	**91,278**
(Reduction) / growth in customer accounts		**(4)**	**2,641**

Alternative performance measures *(continued)*

Growth in new lending on a constant currency basis

The Group calculates growth in new lending on a constant currency basis. For this calculation the Group applies the current period average in period FX to Retail UK lending flows in both periods so that the impact of movements in FX rates is eliminated.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
New lending in the period	Balance sheet (OFR)	7,722	7,224
Impact of foreign exchange movements		(1)	(4)
New lending on a constant currency basis		**7,721**	**7,220**
Growth in new lending (%)		**5.94%**	**1.65%**

Gross new lending volumes represent loans and advances to customers drawn down during the period and portfolio acquisitions.

Gross yield represents the underlying interest income recognised on interest earning assets, net of interest on derivatives which are in a hedge relationship with the relevant asset.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Interest income	Income statement	1,389	1,349
Exclude interest on non-trading derivatives (not in hedge accounting relationships)	Note 4	(88)	(108)
Exclude negative interest on financial liabilities	Note 4	(119)	(102)
Include negative interest on financial assets	Note 5	(85)	(54)
Include impact of FV hedges of current accounts	Average balance sheet footnote	60	53
Exclude customer redress (credit) / charge	Income statement - operating segments (OFR)	(5)	—
Underlying interest income		**1,152**	**1,138**
Average interest earning assets	Average balance sheet	125,312	114,878
Average gross yield % (annualised)		**1.85%**	**2.00%**

Gross yield - customer lending

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Interest income on loans and advances to customers	Note 4	1,070	1,042
Interest income on finance leases and hire purchase receivables	Note 4	82	81
Include impact of FV hedges of current accounts	Average balance sheet	60	53
Exclude customer redress (credit) / charge	Income statement - operating segments (OFR)	(5)	—
Underlying interest income on customer lending		**1,207**	**1,176**
Average customer lending assets	Average balance sheet	76,044	78,111
Average gross yield on customer lending % (annualised)		**3.20%**	**3.04%**

Alternative performance measures *(continued)*

Gross yield - liquid assets

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Include negative interest on financial assets	Note 5	(85)	(54)
Interest income on debt securities at FVOCI	Note 4	9	11
Interest income on debt securities at amortised cost	Note 4	4	3
Interest income on loans and advances to banks	Note 4	17	2
Underlying interest income on liquid assets		**(55)**	**(38)**
Loans and advances to banks	Average balance sheet	36,908	19,186
Debt securities at amortised cost and financial assets at FVOCI and FVTPL	Average balance sheet	12,360	17,581
Average interest earning liquid assets		**49,268**	**36,767**
Average gross yield on liquid assets % (annualised)		**(0.23%)**	**(0.21%)**

Liquid assets are comprised of cash and balances at central banks, loans and advances to banks, debt securities at amortised cost, financial assets at FVOCI and certain financial assets at FVTPL (excluding balances in Wealth and Insurance). See page 15 for further details.

Liquid asset spread is calculated as gross yield on interest bearing liquid assets less the average cost of funds.

The Group's **Liquidity Coverage Ratio (LCR)** is calculated based on the Commission Delegated Regulation (EU) 2015/61 which came into force on 1 October 2015.

Loan asset spread is calculated as gross yield on loans and advances to customers less the average cost of funds.

Loan to deposit ratio is calculated as being net loans and advances to customers divided by customer accounts.

Calculation	Source	30 June 2022 €m	31 December 2021 €m
Loans and advances to customers	Note 21	74,616	76,346
Customer accounts	Note 27	92,570	92,754
Loan to Deposit ratio %		**81%**	**82%**

Net Impairment losses on loans and advances to customers at amortised cost (basis points) is the net impairment loss on loans and advances to customers at amortised cost divided by average gross loans and advances to customers at amortised cost.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Net impairment losses on loans & advances to customers at amortised cost	Impairment (OFR)	(53)	(12)
Average gross loans and advances to customers		76,888	79,424
Net Impairment losses on loans and advances to customers at amortised cost (bps) (annualised)		**(14)**	**(3)**

Alternative performance measures *(continued)*

Net interest margin (NIM) is stated on an underlying basis. See page 8 for further details.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Net interest income	Income statement	1,077	1,080
Exclude customer redress charges	Income statement - operating segments (OFR)	(5)	—
Underlying net interest income		**1,072**	**1,080**
Average interest earning assets	Average balance sheet	125,312	114,878
Net interest margin % (annualised)		**1.73%**	**1.90%**

Net new lending volumes represent loans and advances to customers drawn down during the period (including revolving credit facility activity) and portfolio acquisitions, net of repayments and redemptions.

The Group's **Net Stable Funding Ratio (NSFR)** for 30 June 2022 is prepared on a regulatory group basis, in accordance with the EU Capital Requirement Regulations and Directive, as amended, which requires the maintenance of a NSFR ratio greater than or equal to 100%, effective June 2021. For further information see the Group's Pillar 3 disclosures (tab 1.3) available on the Group's website.

Non-performing exposures (NPEs) are:

- credit-impaired loans which includes loans where the borrower is considered unlikely to pay in full without recourse by the Group to actions such as realising security, and / or loans where the borrower is greater than or equal to 90 days past due and the arrears amount is material; and
- other loans meeting NPE criteria as aligned with regulatory requirements.

Non-performing exposures ratio is calculated as NPEs on loans and advances to customers as a percentage of the gross carrying value of loans and advances to customers.

Calculation	Source	30 June 2022 €m	31 December 2021 €m
Non-performing exposures	Asset quality (OFR)	**4,165**	**4,311**
Loans and advances to customers at amortised cost	Note 21	76,154	77,878
Loans and advances to customers at FVTPL	Note 21	340	426
Total loans and advances to customers		**76,494**	**78,304**
NPE ratio %		**5.4%**	**5.5%**

Organic capital generation consists of attributable profit and movements in regulatory deductions, including the reduction in DTAs deduction (DTAs that rely on future profitability) and movements in the Expected Loss deduction.

Return on assets is calculated as being statutory net profit / loss (being profit / loss after tax) (annualised) divided by total assets, in line with the requirement in the EU (Capital Requirements) Regulations 2014.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Profit for the period	Income statement	279	341
Total assets	Balance sheet	156,153	149,932
Return on assets (bps) (annualised)		**36**	**46**

Return on Tangible Equity (RoTE) is calculated as being profit attributable to ordinary shareholders less non-core items (net of tax) divided by average shareholders' equity less average intangible assets and goodwill.

Alternative performance measures *(continued)*

Return on Tangible Equity (adjusted) is calculated by adjusting the RoTE to exclude other gains and other valuation items (net of tax). The average shareholders tangible equity is adjusted to a maximum CET1 ratio of 13.5% (31 December 2021: 13.0%), reflecting the Group target CET1 ratio.

	Reported		Adjusted	
				Restated[1]
	30 June 2022 €m	31 December 2021 €m	30 June 2022 €m	31 December 2021 €m
Profit for the period attributable to shareholders	275	1,048	275	1,048
Non-core items, including tax	51	97	51	97
Distribution on other equity instruments - AT1 coupon	(33)	(68)	(33)	(68)
Other gains and other valuation items, net of tax	—	—	3	(77)
Adjusted profit after tax	**293**	**1,077**	**296**	**1,000**
Annualised adjusted profit after tax[2]	**617**	**1,077**	**623**	**1,000**
Shareholders' equity	**11,022**	**10,304**	**11,022**	**10,304**
Intangible assets and goodwill	(1,192)	(852)	(1,192)	(852)
Shareholders' tangible equity	**9,830**	**9,452**	**9,830**	**9,452**
Average shareholders' tangible equity	**9,855**	**8,447**	**9,855**	**8,447**
Adjustment for CET1 ratio at 13.5% (31 December 2021: 13.0%)	—	—	(1,088)	(550)
Adjustment for pension surplus	—	—	(1,121)	(349)
Adjusted average shareholders tangible equity	**9,855**	**8,447**	**7,646**	**7,548**
Return on Tangible Equity %	**6.3%**	**12.8%**	**8.1%**	**13.2%**

Statutory cost income ratio is calculated as other operating expenses and cost of restructuring divided by total operating income, net of insurance claims.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Other operating expenses	Income statement	1,020	944
Cost of restructuring programme	Income statement	3	69
Costs		**1,023**	**1,013**
Operating income, net of insurance claims	Income statement	1,384	1,418
Total operating income		**1,384**	**1,418**
Statutory cost / income ratio %		**74%**	**71%**

Sustainable earnings is calculated as profit for the period attributable to shareholders adjusted for non-core items, other gains and other valuation items and impairment.

[1] *Comparative figures for the Return on Tangible Equity (adjusted) have been restated to exclude pension surplus of €349 million, which resulted in the 31 December 2021 percentage increasing from 12.7% to 13.2%.*
[2] *H122 annualised profit after tax assumes an effective tax rate of c.18%.*

Alternative performance measures *(continued)*

Tangible Net Asset Value per share is calculated as shareholder equity less intangible assets and goodwill divided by the number of ordinary shares in issue, adjusted for treasury shares held for the benefit of life assurance policyholders at the period end.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Shareholder equity	Balance sheet	11,022	9,254
Less - intangible assets	Note 24	(915)	(771)
Less - goodwill	Note 24	(277)	(26)
Adjust for own shares held for the benefit of life assurance policyholders	Balance sheet	17	21
Tangible net asset value		**9,847**	**8,478**
Number of ordinary shares in issue		1,070	1,079
Treasury shares held for the benefit of life assurance policyholders		(2)	(4)
		1,068	**1,075**
Tangible net asset value per share (cent)		**922**	**789**

Underlying excludes non-core items which are those items that the Group believes obscure the underlying performance trends in the business. See page 12 for further information.

Underlying cost income ratio is calculated on an underlying basis (excluding non-core items), as operating expenses excluding levies and regulatory charges divided by operating income (net of insurance claims), excluding other gains and other valuation items.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Other operating expenses	Income statement	1,020	944
Cost of restructuring programme	Income statement	3	69
		1,023	**1,013**
Exclude:			
levies and regulatory charges	Note 13	(95)	(96)
acquisition costs	Non-core items (OFR)	(25)	—
other transformation programme costs	Non-core items (OFR)	(20)	—
cost of restructuring programme	Non-core items (OFR)	(3)	(69)
portfolio divestments	Non-core items (OFR)	—	(6)
customer redress charges	Income statement - operating segments (OFR)	(31)	(5)
Underlying costs		**849**	**837**
Operating income net of insurance claims	Income statement	1,384	1,418
Exclude:			
unit-linked investment variance - Wealth and Insurance	Other income (OFR)	47	(22)
gross up of policyholder tax in the Wealth and Insurance business	Non-core items (OFR)	8	(15)
financial instrument valuation adjustments (CVA, DVA, FVA) and other	Other income (OFR)	(16)	(13)
portfolio divestments	Non-core items (OFR)	(2)	(11)
investment return on treasury shares held for policyholders	Non-core items (OFR)	4	6
interest rate movements - Wealth and Insurance	Other income (OFR)	55	1
gain on disposal and revaluation of investment properties	Other income (OFR)	—	(1)
transfers from reserves on asset disposal	Note 11	(83)	(1)
customer redress charges	Non-core items (OFR)	(5)	—
Underlying income		**1,392**	**1,362**
Underlying cost / income ratio %		**61%**	**61%**

Alternative performance measures *(continued)*

Underlying divisional contribution reflects the underlying financial contribution of each division towards the consolidated Group underlying profit or loss, before tax, excluding non-core items which obscure the underlying performance of the business.

Underlying earnings per share is calculated as profit attributable to shareholders adjusted for non-core items, divided by the weighted average number of ordinary shares in issue, adjusted for average treasury shares held for the benefit of life assurance policyholders.

Calculation	Source	30 June 2022 €m	30 June 2021 €m
Profit attributable to shareholders	Income statement	275	337
Non-core items, including tax	Non-core items (OFR)	51	58
Distribution on other equity instruments - AT1 coupon	Note 18	(33)	(34)
Underlying profit attributable to shareholders		**293**	**361**
Weighted average number of ordinary shares in issue		1,076	1,079
Average shares held for the benefit of life assurance policyholders		(3)	(4)
Weighted average number of shares in issue excluding treasury shares	Note 18	**1,073**	**1,075**
Underlying earnings per share (cent)		**27.3**	**33.6**

Wholesale funding is comprised of deposits by banks (including collateral received) and debt securities in issue.

For any abbreviations used in this document please refer to the abbreviations listing on pages 383 and 384 of the Group's Annual Report for the year ended 31 December 2021.

Bank of Ireland Group plc
40 Mespil Road
Dublin 4
D04 C2N4

Registered number 593672