BACKING OUR CUSTOMERS

HALF-YEARLY FINANCIAL REPORT
For the six months ended
30 June 2022

AIB Group plc

OUR PURPOSE IS TO BACK OUR CUSTOMERS TO ACHIEVE THEIR DREAMS AND AMBITIONS

AIB Group operates predominantly in Ireland and the United Kingdom. Our shares are quoted on the Irish and London Stock Exchanges and we are a member of the FTSE4Good Index. Our three core operating segments are Retail Banking, Capital Markets and AIB UK.

Whether it's adapting to a greener way of living, planning for the future, growing a business or simply navigating day-to-day life, our ambition as a Group is to be at the heart of our customers' financial lives.

HALF-YEARLY FINANCIAL REPORT
For the six months ended
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This Half-Yearly Report contains forward looking statements with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategic initiatives and objectives. See page 125.

BUSINESS PERFORMANCE

H1 2022 RESULTS

FINANCIAL PERFORMANCE

NET INTEREST INCOME

€895m

HY 2022 €895m

HY 2021 €881m

Interest income up 2%

Up 2% driven by lower funding costs. Stable average customer loan volumes

NET CREDIT IMPAIRMENT WRITEBACK

€309m

HY 2022 €309m

HY 2021 €103m

Robust credit quality

Writeback reflecting the economic environment in Ireland in H1 with robust credit quality & repayments, updated macro economic assumptions and partial release of management judgements

PROFIT BEFORE TAX

€537m

HY 2022 €537m

HY 2021 €291m

Growth in operating profit and net impairment writeback

Operating profit[1] up 5% to €391m (operating income up 8% partially offset by operating expenses up 6% and higher regulatory levies) and net credit impairment writeback of €309m partly offset by exceptional items of €168m

NEW LENDING

€5.4bn

HY 2022 €5.4bn

HY 2021 €4.5bn

Strong growth in new lending, up 20%

New lending up 20% with growth of 59% in Irish mortgage lending, strong performance in property and Irish corporate lending partly offset by lower UK lending

NET LOANS

€57.1bn

30 Jun 2022 €57.1bn

31 Dec 2021 €56.5bn

Net loans growth of €0.6bn to €57.1bn

Net loans up €0.6bn from strong new lending exceeding redemptions and loan portfolio acquisition. Gross performing loans grew by €0.8bn to €56.1bn

NON-PERFORMING EXPOSURES[2]

€2.4bn

30 Jun 2022 €2.4bn

31 Dec 2021 €3.1bn

4.2% of gross loans

Non-performing exposures (NPEs) decreased by €0.7bn to €2.4bn driven by disposal and redemption of non-performing loans. NPE ratio now 4.2% with legacy[2] NPEs of €0.3bn or 0.6% of gross loans

MEDIUM-TERM FINANCIAL TARGETS (END 2023)

Medium-term targets under review

ABSOLUTE COST BASE[3]

Cost of running the business, excluding exceptional costs

TARGET

<€1.475bn

Focused cost discipline, controlling costs annually at <€1.475bn by 2023

OUTCOME

HY 2022 €782m

HY 2021 €739m

Costs up 1% excluding Goodbody

RETURN ON TANGIBLE EQUITY

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

TARGET

>9%

Deliver sustainable returns; RoTE >9% by 2023

OUTCOME

30 Jun 2022 12.3%

31 Dec 2021 8.2%

RoTE benefiting from impairment writeback

CET1 RATIO (FULLY LOADED)

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

TARGET

>13.5%

Appropriate capital target of CET1 >13.5% needed to run the business

OUTCOME

30 Jun 2022 15.3%

31 Dec 2021 16.6%[4]

Profit 0.9% offset by dividend foreseeable charge -0.6% and full impact of Ulster Bank corporate & commercial portfolio -1.3%

1. Operating profit before impairment losses and exceptional items.
2. Non-performing exposures (NPEs) refers to non-performing loans (NPLs) and excludes €131m of off-balance sheet commitments. Legacy NPEs are exposures that entered into default prior to 31 December 2018.
3. Before bank levies, regulatory fees and exceptional items. For exceptional items see pages 22 and 31.
4. Excludes the impact of the share buyback of €91m. Including the buyback CET1 was 16.5%.

NON-FINANCIAL PERFORMANCE[1]

GREEN FINANCE

Amount of new lending per year for climate action

€1,251m

HY 2022	€1,251m
HY 2021	€913m

Increased green lending driven by performance across commercial buildings and green mortgages in particular

TARGET
€2bn per year

DIGITALLY ACTIVE CUSTOMERS

Number of active customers on digital channels

1.96 million

30 Jun 2022	1.96m
31 Dec 2021	1.85m

A strong increase in digitally active customers with increased mobile enablement, declining cash usage and reduced branch footfall

TARGET
>2.25 million by 2023

CUSTOMER SATISFACTION

Transactional Net Promoter Score[2]
Measured after customer transactions for key touch points

+39

30 Jun 2022	+39
31 Dec 2021	+45

Irish banking landscape significantly altered as a result of two bank exits and overall drop in customer satisfaction; driving heightened volume of activity impacting experiences in the short term

TARGET
+53 by 2023

INCLUSION & DIVERSITY

Women as % of management

42%

HY 2022	42%
HY 2021	41.6%

Continued progress on our gender diversity target, maintaining gender balance across Board, Executive Committee and all management

TARGET
Gender Balanced (Ongoing)

1. Non-financial target for Reduction in Emissions is reported on an annual basis.
2. Transactional Net Promoter Score (NPS) is an aggregation of 20 customers journeys across Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking.

CHIEF EXECUTIVE'S REVIEW

WE MAINTAINED LEADING POSITIONS IN OUR CORE MARKETS AND CONTINUED THE MOMENTUM IN THE DELIVERY OF OUR GROWTH STRATEGY

STABILITY AND STRENGTH

While leading the sustainability agenda in financial services in Ireland and driving growth, to support our customers we continued to simplify, strengthen and streamline AIB Group in the first six months of 2022.

Against the backdrop of rapidly changing economic conditions and global volatility, I am pleased to report a solid set of financial results for AIB Group for the first six months of the year, signalling the Group's ongoing stability and strength. We maintained leading positions in our core markets and continued the momentum in the delivery of our growth strategy; crucially, we continued to set the pace on the sustainability agenda in financial services in Ireland.

Clearly, a well-functioning and secure banking sector capable of withstanding shock is of vital importance to our customers and the economy at any time. This is particularly the case in the present unique set of circumstances where we have been dealing with the consequences of a protracted global pandemic and now the effects of the human tragedy and economic upheaval inflicted by the war in Ukraine. Globally escalating energy prices, supply chain disruption, and upward pressure on inflation and interest rates are all features of the current unpredictable environment. We are also very alive to the impact on many of our customers experiencing the cost of living crisis.

As one of Ireland's pillar banks with more than 2.8 million customers – a base that is rapidly growing – AIB has a symbiotic relationship with, and is intrinsically linked to, the Irish economy. Our strong balance sheet and the implementation of our ambitious growth strategy means we are now very well positioned to adapt to economic strains ahead, as well as the enormous changes that Ireland's banking landscape is currently experiencing.

The exit of Ulster Bank and KBC has triggered the mass migration of customers in search of a new financial relationship and, in the first half of this year, we have opened almost 205,000 accounts, a 110% increase on the same period last year. We are very keen to welcome our new customers and want to ensure their migration is as seamless as possible. To that end, we are making good progress on hiring up to 700 temporary staff to meet the onboarding demand. In addition, our continued investment in our digital capabilities means that c. 70% of personal customers are eligible to open a new bank account using our digital channels.

As we reach the mid-point of implementing our three year strategy, we continue to demonstrate our progress by enhancing and diversifying our revenue streams, growing our income, managing costs, broadening our product offerings to customers and safeguarding the success of our business for the long-term.

Following our acquisition of Goodbody and a joint venture with Great-West Lifeco last year, we continued to implement our growth plan this year. In April, we received Competition and Consumer Protection Commission approval for the acquisition of the Ulster Bank corporate and commercial loans with integration now underway, and the first customers have now transitioned to AIB.

In June, we entered into a binding agreement with NatWest Group plc for the acquisition of a performing Ulster Bank tracker (and linked) mortgage portfolio with an expected value of c. €5.7bn for a total consideration of €5.4bn, subject to obtaining the required customary regulatory approvals.

These initiatives position the Group for growth, sustainably generating value for all our stakeholders and consolidate our position as Ireland's leading bank.

In terms of legacy items, where we identify an issue our priority is to put things right for our impacted customers. During the period 2002 to 2006 the Group sold a series of investment property funds, known as Belfry, which subsequently incurred losses for c. 2,500 individual investors. Following a legal settlement in 2021 with certain investors, the Group instigated a programme to review investments in the Belfry Fund on a case-by-case basis to determine if redress may be due in some instances. We have written to investors to advise them that our review is expected to conclude shortly at which point we will communicate the outcome to all investors. If a refund is due to any individual investors, payments will commence in the second half of 2022.

In June, the Central Bank of Ireland (CBI) announced the conclusion of the enforcement actions against AIB and EBS regarding their handling of tracker mortgages. AIB has worked assiduously to rectify the mistakes of the past, and sincerely apologises for the impact on our customers' lives. Recognising the scale of the harm done, we have and will continue to take steps to build a positive consumer-focused culture to prevent such detriment happening again. The Group has undergone a major transformation programme in recent years to position itself as a positive economic and social force in Ireland. The conclusion of enforcement actions against AIB and EBS by the CBI will, we hope, allow us to close what has been a dark chapter in the bank's history.

FINANCIAL PERFORMANCE

Continuing our momentum from full year 2021, we have delivered another solid financial performance in the first half of this year. We are reporting a half-year profit before tax of €537m. This includes an operating profit of €391m before impairment writeback and exceptional items.

Total operating income of €1,274m was 8% higher than in the first half of 2021. Net interest income of €895m was €14m higher compared to the half-year to June 2021. NIM decreased by 18 bps to 1.48% in the half-year to June 2022 compared to 1.66% in the half-year to June 2021 primarily due to higher average interest earning assets driven by an increase in excess liquidity at negative rates. Other income of €379m increased by €77m or 26% compared to the half-year to June 2021. This includes the impact of Goodbody of €33m following the acquisition in the second half of 2021 and an underlying increase of €44m.

Total operating expenses of €782m increased by €43m compared to the half-year to June 2021. This includes the impact of Goodbody following the acquisition and an underlying increase in costs of 1%.

There was a net credit impairment writeback of €309m reflecting the economic environment in Ireland in the first half of the year with robust credit quality and repayments, updated macroeconomic assumptions as well as some release of post-model adjustments (including in respect of the non-performing loan portfolio disposal). Our overall approach remains conservative, comprehensive and forward-looking and is reflected in an expected credit loss coverage rate of 2.4%.

Exceptional items of €168m include an additional charge of €87m related to Belfry, a series of investment property funds which were sold to individual investors during the period 2002 to 2006, reflecting an increased provision for customer redress of €73m and associated costs of €14m (half-year to June 2021 charge of €100m including €25m for legal and settlement costs). Also included is €27m in respect of the CBI enforcement investigation in respect of tracker mortgages at AIB and EBS. Additional exceptional items primarily include restructuring and inorganic transaction costs.

New lending of €5.4bn in the half-year to June 2022 was 20% or €0.9bn higher compared to the half-year to June 2021, driven by strong Irish mortgage lending of €1.7bn, up 59%, representing a market share of 31%. Property related lending was up 54% to €1.2bn. Non-property lending of €2.0bn was 6% lower as higher corporate lending in Ireland was more than offset by lower UK lending. Personal lending was up 16% to €0.5bn.

Gross loans at €58.5bn were up €0.1bn compared to 31 December 2021 with an increase in performing loans of €0.8bn offset by a reduction in non-performing loans of €0.7bn or 22%. Net loans increased by €0.6bn compared to 31 December 2021 primarily due to strong new

CUSTOMER USAGE AND DEMAND FOR DIGITAL BANKING SERVICES CONTINUE TO ACCELERATE

lending exceeding redemptions, the acquisition of loans from Ulster Bank partially offset by the reduction of non-performing loans and planned UK deleveraging. As at 30 June 2022, 89% of AIB's loan book is of strong or satisfactory quality (up from 87% at 2021 year-end). Maintaining the quality of new lending is critical, with >98% of our new lending being of strong or satisfactory credit quality in the first six months of 2022.

Non-performing loans as a percentage of gross loans to customers were 4.2% at 30 June 2022 compared to 5.4% at 31 December 2021. This decrease primarily reflects a loan portfolio disposal of €0.4bn and redemptions of €0.4bn partially offset by net flow to non-performing of €0.2bn. We remain committed to reducing non-performing exposures (NPEs) to c.3% of gross loans by 2023 given the impact on cost, capital requirements and balance sheet resilience. Legacy NPEs were €0.3bn or 0.6% of gross loans.

AIB's funding ratios remain robust. As customer deposits continue to accumulate our Loan to Deposit Ratio decreased to 59% at 30 June 2022 compared to 61% at 31 December 2021. We continue to have strong liquidity metrics (Liquidity Coverage Ratio 215% and Net Stable Funding Ratio 164%).

Debt securities issued of €6.7bn increased by €0.9bn from 31 December 2021 following MREL related social and green bond issuances of €1.0bn and €0.75bn respectively, partly offset by the maturity of a covered bond of €0.75bn and a partial buyback of €0.2bn.

The Group has a strong capital base with a CET1 ratio of 15.3% at 30 June 2022, which reflects the 1.3% impact due to early recognition of the Ulster Bank corporate and commercial loan book risk weighted assets. Our CET1 ratio is well in excess of regulatory requirements and our medium-term target of greater than 13.5%.

DIGITAL

While maintaining the largest branch network in Ireland, along with our long-standing partnership with An Post, AIB is also well established as the country's leading digitally-enabled bank. Again and again, our customers embrace the latest digital solutions to meet their banking needs – a trend that was amplified by the Covid crisis and has continued since.

Customer usage and demand for digital banking services continue to accelerate with approximately 74% of AIB's personal customers digitally active. In the first six months of 2022, 89% of personal loan, 65% of overdraft and 60% of credit card applications were completed online. It's not only younger customers who are choosing digital, we have seen growth across all our demographics – there was a 7% increase year-on-year in digital activity among customers aged 65+, including a 42% increase in those using our mobile channel.

There have been 82 million digital wallet payments so far in 2022, which is more than double the volume for the same period in 2021. Similarly, eCommerce transactions have increased in value by 15% versus the first half of 2021. We must be competitive and prepared to adopt technological changes on the scale that customers demand. Earlier this year, we enabled Pay a Contact which allows our customers to send and receive payments in real time with another AIB customer using just their mobile number, while progression on a cross-bank, real-time peer-to-peer payment solution is continuing at pace.

Investment in our digital capability will remain a priority; strengthening services to ensure we continue to deliver meaningful enhancements to our customer journeys, characterised by faster response and turnaround times and our ability to safely get financial products into the hands of our customers in a timely way.

SUSTAINABLE COMMUNITIES

Sustainability is a core tenet of our strategy and in the first six months of the year we continued to embed environmental, social and governance considerations throughout our business.

We believe our future competitiveness will be underpinned by our commitment to the green and low-carbon agenda. Major progress has been made to integrate climate and environmental risk in our Risk Management Framework, including the completion of the ECB climate risk stress test; all this while responding to the increasing regulatory oversight on this agenda. We also responded to the opportunity presented by climate change – with over 23% of new lending being classified as green as we help our customers transition to a low-carbon economy.
We are continually expanding our green product

FOR AIB, SUSTAINABILITY CONTINUES TO BE BOTH A VERY SIGNIFICANT RESPONSIBILITY AND OPPORTUNITY TO HELP SHAPE THE IRISH ECONOMY AND SOCIETY FOR THE BETTER

suite and have also announced the AIB Foresight SME Fund with a €30m investment – actively backing green SME businesses of the future. Our continued focus on the creation of a virtuous circle of green lending was enhanced through our third green bond issuance in June, which now totals €2.5bn in proceeds raised from green bonds to date.

In March, AIB raised €1bn in the first social bond issuance by an Irish bank. The proceeds will support projects with clear social benefits in communities across Ireland including healthcare, education and social and affordable energy-efficient housing. In July, we supported the launch of The First Homes Scheme which is a significant public-private partnership to provide up to a 30% equity stake in the home, total stakeholder funding is €400m and equates to nearly 5,000 homes.

In supporting local communities, we backed Ireland's first inclusive remote working hub for people with disabilities – The 'Impact Hub @ Crann' in Ballincollig, Cork – along with Cork City Council and long-time AIB partner, the Open Doors Initiative. In May, we launched our new Community €1m Fund to support local charities in Ireland and the UK. In June, we also announced our support for Technological University Dublin's new entrepreneurship programme for people with disabilities, designed to address the additional and distinctive challenges they face when starting their own business.

In response to the plight of the people in Ukraine, we committed €500,000 to support those impacted by the war, including an immediate €250,000 to our partners GOAL for on the ground humanitarian aid and €150,000 to the Irish Refugee Council to help their efforts in supporting those arriving in Ireland, and matched all funds raised by our employees.

For AIB, sustainability continues to be both a very significant responsibility and opportunity to help shape the Irish economy and society for the better, whilst also ensuring we have a successful, long-term, resilient and regenerative business.

CULTURE & OUR PEOPLE

A strong culture is built on a unified and highly-developed awareness of proper governance and an appreciation of the imperative to deliver for all our customers. I am very much of the view that

BUILDING AN INCLUSIVE AND DIVERSE CULTURE IN AIB CONTINUES TO BE A KEY PRIORITY

the talent we attract and retain is extraordinarily important as the organisation's health is essentially a function of the quality of its people.

We are steadfast in our commitment to embed a strong culture of accountability among our people and have placed a sustained emphasis on our Speak Up agenda, strongly supported by our Board and Executive Committee members.

Building an inclusive and diverse culture in AIB continues to be a key priority and at the beginning of the year, we launched our new Inclusion & Diversity (I&D) strategy, with a focus on the promotion of gender balance, supporting and providing opportunities for disadvantaged young people and empowering people with disabilities to develop new skills. We ran two Group-wide I&D campaigns on the themes of 'universal inclusion' and 'allyship and inclusive behaviours', encouraging our colleagues to become allies with a view to eliminating barriers faced by under-represented groups.

Attracting and retaining quality talent to deliver our strategy is critical to our success and we were delighted to be recognised again by the Grad Ireland Student Awards as the most popular graduate recruiter in financial services for the third consecutive year. AIB also ranked sixth in LinkedIn's list of the top 25 workplaces to grow your career in Ireland, the leading indigenous Irish company.

We reached agreement with the Financial Services Union on a three-year pay agreement for non-management staff and we also increased our entry level salary in ROI to €28,000. The agreement provides certainty on pay for our people over the coming years.

As previously reported in the Annual Financial Report 2021, Carolan Lennon stepped down from the Board in June and we are thankful to her for her significant contribution during her tenure. Helen Normoyle replaces her as the Group's Senior Independent Director.

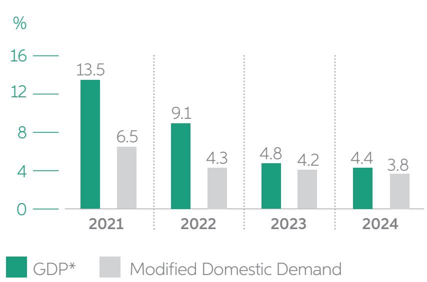
After careful consideration and reflection on the prevailing environment, we have taken the opportunity to review, reconfigure and expand the Executive Committee team. We identified an opportunity to take a more holistic enterprise approach to corporate development and strategy formulation, which had been under two separate Executive Committee areas of accountability. With this in mind, in July, CJ Berry was appointed to the role of Chief Enterprise Development Officer and Andrew McFarlane was appointed Chief Operating Officer.

Deirdre Hannigan retired as Chief Risk Officer at the end of June and is succeeded by Michael Frawley. Hilary Gormley has assumed the role of Managing Director of AIB UK, taking over from Robert Mulhall who leaves the Group at the end of August 2022. I am delighted to welcome Andrew, Michael and Hilary to the Executive Committee and wish to thank Deirdre and Robert for their deep commitment and significant contributions to the Group.

OUTLOOK

Reflecting current volatilities, the OECD and World Bank in their mid-year Economic Updates made dramatic cuts to their growth forecasts for the world economy in 2022 and revised their projections for inflation sharply upwards, largely on the back of the fall-out from the war in Ukraine. The OECD is now projecting global growth of 3% for this year, down from its previous estimate of 4.5% made at end 2021. The World Bank has cut its 2022 global forecast from 4.2% to 2.9%.

STRONG GROWTH FORECAST FOR 2022-24 DESPITE CLEAR HEADWINDS (ROI)



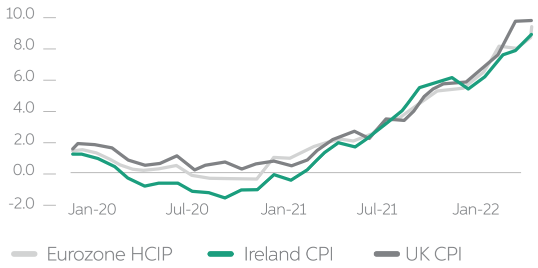
Source: CBI 'Quarterly Bulletin Q3 2022'

The Economic and Social Research Institute (ESRI) in its Summer Update, forecast that GDP will grow by 6.8% this year, with modified final domestic demand (MFDD) expanding by 4.4%. Meanwhile, the CBI is projecting growth rates of 9.1% and 4.3% for GDP and MFDD, respectively, in 2022.

* Note GDP can be distorted due to the impact of multi-national sector in Ireland.

House building in Ireland remains strong, the four quarter total of housing completions rose to 22,219 units in Q1 2022, an increase of 14% compared to year earlier levels. At its current growth rate, the aggregate for 2022 is on track to be in the region of 24,000 units. House building commencements have picked up to 30,000-35,000 in the past year, pointing to a continued uptrend in completions in the next couple of years. This remains one of Ireland's most critical infrastructural and social challenges and while demand continues to outstrip supply, construction of homes is gradually gaining momentum.

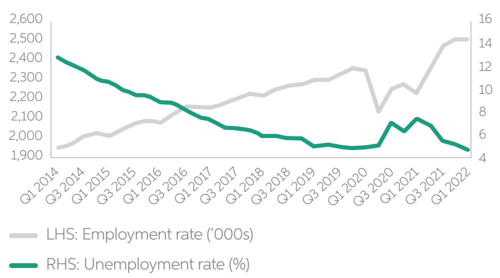
INFLATION INCREASES IN IRELAND IN-LINE WITH ELSEWHERE



Source: CSO, ONS, EuroStat

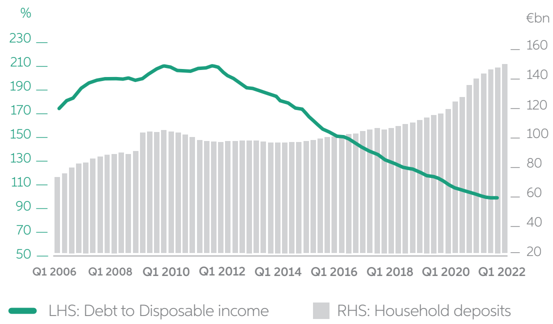
Ireland obviously has not escaped the marked upward pressure on global inflation with the Irish HICP rate rising broadly in line with the average rate for the Euro area. Higher inflation is leading to a tightening of monetary policy across the world. The ECB increased rates for the first time in over a decade in July and has indicated that further rate hikes are in the pipeline in the coming months.

EMPLOYMENT LEVELS RISE SHARPLY WHILE UNEMPLOYMENT FALLS



Source: CSO

HOUSEHOLD DEPOSITS REMAIN ELEVATED, INDEBTEDNESS FALLS



Source: CSO, Central Bank, AIB ERU

Though the Irish economy is likely to lose some momentum given the weakening global backdrop, it is entering the challenging period ahead in a strong position. The economy is at full employment, public finances are moving back into surplus, household savings are at an exceptionally high level, private sector debt levels are low, while inflows of FDI remain very strong. The ESRI is forecasting growth of 4.8% for GDP and 3.7% for MFDD in 2023, which would constitute strong performance by Ireland in the circumstances. While alert to the global macro-economic challenges, we believe that the relative strength of the Irish economy will allow us to continue to grow our business in a risk-conscious, measured way.

To ensure the bank is future-proofed for the challenges ahead, AIB has made significant progress in delivering a more simplified, streamlined and strengthened business.
As a result, the fundamentals of our business are robust. We continue to expand our loan book, close out on legacy items and make significant progress towards our NPE target. Our strong capital position, which is well ahead of our medium-term target of >13.5%, enables us to invest in our business, pursue RoTE accretive inorganic opportunities and make distributions to shareholders. In May, we paid an ordinary dividend of €122m or 4.5c per share and we completed a €91m share buyback programme.

We welcome the decision by the Minister for Finance to extend the State's share trading plan out to 2023. In June, that shareholding was reduced to 63.5%. It is an important development in the process of returning the State's investment in the Group and a normalisation of the share register, and again, I reiterate AIB's immense gratitude to the Irish taxpayers for their extraordinary support during the financial crisis.

Finally, I would like to thank my fellow Board and Executive Committee members, and all of my colleagues across the Group for their ongoing support, energy and enthusiasm. Their collective efforts are delivering tangible results and we can look forward to continuing this momentum into the next six months.

COLIN HUNT
Chief Executive Officer
28 July 2022

OUR STRATEGY

DELIVERING ON OUR STRATEGY

In the first six months of 2022, we made further progress across our Strategic Pillars. Our strategy aims to enhance our products and services, evolve ways of working and focus on cost management, while addressing the sustainability agenda.

STRATEGIC PILLAR	FOCUS	UPDATE
CUSTOMER FIRST	DELIVERING FOR CUSTOMER NEEDS ACROSS THE GROUP	• Progress in enhancing the wealth management proposition for our customers, with Goodbody integrated and the Great West Lifeco JV advancing at pace • First customers transitioned to AIB following acquisition of c. €3.7bn Ulster Bank performing corporate and commercial loans • Entered binding agreement with NatWest Group plc and Ulster Bank Ireland DAC for the acquisition of c. €5.7bn performing tracker mortgage portfolio • Record account openings following exit of Ulster Bank and KBC, with c. 205k accounts opened in H1 2022 • Recruiting up to 700 temporary staff to support account opening; enhanced Mobile App to enable remote opening for c. 70% of new accounts
SIMPLE & EFFICIENT	NETWORK MODEL; CHANGE DELIVERY	• Continued to work with An Post to complement our branch network model • Further recruitment in digital, data and change roles, strengthening in-house core capabilities and supporting the delivery of the transformation agenda • Enhanced our cyber and operational capabilities through technology partners, helping to ensure our digital services are secure for our customers
RISK & CAPITAL	CAPITAL, CREDIT AND LEGACY ITEMS	• Resumption of capital distribution including payment of an ordinary dividend of €122m (4.5c/share) along with completion of a €91m share buyback programme • Ongoing development and deployment of digitised, streamlined capabilities for E2E credit journeys, including the launch of Partner Portal for our credit intermediaries • Progress made on close-out of legacy items; further reduction of NPEs towards normalised levels, review of Belfry investment fund, along with the conclusion of the tracker mortgage enforcement programme
TALENT & CULTURE	FACILITATING FUTURE OF WORK MODEL; INCLUSION & DIVERSITY	• Enhancements to our head office, regional and local office footprint to support our hybrid working model, enabled by technologies, people policies and wellbeing strategy and also further strengthening our community presence • Agreement with the Financial Services Union on a three-year pay deal that will provide certainty on pay to March 2025 • New Inclusion & Diversity (I&D) strategy launched in January, with significant investment in I&D employee training; inclusive leadership training for people leaders
SUSTAINABLE COMMUNITIES	ENVIRONMENTAL	• Leading Irish bank in ESG bonds, raising €750m in third green bond issuance; a total of €3.5bn raised from ESG bonds since 2020 • 23% of all new lending in H1 2022 was Green • Announced €30m AIB Foresight SME Fund, driving green SME business of the future • Completed emissions reduction target-setting for our Corporate loan portfolio with science-based targets set for 75% of our Group loan book
	SOCIAL	• Raised €1bn in the first social bond issuance by an Irish bank; at issuance, AIB became the 19th bank in the world to have public debt offerings in both green and social bonds • Supported social housing by funding 520 completions in the period • Launched new AIB Community €1m Fund to support over 60 charities in Ireland and the UK • €500k committed to support those impacted by the war in Ukraine; matching employee donations
	GOVERNANCE	• ESG ratings agency Sustainalytics ranked AIB in the top 5% of banks globally • Goodbody now a member of Sustainable Trading, an ESG benchmark in financial markets trading • Helen Normoyle, Chair of our Sustainable Business Advisory Committee, was appointed Senior Independent Director with effect from 1 July 2022

KEY: DIGITALISATION WAYS OF WORKING SUSTAINABILITY BUSINESS MODEL

HIGHLIGHTS

BACKING CUSTOMERS & COMMUNITIES

In the first six months of 2022, we continued to build on AIB's position as a leading provider of sustainable finance, while working closely with our local communities and driving our strategic priorities.

PROCEEDS RAISED FROM ESG BONDS REACH €3.5bn

In June, AIB raised €750m in our third green bond issuance, which followed €1bn raised by AIB in the first social bond issuance by an Irish bank in March. This brings total proceeds raised from ESG bonds to €3.5bn and further strengthens our capital position. Also in June, Sustainalytics updated its assessment of AIB, ranking it within the top 5% of banks globally (44th out of 1,001 banks).

AIB COMMUNITY €1m FUND

In May, we launched the AIB Community €1m Fund to support local charities in communities across Ireland. There has been a phenomenal response with over 5,400 applications received when nominations closed on 21 June.

€500m GREENLINK CLEAN ENERGY

In March, AIB was part of a consortium financing the €500m Greenlink Interconnector linking Ireland with Wales which enables additional renewable energy sources for the Irish power and electricity system.

DRIVING INORGANIC GROWTH

In June, AIB entered into a binding agreement with NatWest Group plc and Ulster Bank Ireland DAC for the acquisition of a performing Ulster Bank tracker (and linked) mortgage portfolio with an expected value of c. €5.7bn.

MAKING PAYMENTS EASY

In February, AIB launched our 'Pay a Contact' feature within our award-winning app, enabling customers to easily and instantly transfer money to, or split a bill with, another AIB customer using just their mobile number.

FINANCIAL EDUCATION

AIB's new sponsored programme, 'It's my Business', began this year for primary schools around Ireland in partnership with Junior Achievement Ireland.

PROUDLY SUPPORTING GAA

AIB is now in our 32nd season as sponsor of the All-Ireland Club Championships, our 10th season as sponsor of the AIB Camogie Club Championships, and we have sponsored the All-Ireland Senior Football Championships since 2014.

GOODBODY SKILLS FOR STUDENTS

Goodbody launched two free virtual work experience programmes on the Forage e-learning platform to offer students – especially those from traditionally underrepresented groups – the chance to explore a career in financial services.

AIB FORESIGHT SME IMPACT FUND

In May, we appointed Foresight Group, a leading SME and sustainable infrastructure investment manager, to manage a new SME equity fund seeking projects that help to accelerate Ireland's transition towards a low-carbon economy. AIB is providing a cornerstone investment of €30m in the fund, which aims to raise €70m.

€100m FOR SOCIAL HOUSING

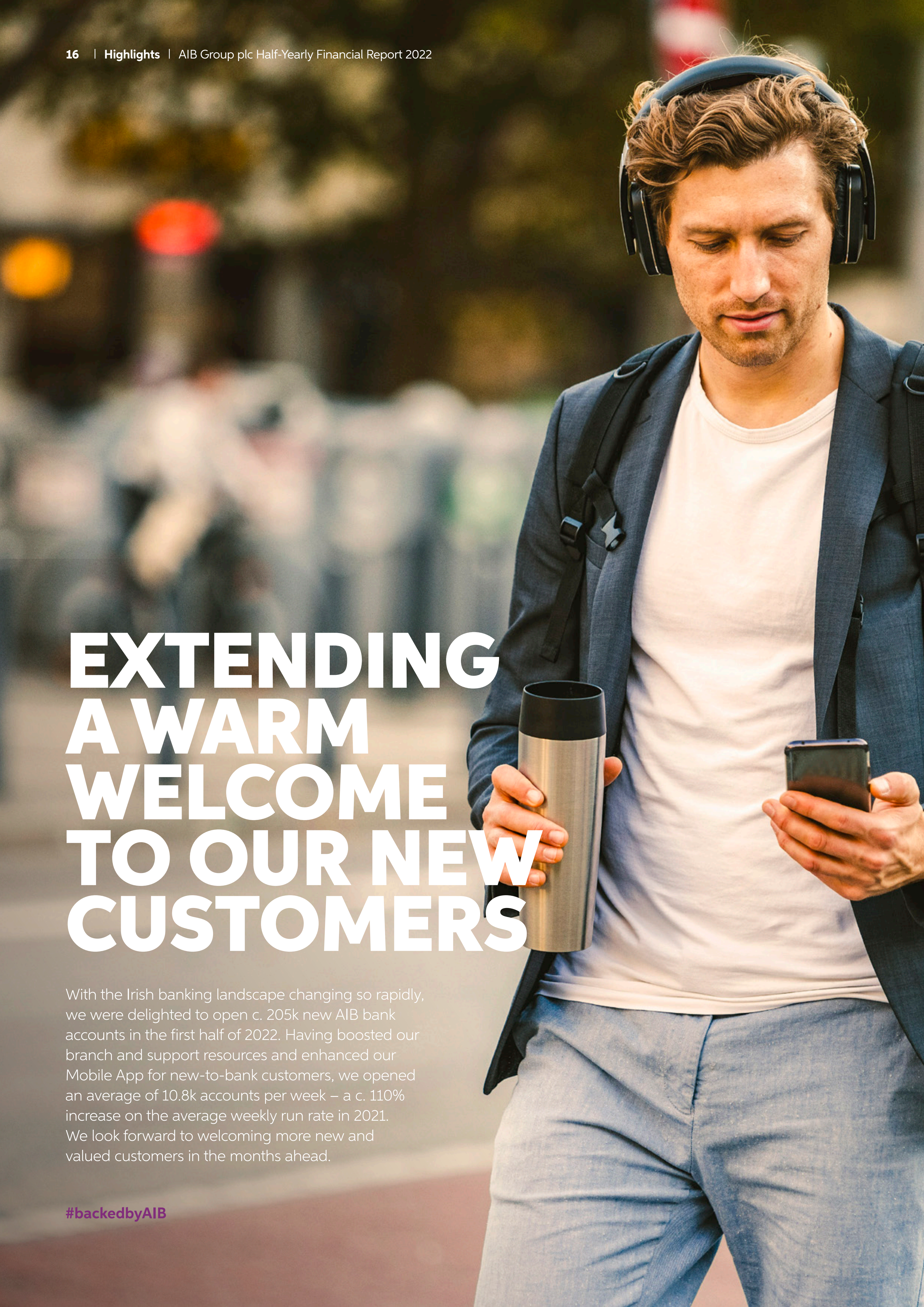
During the first half of 2022, AIB provided almost €100m of Social Housing funding for c. 520 homes, bringing our total Social Housing funding since 2020 to almost €400m for c. 2650 homes.

EBS GREEN LOANS

In February, EBS launched its first green mortgage rate. The EBS Green 4 Year Fixed mortgage offers a lower rate of interest for homes with a BER rating between A1 and B3.

UKRAINE EMERGENCY APPEAL

AIB responded to the humanitarian crisis in Ukraine with a €500k commitment to help those in need. €250k went directly to GOAL's Ukraine Emergency Appeal, in addition to matching funds raised by employees – via Payzone's fundraising platform – currently at €91k.



EXTENDING A WARM WELCOME TO OUR NEW CUSTOMERS

With the Irish banking landscape changing so rapidly, we were delighted to open c. 205k new AIB bank accounts in the first half of 2022. Having boosted our branch and support resources and enhanced our Mobile App for new-to-bank customers, we opened an average of 10.8k accounts per week – a c. 110% increase on the average weekly run rate in 2021. We look forward to welcoming more new and valued customers in the months ahead.

#backedbyAIB

BUSINESS REVIEW

BUSINESS REVIEW - 1. Operating and financial review

Basis of presentation

The operating and financial review is prepared using IFRS and non-IFRS measures to analyse the Group's performance, providing comparability period on period. These performance measures are consistent with those presented to the Board and Executive Committee. Non-IFRS measures include management performance measures which are considered Alternative Performance Measures ("APMs"). APMs arise where the basis of calculation is derived from non-IFRS measures. A description of the Group's APMs and their calculation is set out on page 31. These measures should be considered in conjunction with IFRS measures as set out in the condensed consolidated interim financial statements from page 80. A reconciliation between the IFRS and management performance summary income statements is set out on page 32.

Figures presented in the operating and financial review may be subject to rounding and thereby differ to the risk management section and the condensed consolidated interim financial statements.

Basis of calculation

Percentages are calculated on exact numbers and therefore may differ from the percentages based on rounded numbers. The impact of currency movements is calculated by comparing the results for the current reporting period to results for the comparative reporting period retranslated at exchange rates for the current reporting period.

Management performance - summary income statement	Half-year June 2022 € m	Half-year June 2021 € m	% change
Net interest income	895	881	2
Other income[1]	379	302	26
Total operating income[1]	1,274	1,183	8
Personnel expenses[1]	(372)	(360)	3
General and administrative expenses[1]	(262)	(239)	10
Depreciation, impairment and amortisation[1]	(148)	(140)	6
Total operating expenses[1]	(782)	(739)	6
Bank levies and regulatory fees[1]	(101)	(71)	43
Operating profit before impairment losses and exceptional items[1]	391	373	5
Net credit impairment writeback	309	103	200
Operating profit before exceptional items[1]	700	476	47
Share of equity accounted investments	5	6	-16
Profit before exceptional items[1]	705	482	46
Restitution costs	(101)	(124)	—
Restructuring costs	(60)	(46)	—
Inorganic transaction costs	(21)	(16)	—
Gain/(loss) on disposal of loan portfolios	40	(12)	—
Other	(26)	7	—
Total exceptional items[1]	(168)	(191)	—
Profit before taxation	537	291	84
Income tax charge	(60)	(17)	247
Profit for the period	477	274	74

[1] Performance has been adjusted to exclude items viewed as exceptional by management and which management view as distorting comparability of performance period on period. The adjusted performance measure is considered an APM.

Net interest income

Net interest income

€895m

Net interest income	Half-year June 2022 € m	Half-year June 2021 € m	% change
Interest income[1]	909	911	—
Interest expense[1]	(14)	(30)	-53
Net interest income	895	881	2
Average interest earning assets	121,666	107,158	14
	%	%	Change
Net interest margin (NIM)	1.48	1.66	-0.18

Net interest income

€895m

Net interest income of € 895 million was € 14 million higher compared to the half-year to June 2021.

Interest income

Interest income of € 909 million in the half-year to June 2022 was in line with the half-year to June 2021 with the favourable impact of higher interest rates (primarily in the UK) on loans and advances to banks and investment securities offset by higher volumes of excess liquidity held with the Central Bank of Ireland at negative rates.

Interest expense

Interest expense of € 14 million in the half-year to June 2022 decreased by € 16 million compared to the half-year to June 2021. The reduction in funding costs was primarily due to the lower cost of customer accounts, reflecting the impact of the negative deposit pricing strategy, which was partially offset by the higher cost of other debt issued. Deposits by banks reflects the impact of TLTRO III funding including higher average volumes in the current period whereas the prior period included an additional income benefit of € 15 million in respect of the March 2021 lending benchmark.

Net interest margin

1.48%

NIM decreased by 18 bps to 1.48% in the half-year to June 2022 compared to 1.66% in the half-year to June 2021 primarily due to higher average interest earning assets driven by an increase in excess liquidity at negative rates.

Average interest earning assets of € 121.7 billion in the half-year to June 2022 increased by € 14.5 billion from the half-year to June 2021. This was due to an increase in excess liquidity placed with central banks driven by higher customer account balances and a € 6 billion TLTRO III funding drawdown in June 2021.

Average balance sheet	Half-year 30 June 2022			Half-year 30 June 2021		
	Average balance	Interest[1]	Average rate	Average balance	Interest[1]	Average rate
Assets	€ m	€ m	%	€ m	€ m	%
Loans and advances to customers	57,713	920	3.21	57,823	922	3.22
Investment securities	16,743	45	0.54	18,762	31	0.33
Loans and advances to banks[2]	47,210	(56)	(0.24)	30,573	(42)	(0.27)
Average interest earning assets	121,666	909	1.51	107,158	911	1.72
Non-interest earning assets	6,963			6,325		
Total average assets	128,629	909		113,483	911	
Liabilities & equity						
Deposits by banks	11,264	(24)	(0.43)	4,929	(26)	(1.06)
Customer accounts	51,655	(22)	(0.09)	46,141	3	0.01
Other debt issued	5,690	33	1.19	5,396	27	1.01
Subordinated liabilities	1,557	21	2.66	1,552	20	2.65
Lease liabilities	336	6	3.35	373	6	3.29
Average interest earning liabilities	70,502	14	0.04	58,391	30	0.11
Non-interest earning liabilities	44,821			41,712		
Equity	13,306			13,380		
Total average liabilities & equity	128,629	14		113,483	30	
Net interest income		895	1.48		881	1.66

[1]Negative interest income on assets amounting to € 83 million in the half-year to June 2022 (half-year to June 2021: € 49 million) is offset against interest income. Negative interest expense on liabilities amounting to € 70 million in the half-year to June 2022 (half-year to June 2021: € 50 million) is offset against interest expense.

[2]Loans and advances to banks includes Securities financing.

BUSINESS REVIEW - 1. Operating and financial review

Other income

Other income[1]

€379m

Other income[1]	Half-year June 2022 € m	Half-year June 2021 € m	% change
Net fee and commission income	286	212	35
Dividend income	1	1	-29
Net trading income/(loss)	57	9	—
- *Equity investment hedges*	13	(8)	—
- *Loan acquisition forward contract*	26	—	—
- *Other*	18	17	9
Net gain on equity investments (FVTPL)	14	53	-73
Net gain on loans and advances to customers (FVTPL)	15	17	-11
Other operating income	6	10	-41
Other income	379	302	26

Other income[1]

€379m

Other income of € 379 million increased by € 77 million or 26% compared to the half-year to June 2021. This includes the impact of Goodbody of € 33 million in the half-year to June 2022 following the acquisition in the second half of 2021 and an increase in underlying net fee and commission income of € 41 million.

Net fee and commission income	Half-year June 2022 €m	Half-year June 2021 €m	% change
Customer accounts	111	99	12
Card income	49	32	56
Lending related fees	25	26	-3
Customer related foreign exchange	40	29	37
Other fees and commissions	28	26	6
	253	212	19
Goodbody	33	—	—
Net fee and commission income	286	212	35

Net fee and commission income of € 286 million in the half-year to June 2022 increased by € 74 million compared to the half-year to June 2021 reflecting the impact from Goodbody and an increase in underlying net fee and commission income of € 41 million or 19%.

The increase in underlying net fee and commission income primarily reflected higher transaction volumes driven by the recovery in economic activity.

Goodbody income of € 33 million in the half-year to June 2022 includes stockbroking and client fees and commissions of € 25 million and asset management and advisory fees of € 8 million.

Net trading income (excluding equity hedges and the loan acquisition forward contract) of € 18 million in the half-year to June 2022 was in line with the half-year to June 2021.

A gain of € 26 million was recognised in the half-year to June 2022 in respect of a forward contract to acquire corporate and commercial loans from Ulster Bank.[2]

Net income from equity investments of € 27 million in the half-year to June 2022 (half-year to June 2021: € 45 million) reflected the revaluation and disposal of equity investments. This comprises a net gain on equity investments (FVTPL) of € 14 million in the half-year to June 2022 (half-year to June 2021: € 53 million) and a gain on equity investment hedges of € 13 million (half-year to June 2021: loss of € 8 million).

Net gain on loans and advances to customers (FVTPL) of € 15 million in the half-year to June 2022 (half-year to June 2021: € 17 million) represents income recognised on previously restructured loans carried at fair value through profit or loss.

Other operating income in the half-year to June 2022 includes a gain of € 7 million on disposal of investment securities (half-year to June 2021: € 7 million).

IFRS basis

On an IFRS basis other income, including a net gain of € 29 million on exceptional items[1], was € 408 million in the half-year to June 2022 compared to € 290 million in the half-year to June 2021.

[1]Other income before exceptional items. A net gain of € 29 million on exceptional items in the half-year to June 2022 (half-year to June 2021: € 12 million loss) comprises: € 27 million gain on disposal of loan portfolios (half-year to June 2021: € 12 million loss), a net gain on loans and advances to customers (FVTPL) of € 1 million (half-year to June 2021: Nil) and net fee and commission income of € 1 million (half-year to June 2021: Nil).

[2]For further information see note 38 Proposed loan acquisitions in the condensed consolidated interim financial statements.

Operating expenses

Total operating expenses[(1)(2)]

€782m

Operating expenses[(1)(2)]	Half-year June 2022 € m	Half-year June 2021 € m	% change
Personnel expenses	372	360	3
General and administrative expenses	262	239	10
Depreciation, impairment and amortisation	148	140	6
Total operating expenses	782	739	6
Staff numbers at period end[(3)]	9,027	9,003	—
Average staff numbers[(3)]	8,946	9,100	-2

Total operating expenses[(1)(2)]

€782m

Total operating expenses of € 782 million increased by € 43 million compared to the half-year to June 2021. This includes the impact of Goodbody of € 35 million in the half-year to June 2022 following the acquisition in the second half of 2021 and an underlying increase in costs of € 8 million or 1%.

Personnel expenses

Personnel expenses increased by € 12 million compared to the half-year to June 2021 primarily due to the impact of Goodbody of € 22 million and salary inflation partly offset by a decrease in average staff numbers as the expected benefits of Strategy 2023 were realised.

General and administrative expenses

General and administrative expenses increased by € 23 million compared to the half-year to June 2021 primarily driven by the impact of Goodbody and some inflationary impacts.

Depreciation, impairment and amortisation

Depreciation, impairment and amortisation increased by € 8 million compared to the half-year to June 2021.

Cost income ratio[(1)(2)]

61%

Costs of € 782 million and income of € 1,274 million resulted in a cost income ratio of 61% in the half-year to June 2022 compared to 62% in the half-year to June 2021.

Bank levies and regulatory fees

€101m

Bank levies and regulatory fees	Half-year June 2022 € m	Half-year June 2021 € m	Full-year 2021 € m
Irish bank levy	—	—	37
Deposit Guarantee Scheme	50	39	48
Single Resolution Fund	38	21	53
Other regulatory levies and charges	13	11	24
Bank levies and regulatory fees	101	71	162

Bank levies and regulatory fees of € 101 million increased by € 30 million compared to the half-year to June 2021 primarily due to higher Single Resolution Fund (SRF) and Deposit Guarantee Scheme fees.

The increase in the SRF fee in the half-year to June 2022 reflected an industry wide increase in the target funding rate set by the Single Resolution Board. The SRF fee recognised in the year ended 31 December 2021 includes a provision of € 25 million following a reassessment of the liability due in respect of previous years.

The Irish bank levy for financial institutions is payable in October each year.

IFRS basis

On an IFRS basis total costs, including bank levies and regulatory fees of € 101 million and the cost of exceptional items[(2)] of € 200 million, were € 1,083 million in the half-year to June 2022 compared to € 989 million in the half-year to June 2021. This results in a cost income ratio (IFRS basis) of 83% in the half-year to June 2022, compared to 84% in the half-year to June 2021.

[(1)] Before bank levies and regulatory fees and exceptional items.
[(2)] The cost of exceptional items of € 200 million in the half-year to June 2022 (half-year to June 2021: € 179 million) comprised of: Personnel expenses € 9 million (half-year to June 2021: € 4 million), General and administrative expenses € 157 million (half-year to June 2021: € 134 million) and Depreciation, impairment and amortisation € 34 million (half-year to June 2021: € 41 million).
[(3)] Staff numbers are on a full time equivalent ("FTE") basis. Staff numbers at 30 June 2022 include 351 FTEs following the acquisition of Goodbody in the second half of 2021.

BUSINESS REVIEW - 1. Operating and financial review

Net credit impairment writeback

€309m

There was a net credit impairment writeback of € 309 million in the half-year to June 2022 reflecting the economic environment in Ireland with robust credit quality & repayments, updated macroeconomic assumptions as well as some release of post-model adjustments.

The net credit impairment writeback of € 309 million reflected a € 308 million writeback on loans and advances to customers (net remeasurement of expected credit loss ("ECL") allowance writeback of € 276 million and recoveries of amounts previously written-off of € 32 million). There was also a € 1 million writeback on securities financing.

There was a net credit impairment writeback of € 103 million in the half-year to June 2021 comprising of a € 106 million writeback on loans and advances to customers (net remeasurement writeback € 70 million and recoveries € 36 million) partially offset by a € 3 million charge for off-balance sheet exposures.

For further information see pages 38 to 74 in the Risk Management section on pages.

Income tax charge

€60m

The effective tax rate was 11% in the half-year to June 2022 compared with 6% in the half-year to June 2021. The prior period effective tax rate reflected an increase in deferred tax assets due to an increase in the UK corporation tax rate.

For further information see note 11 Taxation and note 21 Deferred taxation of the condensed consolidated interim financial statements.

Total exceptional items

€168m

Total exceptional items	Half-year June 2022 € m	Half-year June 2021 € m
Restitution costs	(101)	(124)
Restructuring costs	(60)	(46)
- Termination benefits	(3)	(2)
- Property transformation	(36)	(31)
- UK portfolio sale	(13)	—
- Other restructuring	(8)	(13)
Inorganic transaction costs	(21)	(16)
Gain/(loss) on disposal of loan portfolios	40	(12)
Other	(26)	7
Total exceptional items	(168)	(191)

These gains/costs were viewed as exceptional by management.

Restitution costs includes an additional charge of € 87 million related to a series of investment property funds (known as Belfry) which were sold to individual investors during the period 2002 to 2006, reflecting an increased provision for customer redress of € 73 million and associated costs of € 14 million (half-year to June 2021 charge of € 100 million including € 25 million for legal and settlement costs). It also includes costs relating to the tracker mortgage examination of € 14 million.

Restructuring costs reflect the implementation of the Group's revised strategy (Strategy 2023) including termination benefits, impairment and other costs associated with the reduction in the Group's property footprint, changes to the Retail network in ROI and the exit from the SME market in Great Britain.

Inorganic transaction costs includes costs associated with the acquisition of a portfolio of performing Ulster Bank corporate and commercial loans and the acquisition of a portfolio of performing Ulster Bank tracker (and linked) mortgages.

Gain/(loss) on disposal of loan portfolios relates to the disposals of non-performing loan portfolios.

Other in 2022 reflects a charge of € 27 million relating to the Central Bank of Ireland enforcement investigation in respect of tracker mortgages at AIB and EBS, with a provision of € 70 million having being recognised in prior periods. On 22 June 2022 the Central Bank of Ireland concluded its enforcement and the Group has agreed to pay a fine of € 96.7 million which brings the investigation to a close. In the half-year to June 2021 it reflected the writeback of a provision for regulatory fines.

Assets

Net loans to customers
€57.1bn

New lending
€5.4bn

Assets	30 June 2022 € bn	31 December 2021 € bn	% change
Gross loans to customers	58.5	58.4	—
ECL allowance	(1.4)	(1.9)	-26
Net loans to customers	57.1	56.5	1
Investment securities	17.2	17.0	1
Loans and advances to banks	46.1	44.0	5
Securities financing	4.6	3.9	17
Other assets	7.9	6.5	22
Total assets	132.9	127.9	4

Net loans to customers
€57.1bn

Net loans increased by € 0.6 billion compared to 31 December 2021 primarily due to new lending exceeding redemptions, the acquisition of loans from Ulster Bank partially offset by the disposal of non-performing loans and planned UK deleveraging.

The Group has commenced the acquisition of performing Ulster Bank corporate and commercial loans with € 0.2 billion completed by 30 June 2022. The migration of the remaining eligible loans of € 3.5 billion is expected to be completed on a phased basis over the next 9 months.

New lending
€5.4bn

New lending of € 5.4 billion in the half-year to June 2022 was 20% or € 0.9 billion higher compared to the half-year to June 2021.

Mortgage lending of € 1.8 billion was 45% higher driven by strong Irish mortgage lending of € 1.7 billion, up 59%, representing a market share of 31% in the half-year to June 2022. Property related lending was up 54% to € 1.2 billion. Non-property lending of € 2.0 billion was 6% lower as higher corporate lending in Ireland was more than offset by lower UK and syndicated lending. Personal lending was up 16% to € 0.5 billion.

New lending comprises € 4.6 billion term lending in the half-year to June 2022 (€ 4.0 billion in the half-year to June 2021) and € 0.8 billion transaction lending (€ 0.5 billion in the half-year to June 2021).

Non-performing loans
€2.4bn

Non-performing loans ratio
4.2%

Non-performing loans decreased by € 0.7 billion or 22% to € 2.4 billion at 30 June 2022 compared to 31 December 2021 primarily reflecting a loan portfolio disposal of € 0.4 billion and redemptions of € 0.4 billion partially offset by net flow to non-performing of € 0.2 billion.

Legacy NPEs (exposures that entered into default prior to 31 December 2018) amount to € 0.3 billion or 0.6% of total loans at 30 June 2022.

Non-performing loans ratio

Non-performing loans as a percentage of gross loans to customers was 4.2% at 30 June 2022 compared to 5.4% at 31 December 2021.

ECL allowance
€1.4bn

Non-performing loans cover
28%

The ECL allowance on loans (at amortised cost) of € 1.4 billion at 30 June 2022 decreased from € 1.9 billion at 31 December 2021 primarily reflecting the net credit impairment writeback and disposal of non-performing loans in the half-year to June 2022.

Non-performing loans cover

The ECL allowance cover rate on non-performing loans of 28% at 30 June 2022 compared to 32% at 31 December 2021.

Summary of movement in loans to customers

The table below sets out the movement in loans to customers from 1 January 2022 to 30 June 2022.

Loans to customers	Performing loans € bn	Non-performing loans € bn	Loans to customers € bn
Gross loans (opening balance 1 January 2022)	55.3	3.1	58.4
New lending	5.4	—	5.4
Redemptions of existing loans	(4.5)	(0.4)	(4.9)
Portfolio acquisition	0.2	—	0.2
Portfolio disposals	(0.2)	(0.4)	(0.6)
Net movement to non-performing	(0.2)	0.2	—
Restructures and write-offs	—	(0.1)	(0.1)
Foreign exchange & other movements	0.1	—	0.1
Gross loans (closing balance 30 June 2022)	56.1	2.4	58.5
ECL allowance	(0.8)	(0.6)	(1.4)
Net loans (closing balance 30 June 2022)	55.3	1.8	57.1

BUSINESS REVIEW - 1. Operating and financial review

Assets *(continued)*

The tables below summarise the credit profile of the loan portfolio by asset class and include a range of credit metrics that the Group uses in managing the portfolio. Further information on the Group's risk profile and non-performing loans is available in the Risk management section on pages 38 to 74.

	At amortised cost					At FVTPL[1]	
Loan portfolio profile	**Residential mortgages**	**Other personal**	**Property and construction**	**Non-property business**	**Total**	**Total**	**Total**
30 June 2022	**€ bn**	**€ bn**	**€ bn**	**€ bn**	**€ bn**	**€ bn**	**€ bn**
Gross loans to customers	**29.3**	**2.7**	**7.7**	**18.6**	**58.3**	**0.2**	**58.5**
Of which: Stage 2	**1.2**	**0.2**	**1.4**	**3.4**	**6.2**	**—**	**6.2**
Of which: Non-performing loans	**0.7**	**0.2**	**0.4**	**0.9**	**2.2**	**0.2**	**2.4**
Total ECL allowance	**0.2**	**0.2**	**0.2**	**0.8**	**1.4**	**—**	**1.4**
Total ECL allowance cover (%)	**0.8 %**	**7.0 %**	**2.9 %**	**4.0 %**	**2.4 %**	**—**	**—**
ECL allowance cover Stage 2 (%)	**1.9 %**	**13.8 %**	**6.9 %**	**13.1 %**	**9.6 %**	**—**	**—**
ECL allowance cover non-performing (%)	**27.8 %**	**63.9 %**	**20.8 %**	**23.2 %**	**27.8 %**	**—**	**—**
31 December 2021	€ bn	€ bn	€ bn	€ bn	€ bn	€ bn	€ bn
Gross loans to customers	29.4	2.7	7.4	18.7	58.2	0.2	58.4
Of which: Stage 2	1.5	0.2	1.4	3.7	6.8	—	6.8
Of which: Non-performing loans	1.0	0.2	0.6	1.1	2.9	0.2	3.1
Total ECL allowance	0.4	0.2	0.3	1.0	1.9	—	1.9
Total ECL allowance cover (%)	1.3 %	8.2 %	4.3 %	5.2 %	3.2 %	—	—
ECL allowance cover Stage 2 (%)	2.8 %	15.5 %	6.6 %	14.4 %	10.4 %	—	—
ECL allowance cover non-performing (%)	30.1 %	64.4 %	27.5 %	28.6 %	31.9 %	—	—

Investment securities

Investment securities of € 17.2 billion, primarily held for liquidity purposes, have increased by € 0.2 billion from 31 December 2021 due to purchases exceeding sales and maturities.

Loans and advances to banks

Loans and advances to banks of € 46.1 billion, including € 44.6 billion of cash and balances at central banks, were € 2.1 billion higher than 31 December 2021. The increased placement with banks was due to an increase in excess liquidity due to higher customer account balances.

Securities financing

Securities financing of € 4.6 billion has increased by € 0.7 billion from 31 December 2021.

Other assets

Other assets of € 7.9 billion comprised:

- Deferred tax assets of € 2.9 billion[2], € 0.1 billion increase from 31 December 2021.
- Derivative financial instruments of € 1.8 billion, € 0.9 billion increase from 31 December 2021 primarily reflecting interest rate and foreign exchange rate movements in the period.
- Remaining assets of € 3.2 billion, increased by € 0.4 billion from 31 December 2021.

[1]Loans at FVTPL relate to the property and construction asset class.
[2]For further information see note 21 Deferred taxation in the condensed consolidated interim financial statements.

Liabilities & equity

Customer accounts	Equity
€95.9bn	**€12.9bn**

Liabilities & equity	30 June 2022 € bn	31 December 2021 € bn	% change
Customer accounts	95.9	92.9	3
Deposits by banks	10.5	10.4	2
Debt securities in issue	6.7	5.8	15
Subordinated liabilities	1.6	1.6	—
Other liabilities	5.3	3.5	50
Total liabilities	120.0	114.2	5
Equity	12.9	13.7	-6
Total liabilities & equity	132.9	127.9	4
	%	%	Change
Loan to deposit ratio	59	61	-2

Customer accounts

€95.9bn

Customer accounts, excluding the impact of currency movements of € 0.1 billion, increased by € 3.1 billion compared to 31 December 2021 driven by an increase in Retail Banking of € 3.5 billion and Capital Markets of € 1.0 billion partly offset by the planned reduction in balances in AIB UK of £ 1.1 billion.

Customer account balances subject to negative rates at 30 June 2022 were € 16 billion compared to € 12 billion at 31 December 2021.

Loan to deposit ratio

The loan to deposit ratio decreased to 59% at 30 June 2022 compared to 61% at 31 December 2021 due to increased customer accounts.

Deposits by banks

Deposits by banks of € 10.5 billion was broadly in line with 31 December 2021 and includes TLTRO III funding of € 10.0 billion.

Debt securities in issue

Debt securities of € 6.7 billion increased by € 0.9 billion from 31 December 2021 following MREL related social and green bond issuances of € 1.0 billion and € 0.75 billion respectively partly offset by the maturity of a covered bond of € 0.75 billion and a partial buyback of € 0.2 billion.

Subordinated liabilities

Subordinated liabilities of € 1.6 billion were in line with 31 December 2021.

Other liabilities

Other liabilities of € 5.3 billion comprised:

- Derivative financial instruments of € 2.0 billion, € 0.9 billion increase from 31 December 2021 primarily reflecting interest rate and foreign exchange rate movements in the period.
- Securities financing € 0.8 billion, € 0.7 billion increase from 31 December 2021.
- Remaining liabilities of € 2.5 billion, € 0.1 billion increase from 31 December 2021.

Equity

€12.9bn

Equity decreased by € 0.8 billion to € 12.9 billion compared to € 13.7 billion at 31 December 2021 driven by movements in the cash flow hedging and investment securities reserves as well as distributions in the period partly offset by the profit for the period.

Equity	€ bn
Opening balance (1 January 2022)	13.7
Profit for the period	0.5
Distributions	(0.2)
Other comprehensive income:	
Cashflow hedging reserves	(0.8)
Investment securities reserves	(0.1)
Other	(0.2)
Closing balance (30 June 2022)	12.9

BUSINESS REVIEW - 1. Operating and financial review

Segment reporting

Segment overview
The Group's performance is managed and reported across the Retail Banking, AIB Capital Markets ("Capital Markets"), AIB UK and Group segments. Segment performance excludes exceptional items.

Retail Banking
Retail Banking comprises Homes & Consumer, SME and Financial Solutions Group ("FSG") in a single integrated segment, focused on meeting the current, emerging and future needs of our personal and SME customers.
- Homes & Consumer is responsible for meeting the homes needs of customers in Ireland across the AIB, EBS and Haven brands and delivering innovative and differentiated products, propositions and services to meet our customers' everyday banking needs through an extensive range of physical and digital channels. Our purpose is to achieve a seamless, transparent and simple customer experience in all of our propositions across current accounts, personal lending, payments & credit cards, deposits, insurance and wealth to maintain and grow our market leading position.
- SME provides financial services to micro and small SMEs through our sector-led strategy and local expertise with an extensive product and proposition offering across a number of channels. Our purpose is to help our customers create and build sustainable businesses in their communities.
- FSG is a dedicated workout unit to which the Group has migrated the management of the majority of its non-performing exposures (NPEs), with the objective of delivering the Group's strategy to reduce NPEs.

Capital Markets
Capital Markets provides institutional, corporate and business banking services to the Group's larger customers and customers requiring specific sector or product expertise. Capital Markets' relationship driven model serves customers through sector specialist teams including: corporate banking, real estate finance, business banking and energy, climate action & infrastructure. In addition to traditional credit products, Capital Markets offers customers foreign exchange and interest rate risk management products, cash management products, trade finance, mezzanine finance, structured and specialist finance and equity investments, as well as Private Banking services and advice. Capital Markets also has syndicated and international finance teams based in Dublin and in New York. In 2021 Goodbody became part of Capital Markets, bringing additional capability in wealth management, corporate finance, asset management and wider capital markets propositions.

AIB UK
AIB UK offers corporate, retail and business banking services in two distinct markets;
- a sector-led corporate bank focused on renewables, infrastructure, health and manufacturing businesses in Great Britain ("Allied Irish Bank (GB)"), where the Bank has recognised expertise, for those customers that value a high-touch relationship model. Services include lending, treasury, trade facilities, asset finance and invoice discounting.
- a retail and business bank that provides a full range of transactional banking services in Northern Ireland ("AIB (NI)").

Group
Group comprises wholesale treasury activities and Group control and support functions. Treasury manages the Group's liquidity and funding positions and provides customer treasury services and economic research. The Group control and support functions in the period included Technology, Operations, Finance, Risk, Legal, Corporate Governance & Customer Care, Human Resources, Corporate Affairs, Strategy & Sustainability and Group Internal Audit.

Segment allocations
The segments' performance statements include all income and directly related costs, excluding overheads which are managed centrally, the costs of which are included in the Group segment. Funding and liquidity income/charges are based on each segment's funding requirements and the Group's funding cost profile, which is informed by wholesale and retail funding costs. Income attributable to capital is allocated to segments based on each segment's capital requirement.

The Group has amended the methodology used to allocate funding costs to segments to better align with the Group's funding cost profile including the cost of excess liquidity. If these changes were applied to the comparative period then they would result in a decrease in reported net interest income in the Retail Banking segment of € 19 million with a corresponding increase in Capital Markets of € 12 million and AIB UK of € 7 million.

Retail Banking

Retail Banking contribution statement	Half-year June 2022 € m	Half-year June 2021 € m	% change
Net interest income	458	519	-12
Other income	204	174	17
Total operating income	662	693	-4
Total operating expenses	(433)	(433)	—
Bank levies and regulatory fees	(1)	(1)	—
Operating contribution before impairments and exceptional items	228	259	-12
Net credit impairment writeback	224	55	307
Operating contribution before exceptional items	452	314	44
Share of equity accounted investments	2	4	-50
Contribution before exceptional items	454	318	43

Net interest income

€458m

Net interest income has decreased by € 61 million compared to the half-year to June 2021. This was primarily due to higher funding costs following a change in the funding allocation methodology[(1)] and reflecting that the half-year to June 2021 benefited from TLTRO III additional income. It also reflects the increase in customer account volumes coupled with the impact of the negative interest rate environment and lower average loan volumes reflecting the redemption and disposal of non-performing loans.

Other income

€204m

Other income increased by € 30 million compared to the half-year to June 2021 mainly due to an increase in net fee and commission income driven by card income, customer accounts and customer related foreign exchange income.

Total operating expenses

€433m

Total operating expenses were in line with the half-year to June 2021.

Net credit impairment writeback

€224m

There was a net credit impairment writeback of € 220 million on loans and advances to customers (net remeasurement of ECL allowance writeback of € 193 million and recoveries of amounts previously written-off of € 27 million) and a € 4 million writeback for off-balance sheet exposures. There was a net credit impairment writeback of € 55 million in the half-year to June 2021.

Retail Banking balance sheet metrics	30 June 2022 € bn	30 June 2021 € bn	% change
Mortgages	1.7	1.1	
Personal	0.5	0.4	
Property	—	0.1	
Non-property business	0.5	0.4	
New lending	2.7	2.0	34
	30 June 2022 € bn	**31 December 2021 € bn**	
Mortgages	27.7	27.7	
Personal	2.6	2.6	
Property	0.5	0.6	
Non-property business	3.1	3.2	
Gross loans	33.9	34.1	-1
ECL allowance	(0.6)	(1.0)	-37
Net loans	33.3	33.1	—
Current accounts	40.3	37.9	6
Deposits	28.4	27.3	4
Customer accounts	68.7	65.2	5

New lending

€2.7bn

New lending was 34% higher at € 2.7 billion due to a strong increase in mortgage lending of € 0.6 billion or 59% and higher personal lending.

Net loans

€33.3bn

Net loans increased by € 0.2 billion primarily due to growth in performing loans of € 0.3 billion as new lending exceeded redemptions partly offset by the disposal of non-performing loans.

ECL allowance

€0.6bn

The ECL allowance of € 0.6 billion at 30 June 2022 decreased by € 0.4 billion from € 1.0 billion at 31 December 2021 primarily reflecting net credit impairment writeback and the disposal of a non-performing loan portfolio.

Customer accounts

€68.7bn

Customer accounts increased by € 3.5 billion compared to 31 December 2021 driven by higher personal balances.

[(1)]From 1 January the Group amended the methodology used to allocate funding costs to segments. For further information see page 26 Segment Reporting.

BUSINESS REVIEW - 1. Operating and financial review

Capital Markets

Capital Markets contribution statement	Half-year June 2022 € m	Half-year June 2021 € m	% change
Net interest income	255	212	20
Other income	129	64	102
Total operating income	384	276	39
Total operating expenses	(101)	(65)	55
Bank levies and regulatory fees	(1)	—	—
Operating contribution before impairments and exceptional items	282	211	34
Net credit impairment writeback	86	39	121
Operating contribution before exceptional items	368	250	47
Share of equity accounted investments	1	1	—
Contribution before exceptional items	369	251	47

Capital Markets balance sheet metrics	30 June 2022 € bn	30 June 2021 € bn	% change
Property	0.9	0.4	
Non-property business	1.2	1.2	
New lending	2.1	1.6	32
	30 June 2022 € bn	**31 December 2021 € bn**	
Mortgages	0.5	0.5	
Property	5.5	5.1	
Non-property business	11.1	10.4	
Gross loans	17.1	16.0	7
ECL allowance	(0.5)	(0.6)	-13
Net loans	16.6	15.4	8
Investment securities	1.9	1.5	36
Current accounts	12.4	11.1	11
Deposits	3.1	3.4	-8
Customer accounts	15.5	14.5	7

Net interest income

€255m

Net interest income increased by € 43 million compared to the half-year to June 2021. This was primarily due to higher average loan volumes, lower funding costs following a change in the funding allocation methodology[(1)] and the impact of the negative deposit pricing strategy.

Other income

€129m

Other income increased by € 65 million compared to the half-year to June 2021 driven by the impact of Goodbody following the acquisition in the second half of 2021, a gain in respect of a loan acquisition forward contract to acquire corporate and commercial loans from Ulster Bank and an increase in net fee and commission income.

Total operating expenses

€101m

Total operating expenses increased by € 36 million compared to the half-year to June 2021 primarily due to the impact from Goodbody.

Net credit impairment writeback

€86m

There was a net credit impairment writeback of € 86 million in the half-year to June 2022 comprising of a € 87 million writeback on loans and advances to customers and a € 1 million charge for exposures held at FVOCI. There was a net credit impairment writeback of € 39 million in the half-year to June 2021.

New lending

€2.1bn

New lending of € 2.1 billion increased by € 0.5 billion compared to the half-year to June 2021 with strong new lending in property and in corporate lending partly offset by lower syndicated lending.

Net loans

€16.6bn

Net loans of € 16.6 billion at 30 June 2022 increased by € 1.2 billion compared to 31 December 2021 primarily due to new lending exceeding redemptions, the acquisition of € 0.2 billion loans from Ulster Bank and the impact of currency movements of € 0.2 billion.

ECL allowance

€0.5bn

The ECL allowance of € 0.5 billion at 30 June 2022 was € 0.1 billion lower compared to 31 December 2021 due to the net credit impairment writeback in the half-year to June 2022.

Investment securities

€1.9bn

Investment securities of € 1.9 billion were € 0.4 billion higher than 31 December 2021.

Customer accounts

€15.5bn

Current accounts of € 12.4 billion were € 1.3 billion higher than 31 December 2021. Deposits of € 3.1 billion decreased by € 0.3 billion compared to 31 December 2021.

[(1)]From 1 January the Group amended the methodology used to allocate funding costs to segments. For further information see page 26 Segment Reporting.

AIB UK

AIB UK contribution statement	Half-year June 2022 £ m	Half-year June 2021 £ m	% change
Net interest income	103	91	13
Other income	27	22	24
Total operating income	130	113	15
Total operating expenses	(60)	(75)	-20
Operating contribution before impairments and exceptional items	70	38	83
Net credit impairment (charge)/ writeback	(1)	8	—
Operating contribution before exceptional items	69	46	50
Share of equity accounted investments	2	1	94
Contribution before exceptional items	71	47	51
Contribution before exceptional items € m	84	54	56

AIB UK balance sheet metrics	30 June 2022 £ bn	30 June 2021 £ bn	% change
AIB GB	0.4	0.6	-25
AIB NI	0.1	0.2	-69
New lending	0.5	0.8	-38
	30 June 2022 £ bn	31 December 2021 £ bn	
Gross loans	6.4	6.9	-7
ECL allowance	(0.2)	(0.2)	-8
Net loans	6.2	6.7	-7
Current accounts	6.0	6.9	-13
Deposits	2.8	3.0	-9
Customer accounts	8.8	9.9	-11

Net interest income

£103m

Net interest income increased by £ 12 million compared to the half-year to June 2021 driven by the favourable impact of the Bank of England base rate increases and lower funding costs following a change in the funding allocation methodology[1] partly offset by lower average loan volumes primarily due to the exit from the SME market in Great Britain.

Other income

£27m

Other income increased by £ 5 million compared to the half-year to June 2021 primarily due to an increase in customer related foreign exchange and card income.

Total operating expenses

£60m

Total operating expenses decreased by £ 15 million compared to the half-year to June 2021 primarily due to the reduction in average staff numbers driven by the exit from the SME market in Great Britain.

Net credit impairment charge

£1m

There was a net credit impairment charge of £ 1 million in the half-year to June 2022. There was a net credit impairment writeback of £ 8 million in the half-year to June 2021.

New lending

£0.5bn

New lending of £ 0.5 billion in the half-year to June 2022 decreased by £ 0.3 billion compared to the half-year to June 2021 driven by a reduction in SME lending and lower mortgage lending.

Net loans

£6.2bn

Net loans of £ 6.2 billion decreased by £ 0.5 billion compared to 31 December 2021 primarily due to the exit from the SME market in Great Britain.

In November 2021 AIB UK plc announced an agreement to sell c.£ 0.6 billion of performing small and medium enterprise (SME) loans in Great Britain (GB). At 31 December 2021 £ 0.3 billion of loans has been derecognised from the balance sheet with a further £ 0.2 billion being derecognised in the half-year to 30 June 2022.

ECL allowance

£0.2bn

The ECL allowance of £ 0.2 billion at 30 June 2022 was in line with 31 December 2021.

Customer accounts

£8.8bn

Customer accounts of £ 8.8 billion at 30 June 2022 were £ 1.1 billion lower compared to 31 December 2021.

[1]From 1 January the Group amended the methodology used to allocate funding costs to segments. For further information see page 26 Segment Reporting.

BUSINESS REVIEW - 1. Operating and financial review

Group

Group contribution statement	Half-year June 2022 € m	Half-year June 2021 € m	% change
Net interest income	60	45	33
Other income	14	39	-64
Total operating income	74	84	-12
Total operating expenses	(177)	(155)	14
Bank levies and regulatory fees	(99)	(70)	41
Contribution before exceptional items	(202)	(141)	43

Group balance sheet metrics	30 June 2022 € bn	31 December 2021 € bn	% change
Investment securities	15.3	15.5	-2
Customer accounts	1.5	1.3	9

Net interest income

€60m

Net interest income of € 60 million increased by € 15 million compared to the half-year to June 2021 reflecting the impact of higher interest rates.

Other income

€14m

Other income decreased by € 25 million compared to the half-year to June 2021 driven by lower income from equity investments.

Total operating expenses

€177m

Total operating expenses of € 177 million increased by € 22 million compared to the half-year to June 2021 mainly due to an increase in general and administration expenses and depreciation.

Bank levies and regulatory fees

€99m

Bank levies and regulatory fees of € 99 million in the half-year to June 2022 include the Deposit Guarantee Scheme of € 50 million, the Single Resolution Fund € 38 million and other regulatory levies and charges of € 11 million.

The increase in the SRF fee in the half-year to June 2022 reflected an industry wide increase in the target funding rate set by the Single Resolution Board. The SRF fee recognised in the year ended 31 December 2021 was € 53 million and includes a provision of € 25 million following a reassessment of the liability due in respect of previous years.

Investment securities

€15.3bn

Investment securities of € 15.3 billion primarily held for liquidity purposes decreased by € 0.2 billion from 31 December 2021 due to sales and maturities exceeding purchases.

Customer accounts

€1.5bn

Customer accounts were € 1.5 billion at 30 June 2022 compared to € 1.3 billion at 31 December 2021.

Alternative performance measures

The following is a list, together with a description, of APMs used in analysing the Group's performance, provided in accordance with the European Securities and Markets Authority ("ESMA") guidelines.

Average rate	Interest income/expense for balance sheet categories divided by corresponding average balance.
Average balance	Average balances for interest-earning assets are based on daily balances for all categories with the exception of loans and advances to banks, which are based on a combination of daily/ monthly balances. Average balances for interest-earning liabilities are based on a combination of daily/ monthly balances, with the exception of customer accounts which are based on daily balances.
Absolute cost base	Total operating expenses excluding exceptional items, bank levies and regulatory fees.
Cost income ratio	Total operating expenses excluding exceptional items, bank levies and regulatory fees divided by total operating income excluding exceptional items.
Cost income ratio (IFRS basis)	Total operating expenses divided by total operating income.
Exceptional items	Performance measures have been adjusted to exclude items viewed as exceptional by management and which management view as distorting comparability of performance period on period. The adjusted performance measure is considered an APM. A reconciliation between the IFRS and management performance summary income statements is set out on page 32. Exceptional items include: – *Restitution costs* includes a charge related to a series of investment property funds (known as Belfry) which were sold to individual investors during the period 2002 to 2006. It also includes compensation in relation to the tracker mortgage examination and other customer redress along with associated costs. – *Restructuring costs* reflect the implementation of the Group's revised strategy (Strategy 2023) including termination benefits, impairment and other costs associated with the reduction in the Group's property footprint, changes to the Retail network in ROI and the exit from the SME market in Great Britain. – *Inorganic transaction costs* includes costs associated with the acquisition of a portfolio of performing Ulster Bank corporate and commercial loans and the acquisition of a portfolio of performing Ulster Bank tracker (and linked) mortgages. In the half-year to June 2021 it also included costs associated with the creation of a joint venture with Great-West Lifeco Inc. – *Gain/(loss) on disposal of loan portfolios* relates to the disposals of non-performing loan portfolios. – *Other* in 2022 reflects a charge in respect of the Central Bank of Ireland enforcement investigation in respect of tracker mortgages at AIB and EBS. In the half-year to June 2021 it included a writeback of a provision for regulatory fines.
Loan to deposit ratio	Net loans and advances to customers divided by customer accounts.
Net interest margin	Net interest income divided by average interest-earning assets.
Non-performing exposures	Non-performing exposures as defined by the European Banking Authority, include loans and advances to customers (non-performing loans) and off-balance sheet exposures such as loan commitments and financial guarantee contracts.
Non-performing loans cover	ECL allowance on non-performing loans as a percentage of non-performing loans.
Non-performing loans ratio	Non-performing loans as a percentage of total gross loans.
Return on Tangible Equity (RoTE)	Profit after tax less AT1 coupons paid, divided by targeted CET1 capital on fully loaded basis. Details of the Group's RoTE is set out in the Capital Section on page 35.
Management performance – summary income statement	The following line items in the management performance summary income statement are considered APMs: – Other income – Total operating income – Personnel expenses – General and administrative expenses – Depreciation, impairment and amortisation – Total operating expenses – Bank levies and regulatory fees – Operating profit before impairment losses and exceptional items – Operating profit before exceptional items – Profit on disposal of property – Profit before exceptional items – Total exceptional items

BUSINESS REVIEW - 1. Operating and financial review

Reconciliation between IFRS and management performance summary income statements

Performance has been adjusted to exclude items viewed as exceptional by management and which management view as distorting comparability of performance period on period. The adjusted performance measure is considered an APM. A reconciliation of management performance measures to the directly related IFRS measures, providing their impact in respect of specific line items and the overall summary income statement, is set out below.

IFRS – summary income statement	Half-year June 2022 € m	Half-year June 2021 € m
Net interest income	895	881
Other income	408	290
Total operating income	1,303	1,171
Total operating expenses	(1,083)	(989)
Operating profit before impairment losses	220	182
Net credit impairment writeback	309	103
Operating profit	529	285
Share of equity accounted investments	5	6
Profit on disposal of property	3	—
Profit before taxation	537	291
Income tax charge	(60)	(17)
Profit for the period	477	274

Adjustments – between IFRS and management performance

Other income	**of which: exceptional items**				
	Net fee & commission income	(1)		—	
	Net gain on loans and advances to customers (FVTPL)	(1)		—	
	(Gain)/loss on disposal of loan portfolios	(27)	(29)	12	12
Total operating expenses	**of which: bank levies and regulatory fees**		101		71
	of which: exceptional items				
	Restitution costs	101		124	
	Restructuring costs	48		46	
	Inorganic transaction costs	21		16	
	Other	30	200	(7)	179
Profit on disposal of property	**of which: exceptional items**				
	Property strategy	(3)	(3)	—	—

Management performance – summary income statement	Half-year June 2022 € m	Half-year June 2021 € m
Net interest income	895	881
Other income[1]	379	302
Total operating income[1]	1,274	1,183
Total operating expenses[1]	(782)	(739)
Bank levies and regulatory fees[1]	(101)	(71)
Operating profit before impairment losses and exceptional items[1]	391	373
Net credit impairment writeback	309	103
Operating profit before exceptional items[1]	700	476
Share of equity accounted investments	5	6
Profit on disposal of property[1]	—	—
Profit before exceptional items[1]	705	482
Total exceptional items[1]	(168)	(191)
Profit before taxation	537	291
Income tax charge	(60)	(17)
Profit for the period	477	274

[1]Performance has been adjusted to exclude items viewed as exceptional by management and which management view as distorting comparability of performance period on period. The adjusted performance measure is considered an APM.

BUSINESS REVIEW - 2. Capital

Objectives

The objectives of the Group's capital management policy are to at all times comply with regulatory capital requirements and to ensure that the Group has sufficient capital to cover the current and future risk inherent in its business and to support its future development. Detail on the management of capital and capital adequacy risk can be found in 'Risk management 2.3' on page 153 of the Group's Annual Financial Report 2021.

Regulatory capital and capital ratios[1]

	Transitional basis		Fully loaded basis	
	30 June 2022 € m	31 December 2021 € m	30 June 2022 € m	31 December 2021 € m
Equity	12,928	13,664	12,928	13,664
Less: Additional Tier 1 Securities	(1,115)	(1,115)	(1,115)	(1,115)
Foreseeable charges[2]/proposed ordinary dividend[3]	(291)	(122)	(291)	(122)
Regulatory adjustments:				
Intangible assets and goodwill	(556)	(552)	(556)	(552)
Cash flow hedging reserves	690	(149)	690	(149)
IFRS 9 CET1 transitional add-back	232	565	—	—
Pension	(48)	(39)	(48)	(39)
Deferred tax	(2,221)	(1,977)	(2,759)	(2,801)
Calendar provisioning[4]	(93)	(136)	(93)	(136)
Other[5]	(102)	(37)	(102)	(37)
	(2,098)	(2,325)	(2,868)	(3,714)
Total common equity tier 1 capital	9,424	10,102	8,654	8,713
Additional tier 1 capital				
Additional tier 1 issuance	1,115	1,115	1,115	1,115
Other	(3)	—	(3)	—
Total additional tier 1 capital	1,112	1,115	1,112	1,115
Total tier 1 capital	10,536	11,217	9,766	9,828
Tier 2 capital				
Subordinated debt	1,500	1,500	1,500	1,500
Instruments issued by subsidiaries that are given recognition in tier 2 capital	29	24	31	28
IRB Excess of provisions over expected losses eligible	130	133	130	133
IFRS 9 tier 2 transitional adjustment	(130)	(133)	—	—
Other	(3)	—	(3)	—
Total tier 2 capital	1,526	1,524	1,658	1,661
Total capital	12,062	12,741	11,424	11,489
Risk-weighted assets				
Credit risk	52,133	47,646	51,986	47,367
Market risk	330	446	330	446
Operational risk	4,211	4,435	4,211	4,435
Credit valuation adjustment and settlement risk	102	110	102	110
Total risk-weighted assets	56,776	52,637	56,629	52,358
	%	%	%	%
Common equity tier 1 ratio	16.6	19.2	15.3	16.6
Tier 1 ratio	18.6	21.3	17.2	18.8
Total capital ratio	21.2	24.2	20.2	21.9

[1] Prepared under the regulatory scope of consolidation.
[2] Consistent with Article 2 Regulation (EU) No 241/2014 a foreseeable charge has been deducted which represents the maximum dividend payout ratio under the Group's internal dividend policy, applied to the interim profit for 2022.
[3] The proposed ordinary dividend was € 122 million in respect of 2021. Equity at 30 June 2022 was reduced by this dividend payment in May 2022.
[4] Calendar provisioning is a Supervisory Review and Evaluation Process ("SREP") recommendation to ensure minimum coverage levels on long term NPE exposures. The difference between the SREP recommended coverage levels and the IFRS 9 ECL coverage is taken as a CET1 deduction.
[5] Other includes prudent valuation adjustment which has increased with the addition of the Ulster Bank forward contract.

BUSINESS REVIEW - 2. Capital

Capital requirements

The table below sets out the Group's capital requirements at 30 June 2022.

Regulatory Capital Requirements	30 June 2022
CET1 Requirements	
Pillar 1	4.50 %
Pillar 2 requirement (P2R)	1.55 %
Combined buffer requirement	4.01 %
Capital Conservation Buffer (CCB)	*2.50 %*
O-SII buffer	*1.50 %*
Countercyclical buffer (CCyB) Impact	*0.01 %*
CET1 Requirement	**10.06 %**
AT1	**2.02 %**
Tier 2	**2.69 %**
Total Capital Requirement	**14.77 %**

In addition, under Article 104a any shortfall in AT1 and Tier 2 must be held in CET1. The AT1 shortfall at 30 June 2022 is 5bps and accordingly increases the CET1 requirement to 10.11%. The table does not include Pillar 2 Guidance ("P2G") which is not publicly disclosed.

The Bank of England ("BOE") has announced the reintroduction of the UK Countercyclical capital buffer ("CCyB") at 1% by December 2022 (equating to an estimated 0.15% Group requirement), increasing to 2% in the second quarter of 2023. The Central Bank of Ireland ("CBI") is also reintroducing the CCyB for Irish exposures at 0.5% in 2023, potentially increasing to 1.5% in 2024.

Acquisition of Ulster Bank corporate and commercial loans and tracker mortgage portfolio

Note 38 'Proposed loan acquisitions' sets out the details on the proposed transactions.

Following receipt of CCPC approval, the Group has deemed it has an irrevocable commitment to take on the corporate and commercial loan portfolio and therefore, has recognised additional RWAs as an Article 3 adjustment ("Application of stricter requirements by institutions") at 30 June 2022. The overall impact is an increase in the Group's RWAs of c. € 4.5 billion (c. -1.3% CET1).

The Group estimates that if the Ulster Bank tracker mortgage transaction had completed on 30 June 2022 the increase in the Group's RWAs would have led to a reduction in CET1 of c. -0.6%.

Capital ratios at 30 June 2022

Fully Loaded Ratio

The fully loaded CET1 ratio decreased to 15.3% at 30 June 2022 from 16.6% at 31 December 2021.

The decrease of -1.3% is mainly due to the increase in Risk Weighted Assets ("RWAs") as a result of the Ulster Bank corporate and commercial loan book acquisition. Profit after tax of € 0.5 billion (+0.9%) and calendar provisioning release (+0.1%) are offset by a foreseeable charge in respect of dividends (-0.6%), a share buyback programme completed in May (-0.2%) and a reduction in investment securities (-0.2%).

The disposal of non performing loans during the half-year to 30 June 2022 had a positive impact on CET1 through the contribution to profit (+0.2%) and calendar provisioning reduction (+0.1%) with a further benefit (+0.1%) due in the second half of the year on the reduction of RWAs.

The fully loaded total capital ratio decreased to 20.2% at 30 June 2022 from 21.9% at 31 December 2021 primarily due to higher RWAs and the other CET1 movements outlined above.

Transitional Ratio

The transitional CET1 ratio decreased to 16.6% at 30 June 2022 from 19.2% at 31 December 2021. The decrease is mainly due to the fully loaded movements outlined and an additional year's phasing of the deferred tax asset deduction as well as further recognition of IFRS 9 provisions recorded in 2020 as per Regulation (EU) 2020/873 ("CRR Quick Fix" in response to the COVID-19 pandemic).

At 30 June 2022 the transitional total capital ratio decreased to 21.2% from 24.2% at 31 December 2021.

Finalisation of Basel III

The Group continues to closely monitor regulatory developments to ensure that the Group maintains a strong capital position. The final Basel III requirements in respect of Counterparty Credit Risk have been implemented as part of CRR2.

Further regulatory developments in respect of the finalisation of Basel III are expected in the near term. Exact implementation details will be confirmed once the finalised requirements are transposed into law (i.e. the CRR is further updated). Initial assessments signal upward pressure on RWAs, mostly in relation to operational risk.

In relation to RWA floors, the Group's high RWA density makes it less likely to be severely impacted by their introduction.

Minimum Requirement for Own Funds and Eligible Liabilities ("MREL")

At 30 June 2022 the Group has an MREL ratio of 30.8% of RWAs (31 December 2021: 31.9%).

The Group's MREL ratio is in excess of the target for 2022 and there is currently sufficient loss absorption and re-capitalisation capability.

In the six months to 30 June 2022, the Group issued a € 1 billion social bond, a € 750 million green bond and also completed the buyback of € 246 million legacy bonds which became MREL ineligible.

The Group has estimated its January 2023 intermediate binding target is 27.9% of RWA including the combined buffer requirement.

The Group continues to monitor changes in MREL requirements together with developments in the SRB's MREL Policy which has the potential to impact on the Group's MREL target.

Ratings

AIB Group plc and Allied Irish Banks, p.l.c. are rated at investment grade with all three rating agencies, Moody's, Fitch and Standard & Poor's (S&P).

AIB Group plc

On 13 May 2022, Moody's upgraded the credit rating by one notch to A3 following an upgrade of Ireland's sovereign debt rating and an improvement in the operating environment. The Stable outlook was reaffirmed.

On 16 May 2022, S&P revised the outlook to Stable from Negative and reaffirmed the ratings. This reflects S&P's view that profitability pressure for AIB is easing.

		30 June 2022	
Long term ratings	**Moody's**	**S&P**	**Fitch**
Long term	**A3**	**BBB-**	**BBB**
Outlook	**Stable**	**Stable**	**Stable**
Investment grade	✓	✓	✓

		31 December 2021	
Long term ratings	Moody's	S&P	Fitch
Long term	Baa1	BBB-	BBB
Outlook	Stable	Negative	Stable
Investment grade	✓	✓	✓

Allied Irish Banks, p.l.c.

		30 June 2022	
Long term ratings	**Moody's**	**S&P**	**Fitch**
Long term	**A1**	**A-**	**BBB+**
Outlook	**Stable**	**Stable**	**Stable**
Investment grade	✓	✓	✓

		31 December 2021	
Long term ratings	Moody's	S&P	Fitch
Long term	A2	A-	BBB+
Outlook	Stable	Negative	Stable
Investment grade	✓	✓	✓

Return on Tangible Equity ("RoTE")*

The RoTE for the six months to 30 June 2022 is 12.3% (31 December 2021: 8.2%).

Return on Tangible Equity (RoTE)	**30 June 2022** **€ m**	31 December 2021 € m
Profit/(loss) after tax	**477**	645
AT1 coupons paid	**(33)**	(65)
Attributable earnings	**444**	579
Average RWA	**53,741**	52,469
RWA * 13.5% CET1 target [(1)]	**7,255**	7,083
Return on Tangible Equity	**12.3 %** [(2)]	8.2 %

[(1)] Includes the recognition of Ulster Bank corporate and commercial loan RWAs from the end of April.

[(2)] Annualised RoTE.

*RoTE is considered an Alternative Performance Measure.

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

Update on risk management and governance

The Group has a strong risk management approach to identify all risk types including emerging risks in order to protect its customers and achieve the Group's strategy. This is outlined in the Group's Risk Management Framework, including the key principles and practices used to manage the Group's risks, providing a robust mechanism to ensure that new risks are promptly identified, assessed, managed and appropriately overseen from a risk governance perspective. Further details on how risk is managed within the Group are set out in the Risk Management section of the Annual Financial Report 2021 on pages 77 to 168. There has been no significant change to the Group's Risk Management Framework or approach during the period.

The Group reviewed its principal risks and uncertainties, including the key emerging risk drivers in the second quarter of 2022 and while the nature of some risk drivers has evolved since the last assessment, there have been no changes to the principal risks set out on pages 28 to 30 of the Annual Financial Report 2021. These principal risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Other factors not yet identified, or not currently material, may adversely affect the Group. The Group continues to monitor the principal risks and key emerging risks and is not expecting any significant changes to its principal risks for the remainder of 2022.

There are a number of risk issues which the Group has identified, or continued to focus on, during the six months to 30 June 2022, in particular the elevated uncertainties in the geopolitical and macroeconomic outlook as well as the post COVID-19 uncertainties.

- The impact of the ongoing conflict between Russia and Ukraine is still uncertain. In immediate response to the outbreak of the conflict, the Group assessed the potential impacts against its principal risks. The Group does not have any direct exposure to Ukraine, Russia or Belarus and exposures indirectly affected by the conflict are negligible. The Group has established a Risk working group to continue to monitor the position carefully.
- As the economic threat from COVID-19 recedes, the Group remains cautious in its assessment of the credit environment. While current credit conditions are relatively benign, a further deterioration in the global macroeconomics environment may adversely affect the Group's credit risk profile.
- The increasing rate of inflation in each of the Group's core markets has an impact on affordability for its customers as the costs of household goods and services rise, including mortgage repayments from higher interest rates as central banks tighten monetary policy to control inflation. The Group has taken measures to maintain high lending standards in an environment of cost pressures for both new and existing customers.

The operating environment for banks generally, and in Ireland, will continue to evolve in the next six months. The implications on the Group's strategy and risk profile will continue to be monitored closely.

RISK MANAGEMENT

Credit risk – Overview

Details on the various aspects of the Group's credit risk management are outlined on pages 83 to 105 of the Annual Financial Report 2021 with the Group's accounting policies for financial assets included in note 1 to the consolidated financial statements on pages 245 to 247.

There have been no changes to the Group's accounting policies for financial assets since 31 December 2021. In determining ECL allowance, the Group keeps under constant review its bases of measurement, methodologies and judgements as outlined on pages 89 to 101 of the Annual Financial Report 2021.

Macroeconomic scenarios and weightings*

The macroeconomic scenarios used by the Group for ECL allowance calculations have been developed in a consistent way with that set out in the Annual Financial Report 2021 and have been subject to the Group's established governance process.

Macroeconomic scenarios

The main risks to the economic outlook during the reporting period are 'stagflation' (persistently high inflation and unemployment along with subdued economic activity) in the Group's main markets, geopolitical developments associated with the war in Ukraine and the spread of new vaccine-resistant strains of the COVID-19 virus. The Group has applied four scenarios in the calculation of ECL that, in its view, reflect the heightened degree of uncertainty regarding the economic outlook, as at the reporting date. These four scenarios consist of a base case scenario, in addition to three alternative scenarios (consisting of one upside and two downside scenarios that consider inter alia varying degrees of pessimism in relation to inflation, the impact of the war in Ukraine on global economic activity and evolution of the COVID-19 virus). Non-linear effects are captured in the development of risk parameters as well as through the inclusion of both the single upside and two downside scenarios.

Base case: The global economy recovered significantly in 2021 from the 2020 COVID-19 recession with the rebound in activity particularly strong in Ireland, e.g. by Q3 2021 employment exceeded its pre-COVID-19 (Q4 2019) level by 4.8% with few, if any, signs of labour market 'scarring' as government supports were removed. However, growth in the world economy faces a number of headwinds over the next couple of years, in particular very elevated inflation levels which will depress real household incomes and spending power, tight commodity and labour markets, ongoing bottlenecks and disruptions in supply chains, tighter monetary policy, a less supportive stance to fiscal policy, plus the likelihood of further, albeit less severe, waves of COVID-19 infections. The main concern currently relates to spill-overs from the war in Ukraine. According to the OECD, the war will be a substantial near-term drag on global growth and result in significantly higher inflation. The EU is the most exposed of the major economies to the conflict.

Nonetheless, recent updates from the OECD, US Federal Reserve, ECB, UK Office for Budget Responsibility (OBR), ESRI and the Irish Central Bank, show they still expect growth in economic activity in most economies over the period 2022-2024, although slowing appreciably from 2021. The impact of the war in Ukraine will be tempered somewhat by resulting increased fiscal spending.

Unemployment has fallen to very low levels in nearly all economies and is expected to remain low with economies projected to grow close to trend rates. Inflation will be at 40-year highs in 2022 and is expected to remain elevated in 2023, before falling back to 2% target levels in 2024-2026.

House price inflation is forecast to decelerate markedly everywhere from current very high levels and is expected to grow at low single-digit rates in both Ireland and the UK.

Central banks have commenced a series of official interest rate hikes in response to the surge in inflation. Interest rate expectations are currently very volatile with markets (at the time of writing) anticipating rates to peak at 3.4% by Q4 2022 in the US, and at 2.9% and 1.25% in 2023 for the UK and Euro Area, respectively.

Downside 1 ('Lower growth in 2022'): This downside scenario has two main elements. First, COVID-19 risks in the form of higher infection rates and vaccine-resistant variants requiring some containment measures to be re-imposed, weighing on activity. Second, the war in Ukraine has a more negative impact on global growth than anticipated via the reduction in real disposable incomes from sustained higher inflation, with the latter forcing central banks to raise rates by 100bps more than in the base case.

As a result, the level of GDP by 2024 is c. 3.5% lower in the main economies and 4% lower for Ireland than in the base scenario.
Irish unemployment is 3.5% higher than baseline by end 2024.

There are significant declines in property prices in Ireland and the UK. House prices in Ireland and the UK are expected to be c. 12% and 13%, respectively, below baseline by 2024 while commercial property prices are assumed to be c. 13% and 16% lower, respectively.

The main central banks raise rates by 100 basis points more than in base scenario and keep them at this level until end 2024.

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Overview

Macroeconomic scenarios and weightings* *(continued)*

Downside 2 ('Persistent high inflation'): The war in Ukraine is assumed to have a much more severe impact on global economic activity than anticipated by forecasters. Inflation stays very high in 2022-2023 with bans on all energy imports from Russia, disruptions to supplies in commodity markets, second round price effects and wage inflation picking up. Central banks are forced into a sharp tightening of monetary policy. Conditions in financial markets tighten rapidly with a surge in bond yields, widening of credit spreads and sharp falls on stock markets. Emerging markets come under severe pressure in particular. The combination of an energy and financial market crises and sharp tightening of monetary policy triggers a severe global recession in 2022-2023. The world economy is hit by stagflation in 2022-2023, with GDP in Ireland and the UK c. 7% and 6% lower, respectively, relative to the base scenario.

Irish unemployment rises sharply to 10.5% by end 2024 and remains high thereafter with the UK rate climbing to c. 9.5% by 2024-2025.

Irish and UK residential property prices fall by 21% and 27%, respectively, and are 28-30% lower versus the base by end 2024. CRE prices in both Ireland and the UK fall by 30% and 33%, respectively, in the period 2022-2024.

Central banks raise rates to 4% in the US and UK and to 2.5% in the Euro Area in 2022 and early 2023. Inflation falls back in the second half of 2023 allowing central banks to lower rates aggressively.

Upside ('Quick economic recovery'): A combination of an accelerated deployment of vaccines globally (that brings about a quicker than expected suppression of the virus) together with a faster than anticipated rundown of personal and corporate savings, boosts global growth. A relatively quick end to the war in Ukraine, which sees business and consumer confidence rebound, is also assumed. GDP in this scenario is some 3.2% higher than in the base case by 2024. GDP growth decelerates to trend over 2025-2026.

In this scenario, unemployment falls faster than in the base case in all economies while inflation goes even higher and is slower to fall back than in the base case, only reverting to 2% in 2026.

Irish and UK property prices rise much more strongly than in the base scenario. Irish and UK prices in terms of both residential and CRE are some 5%-7% higher than the base case by end 2024.

Central banks raise interest rates earlier, and at a quicker pace, to 100 basis points more than baseline.

The table below sets out the five year average forecast for each of the key macroeconomic variables that are required to generate the scenarios or are material drivers of the ECL under (i) Base, (ii) Downside 1, (iii) Downside 2 and (iv) Upside scenarios at 30 June 2022 (average over 2022-2026) and at 31 December 2021 (average over 2022-2026). Further detail on the scenarios as at 31 December 2021 can be found in the Annual Financial Report 2021 on pages 94 to 96.

	June 2022 5 year (2022-2026) average forecast				December 2021 5 year (2022-2026) average forecast			
Macroeconomic factor (%)	**Base**	**Downside 1 ('Lower growth in 2022')**	**Downside 2 ('Persistent high inflation')**	**Upside ('Quick economic recovery')**	Base	Downside 1 ('Lower growth in 2022')	Downside 2 ('Persistent high inflation')	Upside ('Quick economic recovery')
Republic of Ireland								
GDP growth	**4.4**	**3.9**	**3.4**	**5.1**	3.8	3.4	2.6	4.5
Residential property price growth	**3.2**	**0.9**	**(3.6)**	**4.9**	2.9	1.4	(2.1)	5.0
Unemployment rate	**5.2**	**7.8**	**9.2**	**4.5**	5.7	9.7	11.9	4.8
Commercial property price growth	**3.0**	**0.5**	**(4.9)**	**4.5**	1.7	0.3	(4.6)	4.0
Employment growth	**2.4**	**1.7**	**1.0**	**2.8**	2.6	2.0	1.4	2.9
Average disposable income growth	**4.7**	**4.2**	**3.6**	**5.6**	3.5	2.6	1.8	3.8
Inflation	**3.4**	**4.3**	**4.3**	**4.2**	1.7	1.3	2.4	2.2
United Kingdom								
GDP growth	**1.9**	**1.3**	**0.8**	**2.6**	2.4	1.8	1.1	3.0
Residential property price growth	**2.1**	**(0.4)**	**(5.0)**	**3.0**	2.0	(0.1)	(3.7)	3.0
Unemployment rate	**4.2**	**6.8**	**8.2**	**3.6**	4.6	6.6	8.0	4.3
Commercial property price growth	**2.6**	**(0.9)**	**(6.0)**	**4.1**	1.5	(0.6)	(5.1)	3.6
Inflation	**3.7**	**4.7**	**4.6**	**4.5**	2.0	1.7	2.5	2.4

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

Credit risk – Overview

Macroeconomic scenarios and weightings* *(continued)*

Additional information is provided in the table below which details the individual macroeconomic factor forecast for each year across the four scenarios, at 30 June 2022. This is because, due to the increased variability in the forecasts as the economy recovers from COVID-19 but faces a 'back-to-back' shock arising from the war in Ukraine, the average for the five years 2022-2026 above does not provide sufficient insight for each factor across the impacted years. Page 96 of the Annual Financial Report 2021 provides the same detail for the 31 December 2021 scenarios.

										30 June 2022
	Base					Downside 1 ('Lower growth in 2022')				
Macroeconomic factor	2022 %	2023 %	2024 %	2025 %	2026 %	2022 %	2023 %	2024 %	2025 %	2026 %
Republic of Ireland										
GDP growth	6.0	5.0	4.5	3.5	3.0	4.0	3.5	3.7	4.0	4.5
Residential property price growth	5.5	3.0	3.0	2.5	2.0	(4.5)	(1.5)	5.0	3.0	2.5
Unemployment rate	6.0	5.5	5.0	4.8	4.7	6.5	7.7	8.4	8.5	8.0
Commercial property price growth	3.0	4.0	3.0	3.0	2.0	(8.0)	0.5	4.0	3.0	3.0
Employment growth	4.9	2.1	2.0	1.7	1.6	4.3	0.4	0.6	1.3	2.0
Average disposable income growth	4.5	5.0	4.8	4.7	4.6	4.5	4.0	4.0	4.0	4.5
Inflation	6.7	4.0	2.5	2.0	2.0	8.0	5.5	3.5	2.5	2.0
United Kingdom										
GDP growth	3.8	1.7	1.5	1.4	1.3	2.6	—	0.8	1.5	1.8
Residential property price growth	3.5	0.5	1.5	2.0	3.0	(6.5)	(3.5)	2.0	3.0	3.0
Unemployment rate	4.0	4.1	4.2	4.3	4.5	5.5	6.7	7.5	7.5	7.0
Commercial property price growth	5.0	2.0	2.0	2.0	2.0	(7.5)	(2.5)	1.5	2.0	2.0
Inflation	7.5	4.5	2.5	2.0	2.0	9.0	6.2	3.8	2.5	2.0

	Downside 2 ('Persistent high inflation')					Upside ('Quick economic recovery')				
Macroeconomic factor	2022 %	2023 %	2024 %	2025 %	2026 %	2022 %	2023 %	2024 %	2025 %	2026 %
Republic of Ireland										
GDP growth	3.0	2.0	3.0	4.3	4.8	8.0	6.0	5.0	3.5	3.0
Residential property price growth	(6.5)	(13.5)	(0.5)	1.0	1.5	7.5	5.0	5.0	4.0	3.0
Unemployment rate	6.9	8.7	10.1	10.5	10.0	5.5	5.0	4.3	4.0	3.8
Commercial property price growth	(12.0)	(18.0)	(1.0)	2.5	4.0	5.5	7.0	5.5	2.5	2.0
Employment growth	3.7	(0.8)	(0.6)	0.8	1.9	5.6	2.4	2.3	2.0	1.8
Average disposable income growth	4.5	3.0	3.0	3.5	4.0	5.5	5.8	5.7	5.5	5.3
Inflation	9.0	6.0	2.5	2.0	2.0	7.5	5.5	3.5	2.5	2.0
United Kingdom										
GDP growth	2.0	(2.0)	0.5	1.6	2.0	5.0	3.0	2.2	1.4	1.3
Residential property price growth	(11.0)	(16.0)	(0.5)	1.0	1.5	6.0	2.5	2.5	2.0	2.0
Unemployment rate	6.0	7.7	9.0	9.5	9.0	3.7	3.5	3.5	3.6	3.8
Commercial property price growth	(13.0)	(19.0)	(4.5)	2.5	4.0	7.5	4.5	4.0	2.5	2.0
Inflation	9.5	6.7	2.8	2.0	2.0	8.5	6.0	3.5	2.5	2.0

The main changes to the scenario forecasts versus December 2021 are due to the adverse economic impacts following the Russian invasion of Ukraine and a further surge in inflationary pressures (notably in the price of energy and food commodities). Despite these developments, the Irish economy has surprised to the upside in the first-half of 2022, with tight labour markets both in Ireland and the UK as well as rising house prices in both markets. For example, in June 2022 the Irish unemployment rate was 4.8% (this compares to a measure of the unemployment rate, which included recipients of Government pandemic support payments, which stood at 31.5% in April 2020). In addition, in the first six months of the year, cumulative income tax receipts were almost 17% higher compared to the first half of 2021 while corporation tax receipts were € 8.8 billion, which is just over € 3 billion ahead of the same period last year. Property price inflation remains high with Irish residential prices in May 14.4% higher than a year ago (and UK house prices 12.8% higher). There are clear indications, however, that economic activity in Ireland and in particular, the UK, US and Euro Area, has begun to weaken considerably with inflation eroding household purchasing power and investment while consumer and business confidence wanes.

The four scenarios detailed above are designed to capture a reasonable range of plausible outcomes. The ECL allowance reflects a weighted average of the credit loss estimates under the four scenarios.

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Overview

Macroeconomic scenarios and weightings* *(continued)*

The weights for the scenarios are derived based on expert judgement, with reference to external market information where possible. Given the unprecedented nature and impact of COVID-19, the standard quantitative approaches (such as statistical distribution analysis of Irish GDP growth over different time horizons informed by historic patterns in the economic data) used to assess scenario likelihoods are less informative than normal in this environment. As a result, the weightings at the reporting date have been determined by expert judgement.

The weights that have been applied as at the reporting date are:

Scenario	Weighting 30 June 2022	Weighting 31 December 2021
Base	50%	50%
Downside 1 (‘Lower growth in 2022’)	30%	25%
Downside 2 (‘Persistent high inflation')	5%	5%
Upside 1 (‘Quick economic recovery’)	15%	20%

The higher weightings assigned to the combined downside scenarios relative to the upside scenario reflects the Group’s view that risks have become more tilted to the downside, with headwinds facing continued global economic recovery. The key drivers for the greater weighting to the downside at 30 June 2022 are elevated geopolitical risk, uncertainty, supply chain pressures as well as surging energy/food commodity prices a large part of which stems from the ongoing conflict in Ukraine. There is greater uncertainty surrounding the outlook with fears that aggressive tightening of official interest rates to contain inflationary pressures, e.g. by the Bank of England and the US Federal Reserve, will result in a recession in 2023.

In assessing the adequacy of the ECL allowance, the Group has considered available forward looking information as of the balance sheet date in order to estimate the future expected credit losses. The Group, through its risk management processes (including the use of expert credit judgement and other techniques) assesses its ECL allowance for events that cannot be captured by the statistical models it uses and for other risks and uncertainties. The assessment of ECL at the balance sheet date does not reflect the worst case outcome, but rather a probability weighted outcome of the four scenarios. Should the credit environment deteriorate beyond the Group’s expectation, the Group’s estimate of ECL would increase accordingly.

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

Credit risk – Overview

Sensitivities*

The Group's estimates of expected credit losses are responsive to varying economic conditions and forward looking information. These estimates are driven by the relationship between historic experienced loss and the combination of macroeconomic variables. Given the co-relationship of each of the macroeconomic variables to one another and the fact that loss estimates do not follow a linear path, a sensitivity to any single economic variable is not meaningful. As such, the following sensitivities are provided which indicate the approximate impact on the current ECL allowance before the application of probability weights to the forward looking macroeconomic scenarios. The sensitivities provide an estimate of ECL movements that include changes in model parameters and quantitative 'significant increase in credit risk' ("SICR") staging assignments.

Relative to the base scenario, in the 100% downside 'Lower growth in 2022' and 'Persistent high inflation' scenarios, the ECL allowance increases by 12% and 22% respectively. In the 100% upside scenario, the ECL allowance declines by 0.5%, showing that the ECL impact in the downside scenarios is greater than that of the upside scenario. For 30 June 2022, a 100% downside 'Lower growth in 2022' and 'Persistent high inflation' scenario sees a higher ECL allowance sensitivity of € 163 million and € 312 million respectively compared to base (€ 102 million and € 241 million respectively compared to reported). Higher relative impacts are observed for the AIB UK portfolio.

					ECL allowance at 30 June 2022
	Reported	100% Base	100% Downside Scenario ('Lower growth in 2022')	100% Downside Scenario ('Persistent high inflation')	100% Upside Scenario ('Quick economic recovery')
	Total	Total	Total	Total	Total
Loans and advances to customers	€ m	€ m	€ m	€ m	€ m
Residential mortgages	241	238	243	263	236
Other personal	184	181	189	200	178
Property and construction	225	212	250	288	200
Non-property business	750	713	810	877	725
Total	1,400	1,344	1,492	1,628	1,339
Off-balance sheet loan commitments	52	49	59	68	46
Financial guarantee contracts	23	21	26	30	21
	1,475	1,414	1,577	1,726	1,406
Of which:					
AIB UK segment	244	228	273	306	222

					ECL allowance at 31 December 2021
	Reported	100% Base	100% Downside Scenario ('Lower growth in 2022')	100% Downside Scenario ('Persistent high inflation')	100% Upside Scenario ('Quick economic recovery')
	Total	Total	Total	Total	Total
Loans and advances to customers	€ m	€ m	€ m	€ m	€ m
Residential mortgages	382	376	392	434	370
Other personal	222	216	237	257	213
Property and construction	313	284	378	473	266
Non-property business	968	921	1,074	1,236	895
Total	1,885	1,797	2,081	2,400	1,744
Off-balance sheet loan commitments	53	49	63	80	45
Financial guarantee contracts	26	24	30	35	22
	1,964	1,870	2,174	2,515	1,811
Of which:					
AIB UK segment	268	266	277	321	253

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Credit risk – Overview

Management judgements*

Post model adjustments (PMAs) are applied where Management believe that they are necessary to ensure an adequate level of ECL provision and to address known model limitations and/or emerging trends. All PMAs are approved under the ECL governance process through which, the completeness and accuracy of post model adjustments are considered against the backdrop of the risk profile of the loan book, recent loss history or changes in underlying resolution strategies not captured in the models.

The PMAs approved for 30 June 2022 (and 31 December 2021 comparison), are set out below and categorised as follows:

– NPE resolution strategy – ECL adjustments where the current model does not take into account alternative resolution strategies such as portfolio sales.
– Uncertainty due to the impact of COVID-19 – ECL adjustments were required as the modelled probability of default did not reflect the uncertainties associated with the impact of COVID-19. The PMA requirement remains subject to specific case performance indicators being met, with the reduction in adjustments required reflective of the robust credit performance post withdrawal of Government supports.
– Macroeconomic factors – ECL adjustments reflecting the changed impact/timing of certain macroeconomic factors.
– Other – ECL adjustments where it was judged that an amendment to the modelled ECL was required.

					30 June 2022
	Residential mortgages	Other personal	Property and construction	Non-property business	Total
Management judgements	€ m	€ m	€ m	€ m	€ m
NPE resolution strategy	142	—	2	23	167
Uncertainty due to the impact of COVID-19	6	5	2	88	101
Macroeconomic factors	28	—	3	22	53
Other	1	—	1	57	59
PMA total	177	5	8	190	380

					31 December 2021
	Residential mortgages	Other personal	Property and construction	Non-property business	Total
Management judgements	€ m	€ m	€ m	€ m	€ m
NPE resolution strategy	207	5	26	28	266
Uncertainty due to the impact of COVID-19	18	9	5	153	185
Macroeconomic factors	29	—	—	—	29
Other	1	—	1	72	74
PMA total	255	14	32	253	554

NPE resolution strategy

An ECL post model adjustment continues to exist where it is expected that alternative strategies such as portfolio sales may be adopted which are not included within the current IFRS 9 models. LGD models are based on empirical internal data assuming business as usual resolution. Given that the models do not account for alternative strategies, post model adjustments have been applied to reflect the potential outcomes, pending model redevelopment.

At 30 June 2022, the Retail Banking element of this post model adjustment mainly relates to mortgages which have been classified as non-performing for a considerable length of time. A post model adjustment for non-mortgage loans is no longer required following the completion of the related portfolio sale in the period. This has resulted in a reduction in the Retail Banking ECL PMA stock from € 266 million at 31 December 2021 to € 141 million at 30 June 2022.

In AIB UK, a post model adjustment of £ 22 million has been applied to a portfolio of non-performing and related loans predominately in the non-property business sector (Stage 1: £ 1 million, Stage 2: £ 5 million and Stage 3: £ 16 million).

Uncertainty due to the impact of COVID-19

Particular focus from Management was on ensuring that sectors which were severely impacted by Government measures to contain COVID-19 retain an appropriate level of ECL. This risk was not considered to be adequately captured in the modelled probability of default where certain sectors (e.g. hospitality) were identified to be highly impacted and where borrowers were in receipt of Government supports which have since been withdrawn. During the period, Management have closely monitored the impact of COVID-19 on the underlying performance of the portfolio, particularly in relation to the final withdrawal of Government support programmes and the potential for an increase in borrower forbearance requests as a result. Management have determined that a post model adjustment release of € 84 million (of which € 64 million relates to the non-property business) is now appropriate, however, this currently only applies to borrowers who have met the required performance indicators with no evident credit deterioration following the withdrawal of Government supports.

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

Credit risk – Overview

Management judgements* *(continued)*

Uncertainty due to the impact of COVID-19 *(continued)*

For certain highly impacted non-property business sector exposures within Capital Markets, which have not met the required performance indicators, a post model adjustment of € 68 million continues to be applied (€ 10 million relating to Stage 1 and € 58 million relating to Stage 2). Similarly, in the Retail Banking business unit, a € 33 million post model adjustment continues to be applied (€ 26 million relating to Stage 1 and € 7 million relating to Stage 2) across residential mortgages: € 6 million, other personal: € 5 million, and non-property business: € 22 million in relation to exposures where Government supports have been withdrawn for less than 3 months and performance continues to be monitored. This results in a total ECL PMA stock of € 101 million at 30 June 2022.

Macroeconomic factors

In Retail Banking, an ECL adjustment continues to be applied to reflect limitations within the mortgage model relating to two parameters, the house price index (HPI) growth and employment growth. This is to ensure that the ECL remains appropriate for the underlying portfolio acknowledging the limitations within the model.

The HPI index parameter, which assumes growth over the long term, has reduced the LGD thereby impacting ECL cover on Stage 1, Stage 2 and Stage 3 loans (not covered by the NPE resolution strategy adjustment above). An adjustment has been made to reflect the Group's potential alternative recovery strategies for the impacted loans that are or could become credit impaired.

Furthermore, due to the impact of COVID-19, the employment growth rate parameter within the model had a temporary spike resulting in a reduction of the ECL allowance. This is expected to be a temporary event due to COVID-19 and the ECL was adjusted to reflect a more appropriate level of expected loss outcome.

These adjustments amount to € 29 million (Stage 1: € 10 million, Stage 2: € 7 million and Stage 3: € 12 million).

In addition, in AIB UK, an ECL adjustment of £ 22 million (Stage 1: £ 5 million and Stage 2: £ 17 million) has been applied predominately in the non-property business sector to reflect a potential further decline in UK GDP than that currently deployed in the macroeconomic scenarios and weightings at 30 June 2022.

Other

For the Syndicated & International Finance (SIF) portfolio in Capital Markets, it was previously determined that historically observed relationships between default rates and macroeconomic factors in the modelled probabilities of default needs to be increased for this portfolio.

Accordingly, expert credit judgement has determined a post model adjustment is required of € 50 million at 30 June 2022 (Stage 1: € 23 million, Stage 2: € 27 million).

Other post model adjustments in this category are not individually significant.

ECL governance*

The key governance points in the ECL approval process during the first half of 2022 were:
– Model Risk Committee;
– Asset and Liability Committee;
– Business level ECL Committees;
– Group Credit Committee; and
– Board Audit Committee.

For ECL governance, the Group's senior management employs its expert judgement on the adequacy of ECL allowance. The judgements are supported by detailed information on the portfolios of credit risk exposures, and by the outputs of the measurement and classification approaches described above, coupled with internal and external data provided on both short term and long term economic outlook. Business segments and Group management are required to ensure that there are appropriate levels of cover for all of its credit portfolios and must take account of both accounting and regulatory compliance when assessing the expected levels of loss.

Assessment of the credit quality of each business segment is initially informed by the output of the quantitative analytical models but may be subject to management adjustments. This ECL output is then scrutinised and approved at individual business unit level (ECL Committee) prior to onward submission to the Group Credit Committee ("GCC"). GCC reviews and challenges ECL levels for onward recommendation to the Board Audit Committee as the final approval authority.

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Overview

Credit risk exposure derives from standard on-balance sheet products such as mortgages, loans, overdrafts and credit cards. In addition, credit risk arises from other products and activities including, but not limited to: "off-balance sheet" guarantees and commitments; securities financing; investment securities; asset backed securities; and the failure/partial failure of a trade in a settlement or payments system.

The following table summarises financial instruments in the statement of financial position:*

	30 June 2022			Half-year 30 June 2022	31 December 2021			Half-year 30 June 2021
			Statement of financial position	Income statement			Statement of financial position	Income statement
	Exposure	ECL allowance	Carrying amount	Net credit impairment writeback/ (charge)	Exposure	ECL allowance	Carrying amount	Net credit impairment writeback/ (charge)
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Cash and balances at central banks	44,561	—	44,561	—	42,654	—	42,654	—
Items in course of collection	88	—	88	—	44	—	44	—
Loans and advances to banks	1,549	—	1,549	—	1,323	—	1,323	—
Loans and advances to customers:								
at amortised cost	58,214	(1,400)	56,814	308	58,150	(1,885)	56,265	106
at FVTPL	241	n/a	241	n/a	243	n/a	243	n/a
	58,455	(1,400)	57,055	308	58,393	(1,885)	56,508	106
Securities financing	4,570	—	4,570	1	3,891	(1)	3,890	—
Investment debt securities[1]	16,906	(3)	16,903	(2)	16,699	(1)	16,698	—
Other – Stockbroking client debtors	80	(1)	79	—	36	(1)	35	—
Loan commitments	13,883	(52)	(52)	—	13,727	(53)	(53)	(2)
Financial guarantee contracts	764	(23)	(23)	2	819	(26)	(26)	(1)
Total				309				103

[1]ECL allowance amounting to € 3 million (31 December 2021: € 3 million) included in carrying amount of investment securities at FVOCI. There is also an ECL allowance of € 3 million on investment debt securities at amortised cost.

There was a € 309 million net credit impairment writeback in the six months to 30 June 2022 (30 June 2021: € 103 million writeback). This comprised of a € 308 million writeback on loans and advances to customers (net remeasurement of ECL allowance writeback of € 276 million and recoveries of amounts previously written-off of € 32 million) and a € 1 million writeback on securities financing measured at amortised cost. A € 2 million charge on investment debt securities was offset by a € 2 million writeback on financial guarantees. ((30 June 2021: € 106 million writeback (net remeasurement writeback € 70 million and recoveries € 36 million) and a € 3 million charge for off-balance sheet exposures)).

For further details on the net credit impairment writeback in the six months to 30 June 2022, see 'Net credit impairment writeback' (note 10).

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio

The Group's customer loan portfolio comprises loans (including overdrafts), instalment credit and finance lease receivables. An overdraft provides a demand credit facility combined with a current account. Borrowings occur when the customer's drawings take the current account into debit. The balance may, therefore, fluctuate with the requirements of the customer. Although overdrafts are contractually repayable on demand (unless a fixed term has been agreed), provided the account is deemed to be satisfactory, full repayment is not generally demanded without notice.

The following table analyses loans and advances to customers at amortised cost by segment, internal credit ratings and ECL staging:

Amortised cost

					30 June 2022*					31 December 2021*
	Retail Banking	Capital Markets	AIB UK	Group	Total	Retail Banking	Capital Markets	AIB UK	Group	Total
Gross carrying amount	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Residential mortgages	27,725	538	1,025	—	29,288	27,744	548	1,115	—	29,407
Other personal	2,534	31	81	—	2,646	2,550	63	91	—	2,704
Property and construction	511	5,221	1,916	—	7,648	636	4,800	1,924	—	7,360
Non-property business	3,113	11,069	4,428	22	18,632	3,225	10,351	5,090	13	18,679
Total	33,883	16,859	7,450	22	58,214	34,155	15,762	8,220	13	58,150
Analysed by internal credit ratings[1]										
Strong	23,360	11,281	4,658	—	39,299	23,406	9,578	4,436	—	37,420
Satisfactory	7,371	3,643	1,606	22	12,642	6,888	4,010	2,335	13	13,246
Total strong/satisfactory	30,731	14,924	6,264	22	51,941	30,294	13,588	6,771	13	50,666
Criticised watch	1,284	291	268	—	1,843	1,389	449	296	—	2,134
Criticised recovery	519	1,208	436	—	2,163	567	1,309	518	—	2,394
Total criticised	1,803	1,499	704	—	4,006	1,956	1,758	814	—	4,528
Non-performing	1,349	436	482	—	2,267	1,905	416	635	—	2,956
Gross carrying amount	33,883	16,859	7,450	22	58,214	34,155	15,762	8,220	13	58,150
Analysed by ECL staging										
Stage 1	30,684	13,198	5,773	22	49,677	30,135	11,985	6,261	13	48,394
Stage 2	1,787	3,225	1,195	—	6,207	2,083	3,361	1,324	—	6,768
Stage 3	1,321	436	482	—	2,239	1,834	416	635	—	2,885
POCI	91	—	—	—	91	103	—	—	—	103
Total	33,883	16,859	7,450	22	58,214	34,155	15,762	8,220	13	58,150
ECL allowance – statement of financial position										
Stage 1	73	66	35	—	174	120	79	37	—	236
Stage 2	99	391	105	—	595	138	465	97	—	700
Stage 3	450	80	89	—	619	722	75	121	—	918
POCI	12	—	—	—	12	31	—	—	—	31
Total	634	537	229	—	1,400	1,011	619	255	—	1,885
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%
Stage 1	0.2	0.5	0.6	—	0.3	0.4	0.7	0.6	—	0.5
Stage 2	5.5	12.1	8.8	—	9.6	6.6	13.8	7.4	—	10.3
Stage 3	34.1	18.3	18.3	—	27.6	39.4	18.2	19.0	—	31.8
POCI	13.3	—	—	—	13.3	29.9	—	—	—	29.9

					Half-year to 30 June 2022*					Half-year to 30 June 2021*
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	(193)	(85)	2	—	(276)	(18)	(39)	(13)	—	(70)
Recoveries of amounts previously written-off	(27)	(2)	(3)	—	(32)	(34)	(1)	(1)	—	(36)
Net credit impairment writeback	(220)	(87)	(1)	—	(308)	(52)	(40)	(14)	—	(106)
	%	%	%	%	%	%	%	%	%	%
Net credit impairment writeback on average loans	(0.32)	(0.27)	(0.01)	—	(0.26)	(0.08)	(0.13)	(0.08)	—	(0.09)

[1] Further analysis of internal credit grade profile by ECL staging is set out on page 50. Further details on the internal credit ratings are outlined on pages 106 and 107 of the Annual Financial Report 2021.

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Credit profile of the loan portfolio

The following table analyses loans and advances to customers at FVTPL by segment and internal credit ratings:

FVTPL

	30 June 2022*					31 December 2021*				
	Retail Banking	Capital Markets	AIB UK	Group	Total	Retail Banking	Capital Markets	AIB UK	Group	Total
Carrying amount	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Property and construction	—	241	—	—	241	—	243	—	—	243
Total	—	241	—	—	241	—	243	—	—	243
Analysed by internal credit ratings										
Strong	—	—	—	—	—	—	—	—	—	—
Satisfactory	—	74	—	—	74	—	74	—	—	74
Total strong/satisfactory	—	74	—	—	74	—	74	—	—	74
Total criticised	—	—	—	—	—	—	—	—	—	—
Non-performing	—	167	—	—	167	—	169	—	—	169
Total	—	241	—	—	241	—	243	—	—	243

Gross loans and advances to customers

Total gross loans and advances to customers increased slightly by € 0.1 billion in the six months to 30 June 2022. Of the total portfolio, € 58.2 billion is measured at amortised cost with the remaining € 0.2 billion being measured at fair value through profit or loss. New lending activity in the six months to 30 June 2022 amounted to € 5.4 billion which compares favourably to the same period in 2021 reflecting a € 0.9 billion or 20% increase. New lending in Retail Banking accounted for € 2.7 billion and largely related to new mortgage lending (€ 1.7 billion) while Capital Markets accounted for € 2.1 billion which predominately related to real estate finance and corporate lending. Repayments net of interest credited amounted to € 5.0 billion. Loan disposals also contributed to a further € 0.7 billion reduction following the sale of a non-performing portfolio in long term default and a performing portfolio in the UK following the Group's decision to exit the SME market in Great Britain. The Group have also commenced the acquisition of c. € 3.7 billion relating to a performing Ulster Bank corporate and commercial loan portfolio, of which € 0.2 billion has been acquired as at 30 June 2022. Overall, from a segment perspective, AIB UK and Retail Banking decreased by € 0.8 billion and € 0.3 billion respectively, however this was offset by an increase in Capital Markets of € 1.1 billion.

Of the total loans to customers, € 52.0 billion or 89% are rated as either 'strong' or 'satisfactory' which is an increase of € 1.2 billion (31 December 2021: € 50.8 billion or 87%), primarily evidenced within Capital Markets. The 'criticised' classification includes 'criticised watch' of € 1.8 billion and 'criticised recovery' of € 2.2 billion, the total of which decreased by € 0.5 billion in the six months to 30 June 2022. The 'criticised watch' portfolio decreased by € 0.3 billion and 'criticised recovery' portfolio decreased by € 0.2 billion. The total performing book has increased by € 0.7 billion to € 56.0 billion or 96% of gross loans and advances to customers (31 December 2021: € 55.3 billion and 95%).

The credit quality of the total portfolio has improved in the period. Stage 2 loans have decreased by € 0.6 billion to € 6.2 billion as Stage 1 loans increased by € 1.3 billion to € 49.7 billion. The reduction in Stage 2 loans was driven by the non-property business and residential mortgages portfolios which decreased by € 0.3 billion and € 0.2 billion respectively. Redemptions/repayments net of interest credited accounted for € 0.7 billion reduction.

Stage 3 loans have decreased by € 0.7 billion to € 2.2 billion. The decrease was primarily due to the sale of a non-performing loan portfolio in long term default accounting for € 0.4 billion which was completed in the period. Redemptions/repayments net of interest credited accounted for a further € 0.3 billion reduction, this was offset by net transfers to Stage 3 of € 0.2 billion. Transfers to Stage 3 in the period predominately related to cases in the non-property business portfolio.

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio

Non-performing loans

The table below sets out the Group's non-performing loans and advances to customers by asset class and by time in default at 30 June 2022 and 31 December 2021:

					30 June 2022
	Residential mortgages	Other personal	Property and construction	Non-property business	Total
Non-performing loans	€ m	€ m	€ m	€ m	€ m
At amortised cost	702	203	469	893	2,267
At FVTPL	—	—	167	—	167
Total non-performing loans and advances to customers	702	203	636	893	2,434
Non-performing loans as a % of total loans and advances to customers	2.4 %	7.7 %	8.1 %	4.8 %	4.2 %
ECL allowance as a % of non-performing loans and advances to customers at amortised cost	28 %	64 %	21 %	23 %	28 %
Split of non-performing loans and advances by time in default					
Legacy/Pre 31 December 2018	210	20	55	51	336
Non Legacy/Post 31 December 2018	492	183	581	842	2,098
	702	203	636	893	2,434

					31 December 2021
	Residential mortgages	Other personal	Property and construction	Non-property business	Total
Non-performing loans	€ m	€ m	€ m	€ m	€ m
At amortised cost	991	247	628	1,090	2,956
At FVTPL	—	—	169	—	169
Total non-performing loans and advances to customers	991	247	797	1,090	3,125
Non-performing loans as a % of total loans and advances to customers	3.4 %	9.1 %	10.5 %	5.8 %	5.4 %
ECL allowance as a % of non-performing loans and advances to customers at amortised cost	30 %	64 %	28 %	29 %	32 %
Split of non-performing loans and advances by time in default					
Legacy/Pre 31 December 2018	499	71	161	151	882
Non Legacy/Post 31 December 2018	492	176	636	939	2,243
	991	247	797	1,090	3,125

Total Group non-performing loans have decreased by € 0.7 billion or 22% to € 2.4 billion in the period (31 December 2021: € 3.1 billion). The decrease reflects the sale of a non-performing loan portfolio in long term default which was completed in the period of € 0.4 billion and other net underlying decreases of € 0.3 billion to non-performing loans. The total Group non-performing loans portfolio consists of € 2.2 billion in loans and advances to customers measured at amortised cost together with € 0.2 billion of loans measured at FVTPL. The ECL allowance cover rate on non-performing loans (at amortised cost) has reduced to 28% in the six months to 30 June 2022 (31 December 2021: 32%), due to the non-performing loan portfolio sale. Non-performing loans as a percentage of total loans and advances to customers is 4.2% compared to 5.4% at 31 December 2021.

Exposures that entered into default prior to 31 December 2018 amount to € 0.3 billion or 0.6% of total loans and advances to customers (31 December 2021: € 0.9 billion or 1.5%) and are classified as legacy. The reduction in the period is due to the non-performing loan portfolio sale and cures. The remaining balances relate to exposures which may form part of alternative recovery strategies.

Exposures that have defaulted after 31 December 2018 amount to € 2.1 billion or 3.6% of total loans and advances to customers (31 December 2021: € 2.2 billion or 3.8%) and are classified as non-legacy. These exposures were largely impacted by COVID-19 and spread across all asset classes, however as economic conditions improved, this has led to a € 0.1 billion reduction in the period. The non-property portfolio (€ 0.8 billion) continues to be the largest impacted sector within this cohort.

Credit risk – Credit profile of the loan portfolio

ECL allowance

The ECL allowance on loans and advances to customers has decreased by € 0.5 billion to € 1.4 billion in the six months to 30 June 2022. The reduction was predominately due to the sale of a non-performing portfolio as Stage 3 ECL allowance decreased by € 0.3 billion. The total ECL cover rate has decreased from 3.2% at 31 December 2021 to 2.4% at 30 June 2022.

Income statement

There was a € 308 million net credit impairment writeback in the six months to 30 June 2022 which comprised a net remeasurement of ECL allowance of € 276 million and recoveries of amounts previously written-off of € 32 million (30 June 2021: € 106 million writeback comprising a net remeasurement writeback of € 70 million and € 36 million of recoveries).

The key drivers of the net remeasurement of ECL allowance of € 276 million were primarily due to:

– Changes to post model adjustments resulted in a € 174 million writeback. The NPE resolution strategy resulted in a € 108 million writeback, influenced by the non-performing portfolio sale completed in the period. The favourable sale outcome was driven by better than envisaged customer payment profiles, cash collections and strong market appetite for distressed loan sales. In addition, anticipated credit deterioration following the withdrawal of government supports provided during the COVID-19 pandemic, did not materialise to the extent considered possible resulting in an € 84 million writeback. These writebacks were slightly offset by a € 25 million post model adjustment to address a further decline in UK GDP than that currently deployed in the macroeconomic scenarios and weightings at 30 June 2022. Further detail on post model adjustments are outlined on pages 43 to 44.
– Robust credit quality. Full redemption/repayment of Stage 2 loans resulted in a € 27 million writeback. Writebacks due to remeasurement within stage, predominately within Stage 3 of € 34 million. This was offset by a net € 7 million charge due to net stage movements.
– Updated macroeconomic scenarios and weightings applied for 30 June 2022 resulted in a € 48 million writeback predominately reflecting improvements in ROI unemployment.

Further details on the ECL allowance movements are outlined on page 68.

Recoveries of amounts previously written-off of € 32 million (30 June 2021: € 36 million) included € 23 million recoveries (30 June 2021: € 27 million) due to cash recoveries received against legacy non-performing exposures. The remaining € 9 million (30 June 2021: € 9 million) relates to interest recognised as a result of loans curing from Stage 3.

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio

Internal credit grade profile by ECL staging

The table below analyses the internal credit grading profile by ECL staging for loans and advances to customers:

Amortised cost

	30 June 2022*					31 December 2021*				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Total										
Strong	38,279	1,016	—	4	39,299	36,521	895	—	4	37,420
Satisfactory	10,748	1,892	—	2	12,642	11,023	2,220	—	3	13,246
Total strong/satisfactory	49,027	2,908	—	6	51,941	47,544	3,115	—	7	50,666
Criticised watch	638	1,203	—	2	1,843	755	1,377	—	2	2,134
Criticised recovery	10	2,096	—	57	2,163	93	2,276	—	25	2,394
Total criticised	648	3,299	—	59	4,006	848	3,653	—	27	4,528
Non-performing	2	—	2,239	26	2,267	2	—	2,885	69	2,956
Gross carrying amount	49,677	6,207	2,239	91	58,214	48,394	6,768	2,885	103	58,150
ECL allowance	(174)	(595)	(619)	(12)	(1,400)	(236)	(700)	(918)	(31)	(1,885)
Carrying amount	49,503	5,612	1,620	79	56,814	48,158	6,068	1,967	72	56,265
Analysis by asset class										
Residential mortgages										
Strong	22,278	203	—	4	22,485	22,071	306	—	4	22,381
Satisfactory	4,643	151	—	2	4,796	4,464	192	—	3	4,659
Total strong/satisfactory	26,921	354	—	6	27,281	26,535	498	—	7	27,040
Criticised watch	379	528	—	2	909	395	549	—	2	946
Criticised recovery	4	335	—	57	396	6	399	—	25	430
Total criticised	383	863	—	59	1,305	401	948	—	27	1,376
Non-performing	1	—	675	26	702	1	—	921	69	991
Gross carrying amount	27,305	1,217	675	91	29,288	26,937	1,446	921	103	29,407
ECL allowance	(21)	(23)	(185)	(12)	(241)	(34)	(41)	(276)	(31)	(382)
Carrying amount	27,284	1,194	490	79	29,047	26,903	1,405	645	72	29,025
Other personal										
Strong	1,241	34	—	—	1,275	1,259	34	—	—	1,293
Satisfactory	904	86	—	—	990	913	89	—	—	1,002
Total strong/satisfactory	2,145	120	—	—	2,265	2,172	123	—	—	2,295
Criticised watch	73	89	—	—	162	65	74	—	—	139
Criticised recovery	—	16	—	—	16	1	22	—	—	23
Total criticised	73	105	—	—	178	66	96	—	—	162
Non-performing	—	—	203	—	203	—	—	247	—	247
Gross carrying amount	2,218	225	203	—	2,646	2,238	219	247	—	2,704
ECL allowance	(23)	(31)	(130)	—	(184)	(30)	(33)	(159)	—	(222)
Carrying amount	2,195	194	73	—	2,462	2,208	186	88	—	2,482
Property and construction										
Strong	4,643	546	—	—	5,189	3,948	413	—	—	4,361
Satisfactory	1,140	523	—	—	1,663	1,261	613	—	—	1,874
Total strong/satisfactory	5,783	1,069	—	—	6,852	5,209	1,026	—	—	6,235
Criticised watch	28	76	—	—	104	58	143	—	—	201
Criticised recovery	—	223	—	—	223	79	217	—	—	296
Total criticised	28	299	—	—	327	137	360	—	—	497
Non-performing	—	—	469	—	469	—	—	628	—	628
Gross carrying amount	5,811	1,368	469	—	7,648	5,346	1,386	628	—	7,360
ECL allowance	(33)	(95)	(97)	—	(225)	(50)	(91)	(172)	—	(313)
Carrying amount	5,778	1,273	372	—	7,423	5,296	1,295	456	—	7,047
Non-property business										
Strong	10,117	233	—	—	10,350	9,243	142	—	—	9,385
Satisfactory	4,061	1,132	—	—	5,193	4,385	1,326	—	—	5,711
Total strong/satisfactory	14,178	1,365	—	—	15,543	13,628	1,468	—	—	15,096
Criticised watch	158	510	—	—	668	237	611	—	—	848
Criticised recovery	6	1,522	—	—	1,528	7	1,638	—	—	1,645
Total criticised	164	2,032	—	—	2,196	244	2,249	—	—	2,493
Non-performing	1	—	892	—	893	1	—	1,089	—	1,090
Gross carrying amount	14,343	3,397	892	—	18,632	13,873	3,717	1,089	—	18,679
ECL allowance	(97)	(446)	(207)	—	(750)	(122)	(535)	(311)	—	(968)
Carrying amount	14,246	2,951	685	—	17,882	13,751	3,182	778	—	17,711

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Residential mortgages

Residential mortgages amounted to € 29.3 billion at 30 June 2022, with the majority (97%) relating to residential mortgages in the Republic of Ireland and the remainder relating to the United Kingdom. This compares to € 29.4 billion at 31 December 2021, of which 96% related to residential mortgages in the Republic of Ireland. The split of the residential mortgage portfolio was owner-occupier € 27.7 billion and buy-to-let € 1.6 billion (31 December 2021: owner-occupier € 27.6 billion and buy-to-let € 1.8 billion).

Income statement

There was a € 64 million net credit impairment writeback in the six months to 30 June 2022 compared to a € 37 million writeback in the same period in 2021. This comprises a net remeasurement of ECL allowance of € 55 million and recoveries of previously written-off loans of € 9 million.

The key drivers of the net remeasurement of ECL allowance of € 55 million were primarily due to:

- Changes to post model adjustments resulted in a € 32 million writeback. The NPE resolution strategy resulted in a € 19 million writeback, influenced by the non-performing portfolio sale completed in the period. The favourable sale outcome was driven by better than envisaged customer payment profiles, cash collections and strong market appetite for distressed loan sales.
  In addition, anticipated credit deterioration following the withdrawal of government supports provided during the COVID-19 pandemic, did not materialise to the extent considered possible resulting in a € 12 million writeback. Further detail on post model adjustments are outlined on pages 43 to 44.
- Writebacks of € 20 million due to net stage transfers, repayments (net of new loans) and remeasurements within stage reflecting an overall improvement in credit quality.
- Improvements in the macroeconomic scenarios and weightings also resulted in € 3 million writeback.

The ECL allowance provision cover level at 30 June 2022 for the Group's residential mortgage portfolio is 0.8% (31 December 2021: 1.3%). For the Stage 3 element of the Group's residential mortgage portfolio, € 0.2 billion of ECLs are held providing cover of 27% (31 December 2021: € 0.3 billion and 30% respectively).

Residential mortgages – page 52

- Residential mortgage portfolio at amortised cost by segment, internal credit ratings and ECL staging

Republic of Ireland residential mortgages – pages 53 to 54

- By ECL staging
- An age profile of the Republic of Ireland residential mortgage portfolio by ECL staging

Residual debt, which is now unsecured following the disposal of property on which the residential mortgage was secured, is included in the residential mortgage portfolio and as such, is included in the tables within this section.

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Residential mortgages

The following table analyses the residential mortgage portfolio at amortised cost by segment, internal credit ratings and ECL staging:

					30 June 2022*					31 December 2021*
	Retail Banking	Capital Markets	AIB UK	Group	Total	Retail Banking	Capital Markets	AIB UK	Group	Total
Gross carrying amount	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Owner occupier	26,347	432	958	—	27,737	26,181	429	1,038	—	27,648
Buy-to-let	1,378	106	67	—	1,551	1,563	119	77	—	1,759
Total	27,725	538	1,025	—	29,288	27,744	548	1,115	—	29,407
Analysed by internal credit ratings										
Strong	21,295	352	838	—	22,485	21,337	352	692	—	22,381
Satisfactory	4,532	169	95	—	4,796	4,165	175	319	—	4,659
Total strong/satisfactory	25,827	521	933	—	27,281	25,502	527	1,011	—	27,040
Criticised watch	864	7	38	—	909	889	12	45	—	946
Criticised recovery	383	3	10	—	396	415	5	10	—	430
Total criticised	1,247	10	48	—	1,305	1,304	17	55	—	1,376
Non-performing	651	7	44	—	702	938	4	49	—	991
Gross carrying amount	27,725	538	1,025	—	29,288	27,744	548	1,115	—	29,407
Analysed by ECL staging										
Stage 1	25,845	508	952	—	27,305	25,393	511	1,033	—	26,937
Stage 2	1,165	23	29	—	1,217	1,380	33	33	—	1,446
Stage 3	624	7	44	—	675	868	4	49	—	921
POCI	91	—	—	—	91	103	—	—	—	103
Total	27,725	538	1,025	—	29,288	27,744	548	1,115	—	29,407
ECL allowance – statement of financial position										
Stage 1	20	—	1	—	21	34	—	—	—	34
Stage 2	23	—	—	—	23	40	1	—	—	41
Stage 3	181	—	4	—	185	270	—	6	—	276
POCI	12	—	—	—	12	31	—	—	—	31
Total	236	—	5	—	241	375	1	6	—	382
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%
Stage 1	0.1	—	0.1	—	0.1	0.1	—	—	—	0.1
Stage 2	1.9	—	—	—	1.9	2.9	1.8	—	—	2.8
Stage 3	29.0	—	9.0	—	27.3	31.1	—	10.9	—	29.9
POCI	12.9	—	—	—	12.9	29.9	—	—	—	29.9
					Half-year to 30 June 2022*					Half-year to 30 June 2021*
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	(55)	—	—	—	(55)	(15)	(4)	(5)	—	(24)
Recoveries of amounts previously written-off	(8)	—	(1)	—	(9)	(12)	—	(1)	—	(13)
Net credit impairment writeback	(63)	—	(1)	—	(64)	(27)	(4)	(6)	—	(37)
	%	%	%	%	%	%	%	%	%	%
Net credit impairment writeback on average loans	(0.11)	—	(0.05)	—	(0.11)	(0.05)	(0.34)	(0.27)	—	(0.06)

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Republic of Ireland residential mortgages

The following table analyses the Republic of Ireland residential mortgage portfolio at amortised cost by ECL staging:

	30 June 2022*			31 December 2021*		
	Owner-occupier	Buy-to-let	Total	Owner-occupier	Buy-to-let	Total
	€ m	€ m	€ m	€ m	€ m	€ m
Gross carrying amount	**26,779**	**1,484**	**28,263**	26,610	1,682	28,292
Analysed as to ECL staging						
Stage 1	**25,076**	**1,277**	**26,353**	24,572	1,332	25,904
Stage 2	**1,068**	**120**	**1,188**	1,226	187	1,413
Stage 3	**548**	**83**	**631**	714	158	872
POCI	**87**	**4**	**91**	98	5	103
Total	**26,779**	**1,484**	**28,263**	26,610	1,682	28,292
ECL allowance – statement of financial position						
Stage 1	**20**	**—**	**20**	32	2	34
Stage 2	**21**	**2**	**23**	35	6	41
Stage 3	**160**	**21**	**181**	203	67	270
POCI	**11**	**1**	**12**	28	3	31
Total	**212**	**24**	**236**	298	78	376
Republic of Ireland residential mortgages at amortised cost	**26,567**	**1,460**	**28,027**	26,312	1,604	27,916
ECL allowance cover percentage	**%**	**%**	**%**	%	%	%
Stage 1	**0.1**	**—**	**0.1**	0.1	0.1	0.1
Stage 2	**1.9**	**1.8**	**1.9**	2.8	3.2	2.9
Stage 3	**29.2**	**24.6**	**28.6**	28.4	42.6	30.9
POCI	**12.0**	**41.4**	**12.9**	28.8	51.7	29.9

	Half-year to 30 June 2022*			Half-year to 30 June 2021*		
Income statement	**€ m**	**€ m**	**€ m**	€ m	€ m	€ m
Net remeasurement of ECL allowance	**(28)**	**(27)**	**(55)**	3	(22)	(19)
Recoveries of amounts previously written-off	**(5)**	**(3)**	**(8)**	(9)	(3)	(12)
Net credit impairment writeback	**(33)**	**(30)**	**(63)**	(6)	(25)	(31)
	%	**%**	**%**	%	%	%
Net credit impairment writeback on average loans	**(0.06)**	**(0.94)**	**(0.11)**	(0.01)	(0.64)	(0.05)

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Republic of Ireland residential mortgages

Residential mortgages in Ireland amounted to € 28.3 billion at 30 June 2022 compared to € 28.3 billion at 31 December 2021. The portfolio has remained static in the six months to 30 June 2022. Total drawdowns in the six months to 30 June 2022 were € 1.7 billion (30 June 2021: € 1.1 billion), of which, 98% were to owner-occupiers. The weighted average indexed loan-to-value for new residential mortgages was 66% (31 December 2021: 67%). The weighted average indexed loan-to-value of the stock of residential mortgages at 30 June 2022 was 49% (31 December 2021: 50%) and Stage 3 residential mortgages was 50% (31 December 2021: 54%). The split of the Irish residential mortgage portfolio is 95% owner-occupier and 5% buy-to-let and comprises 20% tracker rate, 31% variable rate and 49% fixed rate mortgages.

Non-performing loans decreased from € 0.9 billion at 31 December 2021 to € 0.7 billion at 30 June 2022, primarily due to the sale of a non-performing loan portfolio in long term default which was completed in the period.

Residential mortgage arrears

Total loans in arrears (including non-performing loans) by value decreased by 30% during the six months to 30 June 2022, a decrease of 23% in the owner-occupier portfolio and a decrease of 59% in the buy-to-let portfolio. This was primarily due to the NPE portfolio sale. The number of loans in arrears (based on number of accounts) greater than 90 days was 1.9% at 30 June 2022 and remains below the industry average of 5.3%[(1)]. For the owner-occupier portfolio, the number of loans in arrears greater than 90 days at 1.7% were below the industry average of 4.5%[(1)]. For the buy-to-let portfolio, loans in arrears greater than 90 days at 5.0% were below the industry average of 12.0%[(1)].

[(1)]Source: Central Bank of Ireland ("CBI") Residential Mortgage Arrears and Repossessions Statistics published 30 March 2022, based on number of accounts as at 31 December 2021.

Residential mortgages – aged analysis

The following table provides an age profile of the Republic of Ireland residential mortgage portfolio by ECL staging.

	30 June 2022					31 December 2021				
	At amortised cost					At amortised cost				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Not past due	26,346	1,145	337	84	27,912	25,897	1,363	440	92	27,792
1 - 30 days	7	28	12	1	48	7	27	10	—	44
31 - 60 days	—	11	7	—	18	—	18	13	1	32
61 - 90 days	—	4	3	—	7	—	5	7	1	13
91 - 180 days	—	—	37	1	38	—	—	36	2	38
181 - 365 days	—	—	54	1	55	—	—	65	2	67
Over 365 days	—	—	181	4	185	—	—	301	5	306
Total gross carrying amount of residential mortgages	26,353	1,188	631	91	28,263	25,904	1,413	872	103	28,292
ECL allowance	(20)	(23)	(181)	(12)	(236)	(34)	(41)	(270)	(31)	(376)
Carrying value	26,333	1,165	450	79	28,027	25,870	1,372	602	72	27,916
Of which:										
Owner-occupier										
Not past due	25,070	1,029	288	81	26,468	24,568	1,182	365	89	26,204
1 - 30 days	6	25	11	1	43	4	22	9	—	35
31 - 60 days	—	10	6	—	16	—	17	12	1	30
61 - 90 days	—	4	3	—	7	—	5	7	1	13
91 - 180 days	—	—	35	1	36	—	—	34	2	36
181 - 365 days	—	—	52	1	53	—	—	56	1	57
Over 365 days	—	—	153	3	156	—	—	231	4	235
Total	25,076	1,068	548	87	26,779	24,572	1,226	714	98	26,610

Forbearance

Irish residential mortgages subject to forbearance measures decreased by € 0.3 billion from € 1.2 billion at 31 December 2021 to € 0.9 billion at 30 June 2022. The decrease in the forbearance portfolio was due to the sale of a non-performing loan portfolio in long term default. Details of forbearance measures are set out on pages 73 to 74.

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Other personal

The following table analyses other personal lending at amortised cost by segment, internal credit ratings and ECL staging:

	30 June 2022*					31 December 2021*				
	Retail Banking	Capital Markets	AIB UK	Group	Total	Retail Banking	Capital Markets	AIB UK	Group	Total
Gross carrying amount	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Credit cards	604	6	23	—	633	590	6	24	—	620
Loans/overdrafts	1,930	25	58	—	2,013	1,960	57	67	—	2,084
Total	2,534	31	81	—	2,646	2,550	63	91	—	2,704
Analysed by internal credit ratings										
Strong	1,197	14	64	—	1,275	1,208	16	69	—	1,293
Satisfactory	966	11	13	—	990	944	42	16	—	1,002
Total strong/satisfactory	2,163	25	77	—	2,265	2,152	58	85	—	2,295
Criticised watch	158	2	2	—	162	135	2	2	—	139
Criticised recovery	15	1	—	—	16	23	—	—	—	23
Total criticised	173	3	2	—	178	158	2	2	—	162
Non-performing	198	3	2	—	203	240	3	4	—	247
Gross carrying amount	2,534	31	81	—	2,646	2,550	63	91	—	2,704
Analysed by ECL staging										
Stage 1	2,122	24	72	—	2,218	2,102	54	82	—	2,238
Stage 2	214	4	7	—	225	208	6	5	—	219
Stage 3	198	3	2	—	203	240	3	4	—	247
POCI	—	—	—	—	—	—	—	—	—	—
Total	2,534	31	81	—	2,646	2,550	63	91	—	2,704
ECL allowance – statement of financial position										
Stage 1	22	—	1	—	23	30	—	—	—	30
Stage 2	31	—	—	—	31	33	—	—	—	33
Stage 3	128	—	2	—	130	156	1	2	—	159
POCI	—	—	—	—	—	—	—	—	—	—
Total	181	—	3	—	184	219	1	2	—	222
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%
Stage 1	1.0	—	1.4	—	1.0	1.4	—	—	—	1.3
Stage 2	14.4	—	—	—	14.4	16.0	—	—	—	15.4
Stage 3	64.9	—	49.1	—	64.0	65.1	21.7	42.1	—	64.2
POCI	—	—	—	—	—	—	—	—	—	—

	Half-year to 30 June 2022*					Half-year to 30 June 2021*				
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	(5)	—	—	—	(5)	9	(1)	—	—	8
Recoveries of amounts previously written-off	(3)	—	—	—	(3)	(8)	—	—	—	(8)
Net credit impairment charge/(writeback)	(8)	—	—	—	(8)	1	(1)	—	—	—
	%	%	%	%	%	%	%	%	%	%
Net credit impairment charge/(writeback) on average loans	(0.16)	—	—	—	(0.16)	0.02	(0.93)	—	—	—

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Other personal

At 30 June 2022, the other personal lending portfolio of € 2.6 billion comprises € 2.0 billion in loans and overdrafts and € 0.6 billion in credit card facilities (31 December 2021: € 2.7 billion, € 2.1 billion and € 0.6 billion respectively). Credit quality of the portfolio improved slightly throughout the period, with 14% categorised as less than satisfactory, of which defaulted loans amounted to € 0.2 billion (31 December 2021: 15% and € 0.2 billion).

New lending totalled € 0.5 billion for the six months to 30 June 2022 (30 June 2021: € 0.4 billion). There was a 24% increase in personal loan applications in the first six months of 2022 as government COVID-19 protection measures were lifted which increased consumer activity.

Stage 3 loans, predominantly in Retail Banking, decreased by € 44 million in the six months to 30 June 2022. At 30 June 2022, the ECL allowance cover was 7% with Stage 3 cover at 64% (31 December 2021: 8% and 64% respectively).

Income statement

There was a net credit impairment writeback of € 8 million to the income statement for the six months to 30 June 2022 compared to a Nil net credit impairment charge in the same period in 2021. This comprises a net remeasurement of ECL allowance of € 5 million and recoveries of previously written-off loans of € 3 million.

The key drivers of the net remeasurement of ECL allowance of € 5 million were primarily due to:

- Changes to post model adjustments resulted in a € 24 million writeback. The NPE resolution strategy resulted in a € 21 million writeback, influenced by the non-performing portfolio sale completed in the period. The favourable sale outcome was driven by better than envisaged customer payment profiles, cash collections and strong market appetite for distressed loan sales.
  In addition, anticipated credit deterioration following the withdrawal of government supports provided during the COVID-19 pandemic, did not materialise to the extent considered possible resulting in a € 4 million writeback. Further detail on post model adjustments are outlined on pages 43 to 44.
- There was a further € 8 million writeback due to improvements in the macroeconomic scenarios and weightings.
- These writebacks were offset by net stage transfers, repayments (net of new loans) and remeasurements within stage which resulted in a € 27 million charge.

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Property and construction

The following table analyses property and construction lending at amortised cost by segment, internal credit ratings and ECL staging:

	30 June 2022*					31 December 2021*				
	Retail Banking	Capital Markets	AIB UK	Group	Total	Retail Banking	Capital Markets	AIB UK	Group	Total
Gross carrying amount	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Investment:										
Commercial investment	203	2,898	522	—	3,623	281	2,907	614	—	3,802
Residential investment	62	957	740	—	1,759	89	724	676	—	1,489
	265	3,855	1,262	—	5,382	370	3,631	1,290	—	5,291
Land and development:										
Commercial development	100	326	52	—	478	106	377	34	—	517
Residential development	30	830	127	—	987	50	606	124	—	780
	130	1,156	179	—	1,465	156	983	158	—	1,297
Contractors	116	96	67	—	279	110	78	115	—	303
Housing associations	—	114	408	—	522	—	108	361	—	469
Total	511	5,221	1,916	—	7,648	636	4,800	1,924	—	7,360
Analysed by internal credit ratings										
Strong	120	3,922	1,147	—	5,189	113	3,187	1,061	—	4,361
Satisfactory	210	837	616	—	1,663	213	994	667	—	1,874
Total strong/satisfactory	330	4,759	1,763	—	6,852	326	4,181	1,728	—	6,235
Criticised watch	38	25	41	—	104	58	98	45	—	201
Criticised recovery	27	185	11	—	223	25	246	25	—	296
Total criticised	65	210	52	—	327	83	344	70	—	497
Non-performing	116	252	101	—	469	227	275	126	—	628
Gross carrying amount	511	5,221	1,916	—	7,648	636	4,800	1,924	—	7,360
Analysed by ECL staging										
Stage 1	308	3,824	1,679	—	5,811	312	3,358	1,676	—	5,346
Stage 2	87	1,145	136	—	1,368	97	1,167	122	—	1,386
Stage 3	116	252	101	—	469	227	275	126	—	628
POCI	—	—	—	—	—	—	—	—	—	—
Total	511	5,221	1,916	—	7,648	636	4,800	1,924	—	7,360
ECL allowance – statement of financial position										
Stage 1	2	21	10	—	33	5	33	12	—	50
Stage 2	7	83	5	—	95	10	77	4	—	91
Stage 3	36	40	21	—	97	107	39	26	—	172
POCI	—	—	—	—	—	—	—	—	—	—
Total	45	144	36	—	225	122	149	42	—	313
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%
Stage 1	0.7	0.5	0.6	—	0.6	1.8	1.0	0.7	—	0.9
Stage 2	8.3	7.2	3.7	—	6.9	10.0	6.6	3.8	—	6.6
Stage 3	30.9	15.9	21.2	—	20.7	47.3	14.4	20.7	—	27.5
POCI	—	—	—	—	—	—	—	—	—	—

	Half-year to 30 June 2022*					Half-year to 30 June 2021*				
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	(43)	(18)	1	—	(60)	(14)	(6)	(1)	—	(21)
Recoveries of amounts previously written-off	(7)	(1)	—	—	(8)	(8)	—	—	—	(8)
Net credit impairment (writeback)/ charge	(50)	(19)	1	—	(68)	(22)	(6)	(1)	—	(29)
	%	%	%	%	%	%	%	%	%	%
Net credit impairment (writeback)/ charge on average loans	(4.14)	(0.19)	0.01	—	(0.45)	(1.58)	(0.07)	(0.02)	—	(0.20)

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Property and construction

The property and construction portfolio consists of € 7.7 billion in loans and advances to customers measured at amortised cost together with € 0.2 billion of loans measured at FVTPL (total € 7.9 billion).

The portfolio measured at amortised cost amounted to 13% of total loans and advances to customers. The portfolio comprised of 70% investment loans (€ 5.4 billion), 19% land and development loans (€ 1.5 billion) and 11% other property and construction loans (€ 0.8 billion). The Capital Markets and AIB UK segments continue to account for the majority of this portfolio at 68% and 25% respectively.

The portfolio measured at amortised cost increased by € 0.3 billion in the six months to 30 June 2022 as new lending of € 1.2 billion was mainly offset by redemptions/repayments net of interest credited of € 0.9 billion. Increase in new lending was predominately in the Capital Markets segment which increased by € 0.4 billion in the period. A further € 0.1 billion reflects the currently acquired element of the commenced acquisition of a performing Ulster Bank loan portfolio. At 30 June 2022, € 6.9 billion of the portfolio was in a strong/satisfactory grade, which is an increase of € 0.6 billion in the first six months of the year. The level of non-performing loans have reduced by € 0.1 billion in the six months to 30 June 2022 to € 0.5 billion.

Property and construction loans measured at FVTPL was stable at 30 June 2022 at € 241 million (31 December 2021: € 243 million).

Income statement

There was a net credit impairment writeback of € 68 million to the income statement in the six months to 30 June 2022 compared to a € 29 million writeback in the same period in 2021. This comprises a net remeasurement of ECL allowance of € 60 million and recoveries of previously written-off loans of € 8 million.

The key drivers of the net remeasurement of ECL allowance of € 60 million were primarily due to:

- Changes to post model adjustments resulted in a € 30 million writeback. The NPE resolution strategy resulted in a € 29 million writeback, influenced by the non-performing portfolio sale completed in the period. The favourable sale outcome was driven by better than envisaged customer payment profiles, cash collections and strong market appetite for distressed loan sales. In addition, anticipated credit deterioration following the withdrawal of government supports provided during the COVID-19 pandemic, did not materialise to the extent considered possible resulting in a € 4 million writeback. Further detail on post model adjustments are outlined on pages 43 to 44.
- Repayments (net of new loans) and remeasurements within stage also resulted in an € 18 million writeback however, these were slightly offset by net stage transfers charge of € 10 million.
- There was a further € 22 million writeback due to improvements in the unemployment rate and collateral price indices included in the macroeconomic scenarios and weightings assumptions.

The ECL allowance for the portfolio totalled € 0.2 billion providing ECL allowance cover of 3%. For the Stage 3 portfolio, the ECL allowance cover is 21%. (31 December 2021: € 0.3 billion, 4% and 28% respectively).

Investment

Investment property loans amounted to € 5.4 billion at 30 June 2022 (31 December 2021: € 5.3 billion) of which € 3.6 billion related to commercial investment. The geographic profile of the investment property portfolio is predominately in the Republic of Ireland (€ 3.6 billion) and the United Kingdom (€ 1.3 billion). Commercial Investment in the retail sector, including shopping centres in particular, were adversely impacted by COVID-19, with 59% of the Group's € 1.0 billion exposure to this sector now designated Stage 2 or Stage 3. Other commercial investment loans have a stronger asset quality profile with 27% of the Group's € 2.6 billion exposure in Stage 2 or Stage 3.

At 30 June 2022, there was a net credit impairment writeback of € 60 million to the income statement on the investment property element of the property and construction portfolio (30 June 2021: € 42 million writeback).

Land and development

Land and development loans amounted to € 1.5 billion at 30 June 2022 (31 December 2021: € 1.3 billion) of which € 1.2 billion related to loans in the Capital Markets segment, € 0.1 billion in the Retail Banking segment and € 0.2 billion in the AIB UK segment. Lending activity in the property and construction sector year to date has reflected broader market trends with the private rented sector, office and social housing sub sectors accounting for the majority of new lending. The type of lending within the construction sector has principally focused on the completion of existing development transactions and the funding of new schemes. Credit quality of the portfolio remains robust with a significant number of schemes impacted by COVID-19 reaching completion in the first half of 2022. New funding activity has been primarily within the residential sector where there continues to be a material imbalance between supply and demand. Key challenges facing the sector include supply chain delays and cost inflation which continue to be closely monitored at a transaction level.

The income statement net credit impairment writeback for the six months to 30 June 2022 was € 8 million (30 June 2021: € 9 million charge).

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Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Non-property business

The following table analyses non-property business lending at amortised cost by segment, internal credit ratings and ECL staging:

					30 June 2022*					31 December 2021*
	Retail Banking	**Capital Markets**	**AIB UK**	**Group**	**Total**	Retail Banking	Capital Markets	AIB UK	Group	Total
Gross carrying amount	**€ m**	**€ m**	**€ m**	**€ m**	**€ m**	€ m	€ m	€ m	€ m	€ m
Agriculture	**1,247**	**332**	**77**	**—**	**1,656**	1,232	351	94	—	1,677
Energy	**20**	**1,089**	**1,250**	**—**	**2,359**	21	996	1,197	—	2,214
Manufacturing	**177**	**2,365**	**188**	**—**	**2,730**	185	2,109	248	—	2,542
Distribution:										
Hotels	**122**	**1,115**	**623**	**—**	**1,860**	146	1,136	806	—	2,088
Licensed premises	**146**	**127**	**81**	**—**	**354**	179	135	108	—	422
Retail/wholesale	**455**	**1,058**	**173**	**—**	**1,686**	474	1,040	233	—	1,747
Other distribution	**92**	**192**	**101**	**—**	**385**	93	195	140	—	428
	815	**2,492**	**978**	**—**	**4,285**	892	2,506	1,287	—	4,685
Transport	**205**	**1,593**	**435**	**—**	**2,233**	212	1,494	503	—	2,209
Financial	**10**	**367**	**134**	**22**	**533**	14	359	135	13	521
Other services	**639**	**2,831**	**1,366**	**—**	**4,836**	669	2,536	1,626	—	4,831
Total	**3,113**	**11,069**	**4,428**	**22**	**18,632**	3,225	10,351	5,090	13	18,679
Analysed by internal credit ratings										
Strong	**748**	**6,993**	**2,609**	**—**	**10,350**	748	6,023	2,614	—	9,385
Satisfactory	**1,663**	**2,626**	**882**	**22**	**5,193**	1,566	2,799	1,333	13	5,711
Total strong/satisfactory	**2,411**	**9,619**	**3,491**	**22**	**15,543**	2,314	8,822	3,947	13	15,096
Criticised watch	**224**	**257**	**187**	**—**	**668**	307	337	204	—	848
Criticised recovery	**94**	**1,019**	**415**	**—**	**1,528**	104	1,058	483	—	1,645
Total criticised	**318**	**1,276**	**602**	**—**	**2,196**	411	1,395	687	—	2,493
Non-performing	**384**	**174**	**335**	**—**	**893**	500	134	456	—	1,090
Gross carrying amount	**3,113**	**11,069**	**4,428**	**22**	**18,632**	3,225	10,351	5,090	13	18,679
Analysed by ECL staging										
Stage 1	**2,409**	**8,842**	**3,070**	**22**	**14,343**	2,328	8,062	3,470	13	13,873
Stage 2	**321**	**2,053**	**1,023**	**—**	**3,397**	398	2,155	1,164	—	3,717
Stage 3	**383**	**174**	**335**	**—**	**892**	499	134	456	—	1,089
POCI	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
Total	**3,113**	**11,069**	**4,428**	**22**	**18,632**	3,225	10,351	5,090	13	18,679
ECL allowance – statement of financial position										
Stage 1	**29**	**45**	**23**	**—**	**97**	51	46	25	—	122
Stage 2	**38**	**308**	**100**	**—**	**446**	55	387	93	—	535
Stage 3	**105**	**40**	**62**	**—**	**207**	189	35	87	—	311
POCI	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
Total	**172**	**393**	**185**	**—**	**750**	295	468	205	—	968
ECL allowance cover percentage	**%**	**%**	**%**	**%**	**%**	%	%	%	%	%
Stage 1	**1.2**	**0.5**	**0.8**	**—**	**0.7**	2.2	0.6	0.7	—	0.9
Stage 2	**11.9**	**15.0**	**9.8**	**—**	**13.1**	13.9	18.0	7.9	—	14.4
Stage 3	**27.5**	**22.7**	**18.4**	**—**	**23.2**	37.9	26.2	19.2	—	28.6
POCI	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
					Half-year to 30 June 2022*					Half-year to 30 June 2021*
Income statement	**€ m**	**€ m**	**€ m**	**€ m**	**€ m**	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	**(90)**	**(67)**	**1**	**—**	**(156)**	2	(28)	(7)	—	(33)
Recoveries of amounts previously written-off	**(9)**	**(1)**	**(2)**	**—**	**(12)**	(6)	(1)	—	—	(7)
Net credit impairment writeback	**(99)**	**(68)**	**(1)**	**—**	**(168)**	(4)	(29)	(7)	—	(40)
	%	**%**	**%**	**%**	**%**	%	%	%	%	%
Net credit impairment writeback on average loans	**(1.55)**	**(0.31)**	**(0.01)**	**—**	**(0.45)**	(0.06)	(0.14)	(0.06)	—	(0.11)

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Non-property business

The non-property business portfolio includes small and medium enterprises ("SMEs") which are reliant on the domestic economies in which they operate. In addition to SMEs, the portfolio also includes exposures to larger corporate and institutional borrowers which are impacted by global economic conditions. The largest geographic concentration of the portfolio exposure is to Irish borrowers (49%) with the UK (26%) and USA (12%) being the other main geographic concentrations.

The portfolio decreased slightly by less than € 0.1 billion to € 18.6 billion in the six months to 30 June 2022 (31 December 2021: € 18.7 billion). New lending accounted for € 2.0 billion (30 June 2021: € 2.1 billion) with a further € 0.1 billion currently acquired as part of the commenced acquisition of a performing Ulster Bank loan portfolio. Redemptions/repayments net of interest credited accounted for € 1.9 billion and portfolio disposals resulted in a further reduction of € 0.3 billion. The non-property business portfolio amounted to 32% of total Group loans and advances to customers in the six months to 30 June 2022 (31 December 2021: 32%).

The impact of COVID-19 on the asset quality of the portfolio has eased with the timing of recovery dependent on sector specific dynamics, however, there are further risks to negotiate as inflation increases globally. Loans graded as strong/satisfactory improved slightly in the six months to 30 June 2022 at 83%. The value of loans graded less than satisfactory (including defaulted loans) decreased from € 3.6 billion at 31 December 2021 to € 3.1 billion at 30 June 2022. The performing forborne portfolio, seen in the criticised recovery category, decreased slightly by € 0.1 billion to € 1.5 billion at 30 June 2022 (31 December 2021: € 1.6 billion).

Additional disclosures on the non-property business portfolio are outlined on page 62.

The following are the key themes within the main sub-sectors of the non-property business portfolio:

- The agriculture sub-sector represents 9% of the portfolio at € 1.7 billion. Overall, the sector has proven to be resilient year to date with output prices close to historic highs in most sub-sectors, however, increasing input costs have eroded some of the benefits. Minimal level of requests for additional working capital support year to date. Rising input costs is the primary challenge facing the sector;
- The energy sub-sector comprises 12% of the portfolio at € 2.4 billion. The increase of € 0.2 billion is driven by new lending to renewable energy initiatives (wind and solar). To date, this sector is proving very resilient with cost inflation experienced by construction contracts mitigated by the strength of contractors;
- The manufacturing sub-sector comprises 15% of the portfolio at € 2.7 billion. Positive trends year to date for the sector with increasing production and employment levels. Sector in general is successfully passing through cost increases or mitigating inflationary pressures through operational efficiencies;
- The hotels sub-sector comprises 10% of the portfolio at € 1.9 billion. This sector was severely impacted by Government measures to contain COVID-19 with further restrictions impacting the early part of Q1 2022. Despite this, year to date trading is strong with 'Revenue Per Available Room' for regional hotels in excess of pre COVID-19 levels and Dublin city centre hotels recovering strongly from 2020/2021 lows. However, the sector faces numerous challenges including ongoing cost inflation (energy, staffing, food and beverage), staff availability, airline/airport disruption and potential recessionary impact on disposable income;
- The licensed premises sub-sector comprises 2% of the portfolio at € 0.3 billion. This sector was severely negatively impacted by Government measures to contain COVID-19. Trade has recovered strongly year to date, however the sector faces the same challenges as the hotels sector;
- The retail/wholesale sub-sector comprises 9% of the portfolio at € 1.7 billion. Grocery retail/wholesalers continued to trade well year to date with many businesses experiencing increases in profitability despite increased costs which are being passed through. Non grocery retail continues to face challenges including the transition of 'bricks and mortar' to online, rising inflation, staff shortages and potential recessionary impact on disposable income;
- The transport sub-sector comprises 12% of the portfolio at € 2.2 billion and consists primarily of logistic, storage and travel businesses. Demand for logistics and warehousing remains strong following increased online retail purchasing during COVID-19. While cost challenges remain due to border/custom delays, fuel costs and labour (cost and availability). The travel sector has rebounded strongly in the period but challenges remain due to inflation and potential recessionary impacts on disposable income;
- The financial sub-sector comprises 3% of the portfolio at € 0.5 billion. This sub-sector is proving resilient; and
- The other services sub-sector comprises 26% of the portfolio at € 4.8 billion, which includes businesses such as solicitors, accounting, audit, tax, computer services, research and development, consultancy, hospitals and nursing homes. While the performance across this sub-sector was mixed depending on the impact of COVID-19 on specific sub-sectors, overall performance has improved during the period. Sectors will be impacted by macroeconomic challenges to varying degrees, with the nursing home sector in particular vulnerable to energy and staffing cost inflation.

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Non-property business

Income statement

There was a net credit impairment writeback of € 168 million to the income statement in the six months to 30 June 2022 compared to a € 40 million writeback in the same period in 2021. This comprises a net remeasurement of ECL allowance of € 156 million and recoveries of previously written-off loans of € 12 million.

The key drivers of the net remeasurement of ECL allowance of € 156 million were primarily due to:

- Changes to post model adjustments resulted in a € 88 million writeback. The NPE resolution strategy resulted in a € 39 million writeback, influenced by the non-performing portfolio sale completed in the period. The favourable sale outcome was driven by better than envisaged customer payment profiles, cash collections and strong market appetite for distressed loan sales. The anticipated credit deterioration following the withdrawal of government supports provided during the COVID-19 pandemic, did not materialise to the extent considered possible resulting in a € 64 million writeback. An update to the Retail non-mortgage LGD models also resulted in a writeback of € 15 million. These writebacks were slightly offset by a € 22 million post model adjustment charge to address a further decline in UK GDP than that currently deployed in the macroeconomic scenarios and weightings at 30 June 2022. Further detail on post model adjustments are outlined on pages 43 to 44.
- Improvements in credit quality were evident across the portfolio as there was a € 53 million writeback comprising of a € 28 million writeback due to remeasurements within stage and an € 21 million writeback driven by loans fully repaid (net of new loans). There was a further € 4 million writeback due to net stage movements.
- Updates to the revised macroeconomic scenarios and weightings assumptions resulted in a € 15 million writeback.

The ECL allowance for the portfolio totalled € 0.8 billion in ECL providing ECL allowance cover of 4%. For the Stage 3 portfolio, the ECL allowance cover is 23% (31 December 2021: € 1.0 billion, 5% and 29% respectively).

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio – Asset class analysis

Loans and advances to customers – Non-property business

Additional disclosures

The following table provides further analyses by industry sector of the non-property business portfolio, by gross carrying amount and ECL allowance. Given the international profile of the Syndicated International Finance (SIF) business, all exposures within this business unit are reported separately.

30 June 2022	Analysed by ECL stage profile			Gross carrying amount	Analysed by ECL stage profile			ECL allowance
	Stage 1 € m	Stage 2 € m	Stage 3 € m	€ m	Stage 1 € m	Stage 2 € m	Stage 3 € m	€ m
Agriculture	1,382	195	73	1,650	5	9	21	35
Energy	2,168	144	29	2,341	13	18	7	38
Manufacturing	1,494	224	53	1,771	6	15	15	36
Distribution:								
Hotels	90	1,410	277	1,777	3	184	33	220
Licensed premises	77	169	108	354	3	28	17	48
Retail/Wholesale	1,214	154	87	1,455	11	17	26	54
Other distribution	197	28	16	241	4	3	6	13
	1,578	1,761	488	3,827	21	232	82	335
Transport	1,390	244	33	1,667	5	24	21	50
Financial	260	3	2	265	2	—	1	3
Other services	3,113	446	184	3,743	20	43	55	118
Total	11,385	3,017	862	15,264	72	341	202	615
SIF	2,958	380	30	3,368	25	105	5	135
Total	14,343	3,397	892	18,632	97	446	207	750

31 December 2021	Analysed by ECL stage profile			Gross carrying amount	Analysed by ECL stage profile			ECL allowance
	Stage 1 € m	Stage 2 € m	Stage 3 € m	€ m	Stage 1 € m	Stage 2 € m	Stage 3 € m	€ m
Agriculture	1,397	188	87	1,672	9	13	36	58
Energy	2,054	139	2	2,195	11	19	2	32
Manufacturing	1,322	264	56	1,642	8	15	15	38
Distribution:								
Hotels	119	1,524	362	2,005	9	255	44	308
Licensed premises	83	199	140	422	4	34	36	74
Retail/Wholesale	1,171	184	146	1,501	17	26	53	96
Other distribution	222	40	25	287	5	6	12	23
	1,595	1,947	673	4,215	35	321	145	501
Transport	1,306	271	43	1,620	7	26	25	58
Financial	264	14	4	282	2	1	2	5
Other services	3,031	497	210	3,738	26	42	84	152
Total	10,969	3,320	1,075	15,364	98	437	309	844
SIF	2,904	397	14	3,315	24	98	2	124
Total	13,873	3,717	1,089	18,679	122	535	311	968

The Syndicated International Finance (SIF) business unit, which is a specialised lending unit within Capital Markets, is involved in participating in the provision of finance to US and European corporations for mergers, acquisitions, buy-outs and general corporate purposes.

At 30 June 2022, 94% of the SIF lending portfolio is in a strong/satisfactory grade (31 December 2021: 94%). 88% of the SIF portfolio is rated by S&P, with 70% rated B+ or above, 16% rated B and 2% rated B- or below. The majority of the loans (74%) are to large borrowers with EBITDA > € 250 million. Exposures are well diversified by name and sector with the top 20 borrowers accounting for 26% of total exposure. 65% of the customers in this portfolio are domiciled in the USA, 3% in the UK, and 32% in the Rest of the World (primarily Europe) (31 December 2021: 63% in the USA, 3% in the UK and 34% in the Rest of the World (primarily Europe) respectively).

At 30 June 2022, there was a net credit impairment writeback of € 7 million on the SIF portfolio (30 June 2021: € 6 million writeback).

Credit risk – Credit profile of the loan portfolio

The following tables set out the concentration of credit by industry sector and geography for loans and advances to customers and loan commitments and financial guarantee contracts issued together with the related ECL allowance analysed by the ECL stage profile:

Gross exposures to customers

									30 June 2022
	At amortised cost								At FVTPL
	Gross carrying amount			Analysed by ECL stage profile					
	Loans and advances to customers	Loan commitments and financial guarantees issued	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Total
Concentration by industry sector	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business:									
Agriculture	1,656	604	2,260	1,941	234	85	—	2,260	—
Energy	2,359	1,292	3,651	3,424	191	36	—	3,651	—
Manufacturing	2,730	1,774	4,504	4,003	429	72	—	4,504	—
Distribution	4,285	1,411	5,696	3,019	2,149	528	—	5,696	—
Transport	2,233	585	2,818	2,448	324	46	—	2,818	—
Financial	533	504	1,037	982	54	1	—	1,037	—
Other services	4,836	2,116	6,952	6,149	603	200	—	6,952	—
Property and construction	7,648	2,028	9,676	7,742	1,426	508	—	9,676	241
Residential mortgages	29,288	1,465	30,753	28,758	1,223	681	91	30,753	—
Other personal	2,646	2,868	5,514	4,889	412	213	—	5,514	—
Total	58,214	14,647	72,861	63,355	7,045	2,370	91	72,861	241
Concentration by location[(1)]									
Republic of Ireland	44,974	11,151	56,125	49,430	4,960	1,644	91	56,125	241
United Kingdom	8,015	2,709	10,724	8,734	1,475	515	—	10,724	—
North America	2,311	229	2,540	2,380	147	13	—	2,540	—
Rest of the World	2,914	558	3,472	2,811	463	198	—	3,472	—
	58,214	14,647	72,861	63,355	7,045	2,370	91	72,861	241

ECL allowance

								30 June 2022
	At amortised cost							
	Gross carrying amount			Analysed by ECL stage profile				
	Loans and advances to customers	Loan commitments and financial guarantees issued	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Concentration by industry sector	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business:								
Agriculture	36	3	39	6	11	22	—	39
Energy	38	7	45	14	24	7	—	45
Manufacturing	67	7	74	15	43	16	—	74
Distribution	389	18	407	25	297	85	—	407
Transport	60	1	61	10	26	25	—	61
Financial	26	1	27	5	22	—	—	27
Other services	134	15	149	34	58	57	—	149
Property and construction	225	17	242	37	96	109	—	242
Residential mortgages	241	—	241	21	23	185	12	241
Other personal	184	6	190	24	35	131	—	190
Total	1,400	75	1,475	191	635	637	12	1,475
Concentration by location[(1)]								
Republic of Ireland	1,004	55	1,059	116	397	534	12	1,059
United Kingdom	241	16	257	43	125	89	—	257
North America	42	3	45	20	23	2	—	45
Rest of the World	113	1	114	12	90	12	—	114
	1,400	75	1,475	191	635	637	12	1,475

[(1)]Based on country of risk.

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio

Gross exposures to customers

	31 December 2021								
	At amortised cost								At FVTPL
	Gross carrying amount			Analysed by ECL stage profile					
	Loans and advances to customers	Loan commitments and financial guarantees issued	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Total
Concentration by industry sector	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business:									
Agriculture	1,677	614	2,291	1,970	223	98	—	2,291	—
Energy	2,214	1,100	3,314	3,130	146	38	—	3,314	—
Manufacturing	2,542	1,733	4,275	3,821	387	67	—	4,275	—
Distribution	4,685	1,308	5,993	2,880	2,404	709	—	5,993	—
Transport	2,209	632	2,841	2,448	347	46	—	2,841	—
Financial	521	504	1,025	957	65	3	—	1,025	—
Other services	4,831	2,189	7,020	6,108	686	226	—	7,020	—
Property and construction	7,360	2,365	9,725	7,571	1,483	671	—	9,725	243
Residential mortgages	29,407	1,245	30,652	28,167	1,452	930	103	30,652	—
Other personal	2,704	2,856	5,560	4,909	393	258	—	5,560	—
Total	58,150	14,546	72,696	61,961	7,586	3,046	103	72,696	243
Concentration by location(1)									
Republic of Ireland	44,583	11,306	55,889	48,089	5,556	2,141	103	55,889	243
United Kingdom	8,605	2,572	11,177	8,993	1,486	698	—	11,177	—
North America	2,232	182	2,414	2,196	206	12	—	2,414	—
Rest of the World	2,730	486	3,216	2,683	338	195	—	3,216	—
	58,150	14,546	72,696	61,961	7,586	3,046	103	72,696	243

ECL allowance

	31 December 2021							
	At amortised cost							
	Gross carrying amount			Analysed by ECL stage profile				
	Loans and advances to customers	Loan commitments and financial guarantees issued	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Concentration by industry sector	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business:								
Agriculture	59	4	63	10	15	38	—	63
Energy	32	1	33	13	18	2	—	33
Manufacturing	53	9	62	17	27	18	—	62
Distribution	557	20	577	40	388	149	—	577
Transport	67	3	70	11	34	25	—	70
Financial	25	2	27	5	20	2	—	27
Other services	175	13	188	41	62	85	—	188
Property and construction	313	20	333	53	93	187	—	333
Residential mortgages	382	—	382	35	41	275	31	382
Other personal	222	7	229	32	38	159	—	229
Total	1,885	79	1,964	257	736	940	31	1,964
Concentration by location(1)								
Republic of Ireland	1,471	62	1,533	182	516	804	31	1,533
United Kingdom	266	13	279	44	109	126	—	279
North America	50	3	53	19	32	2	—	53
Rest of the World	98	1	99	12	79	8	—	99
	1,885	79	1,964	257	736	940	31	1,964

(1)Based on country of risk.

Credit risk – Credit profile of the loan portfolio

Aged analysis of contractually past due loans and advances to customers

The following table shows aged analysis of contractually past due loans and advances to customers by industry sector analysed by ECL staging and segment:

At amortised cost

							30 June 2022
	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	> 365 days	Total
Industry sector	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business:							
Agriculture	8	2	1	4	7	13	35
Energy	—	1	—	1	—	—	2
Manufacturing	9	4	1	3	1	6	24
Distribution	12	13	3	37	37	66	168
Transport	6	—	2	1	2	6	17
Financial	1	—	—	—	—	1	2
Other services	31	17	3	7	6	35	99
Property and construction	19	28	3	17	16	87	170
Residential mortgages	55	20	8	42	58	197	380
Other personal	41	10	6	21	34	104	216
Total gross carrying amount	182	95	27	133	161	515	1,113
ECL staging							
Stage 1	86	—	—	—	—	—	86
Stage 2	65	34	15	—	—	—	114
Stage 3	30	61	12	132	160	510	905
POCI	1	—	—	1	1	5	8
	182	95	27	133	161	515	1,113
Segment							
Retail Banking	114	42	19	91	125	428	819
Capital Markets	41	2	3	8	10	39	103
AIB UK	27	51	5	34	26	48	191
Group	—	—	—	—	—	—	—
	182	95	27	133	161	515	1,113
As a percentage of total gross loans at amortised cost	%	%	%	%	%	%	%
	0.31	0.16	0.05	0.23	0.28	0.88	1.91

The figures reported are inclusive of overdrafts, bridging loans and cases with expired limits.

There were no contractually past due loans measured at FVTPL at 30 June 2022 and 31 December 2021.

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio

Aged analysis of contractually past due loans and advances to customers *(continued)*

At amortised cost

							31 December 2021
	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	> 365 days	Total
Industry sector	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business:							
Agriculture	14	5	1	5	4	21	50
Energy	—	—	—	—	—	2	2
Manufacturing	4	2	—	2	3	8	19
Distribution	34	8	13	47	64	85	251
Transport	6	2	1	13	1	8	31
Financial	—	—	—	—	1	2	3
Other services	25	17	1	12	9	42	106
Property and construction	30	10	4	14	50	163	271
Residential mortgages	50	34	14	42	68	322	530
Other personal	40	10	9	21	29	139	248
Total gross carrying amount	203	88	43	156	229	792	1,511
ECL staging							
Stage 1	65	—	—	—	—	—	65
Stage 2	86	43	15	—	—	—	144
Stage 3	52	43	27	155	228	786	1,291
POCI	—	2	1	1	1	6	11
	203	88	43	156	229	792	1,511
Segment							
Retail Banking	119	58	35	104	144	688	1,148
Capital Markets	17	14	—	19	52	47	149
AIB UK	67	16	8	33	33	57	214
Group	—	—	—	—	—	—	—
	203	88	43	156	229	792	1,511
As a percentage of total gross loans at amortised cost	%	%	%	%	%	%	%
	0.35	0.15	0.07	0.27	0.39	1.36	2.60

In the six months to 30 June 2022, total loans past due reduced by € 0.4 billion to € 1.1 billion or 1.9% of total loans and advances to customers (31 December 2021: € 1.5 billion or 2.6%).

The reduction is directly attributed to the sale of a non-performing loan portfolio in long term default which was completed in the period with decreases evident predominately in the total residential mortgage loans past due which reduced by € 0.2 billion. The overall reduction was primarily in the greater than 365 days past due category which reduced by € 0.3 billion in the period. Residential mortgage loans past due at 30 June 2022 represent the largest concentration amounting to € 0.4 billion or 34% of total loans past due (31 December 2021: € 0.5 billion or 35%).

Non-property business loans which were past due represent 31% or € 0.3 billion (31 December 2021: 31% or € 0.5 billion), with property and construction at 15% or € 0.2 billion (31 December 2021: 18% or € 0.3 billion), and other personal at 20% or € 0.2 billion (31 December 2021: 16% or € 0.2 billion).

All loans past due by 90 days or more on any material obligation are considered non-performing/defaulted.

Credit risk – Credit profile of the loan portfolio

Gross loans[(1)] and ECL movements

The following tables set out the movements in the gross carrying amount and ECL allowance for loans and advances to customers by ECL staging between 1 January 2022 and 30 June 2022 and the corresponding movements for the year to 31 December 2021.

Accounts that triggered movements between Stage 1 and Stage 2 as a result of failing/curing a quantitative measure only (as disclosed on page 85 of the Annual Financial Report 2021) and that subsequently reverted within the year to their original stage, are excluded from 'Transferred from Stage 1 to Stage 2' and 'Transferred from Stage 2 to Stage 1'. The Group believes this presentation aids the understanding of the underlying credit migration.

Gross carrying amount movements – total

					30 June 2022*
	Stage 1	Stage 2	Stage 3	POCI	Total
	€ m	€ m	€ m	€ m	€ m
At 1 January 2022	**48,394**	**6,768**	**2,885**	**103**	**58,150**
Transferred from Stage 1 to Stage 2	(1,700)	1,700	—	—	—
Transferred from Stage 2 to Stage 1	1,322	(1,322)	—	—	—
Transferred to Stage 3	(52)	(349)	401	—	—
Transferred from Stage 3	19	177	(196)	—	—
New loans originated/top-ups [(2)]	5,680	—	—	—	5,680
Redemptions/repayments	(4,673)	(771)	(376)	(7)	(5,827)
Interest credited	728	90	29	1	848
Write-offs	—	—	(55)	—	(55)
Derecognised due to disposals	(150)	(106)	(432)	(7)	(695)
Exchange translation adjustments	54	(4)	(8)	—	42
Impact of model, parameter and overlay changes	—	—	—	—	—
Other movements	55	24	(9)	1	71
At 30 June 2022	**49,677**	**6,207**	**2,239**	**91**	**58,214**

					31 December 2021*
	Stage 1	Stage 2	Stage 3	POCI	Total
	€ m	€ m	€ m	€ m	€ m
At 1 January 2021	45,609	9,408	4,075	184	59,276
Transferred from Stage 1 to Stage 2	(3,817)	3,817	—	—	—
Transferred from Stage 2 to Stage 1	4,012	(4,012)	—	—	—
Transferred to Stage 3	(116)	(912)	1,028	—	—
Transferred from Stage 3	55	335	(390)	—	—
New loans originated/top-ups	10,460	—	—	—	10,460
Redemptions/repayments	(9,324)	(2,390)	(751)	(16)	(12,481)
Interest credited	1,363	240	69	4	1,676
Write-offs	—	—	(104)	(1)	(105)
Derecognised due to disposals	(295)	(138)	(988)	(72)	(1,493)
Exchange translation adjustments	641	170	45	—	856
Impact of model, parameter and overlay changes	(209)	209	—	—	—
Other movements	15	41	(99)	4	(39)
At 31 December 2021	48,394	6,768	2,885	103	58,150

(1) Movements on the gross loans table have been prepared on a 'sum of the months' basis.
(2) Includes € 178 million of loans acquired from Ulster Bank.

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

ECL Credit risk – Credit profile of the loan portfolio

Gross loans and ECL movements *(continued)*

ECL allowance movements – total

					30 June 2022*
	Stage 1	Stage 2	Stage 3	POCI	Total
	€ m	€ m	€ m	€ m	€ m
At 1 January 2022	236	700	918	31	1,885
Transferred from Stage 1 to Stage 2	(22)	87	—	—	65
Transferred from Stage 2 to Stage 1	24	(70)	—	—	(46)
Transferred to Stage 3	(3)	(37)	66	—	26
Transferred from Stage 3	2	21	(61)	—	(38)
Net remeasurement	1	2	(34)	(3)	(34)
New loans originated/top-ups	18	—	—	—	18
Redemptions/repayments	(18)	(27)	—	—	(45)
Impact of model and overlay changes	(41)	(52)	(69)	(12)	(174)
Impact of credit or economic risk parameters	(26)	(19)	(3)	—	(48)
Income statement net credit impairment charge/(writeback)	(65)	(95)	(101)	(15)	(276)
Write-offs	—	—	(55)	—	(55)
Derecognised due to disposals	(1)	(4)	(146)	(3)	(154)
Exchange translation adjustments	1	1	(2)	—	—
Other movements	3	(7)	5	(1)	—
At 30 June 2022	174	595	619	12	1,400

					31 December 2021*
	Stage 1	Stage 2	Stage 3	POCI	Total
	€ m	€ m	€ m	€ m	€ m
At 1 January 2021	281	845	1,315	69	2,510
Transferred from Stage 1 to Stage 2	(61)	204	—	—	143
Transferred from Stage 2 to Stage 1	87	(194)	—	—	(107)
Transferred to Stage 3	(7)	(125)	213	—	81
Transferred from Stage 3	3	32	(73)	—	(38)
Net remeasurement	(43)	(38)	(153)	—	(234)
New loans originated/top-ups	62	—	—	—	62
Redemptions/repayments	(25)	(43)	—	—	(68)
Impact of model and overlay changes	(4)	53	99	(13)	135
Impact of credit or economic risk parameters	(58)	(41)	(33)	—	(132)
Income statement net credit impairment (writeback)/charge	(46)	(152)	53	(13)	(158)
Write-offs	—	—	(104)	(1)	(105)
Derecognised due to disposals	(4)	(8)	(357)	(24)	(393)
Exchange translation adjustments	5	15	11	—	31
Other movements	—	—	—	—	—
At 31 December 2021	236	700	918	31	1,885

Total exposures to which an ECL applies remained static during the period at € 58.2 billion.

Stage transfers are a component of ECL allowance movements (i.e. Stage 1 to Stage 2 to Stage 3 and vice versa) in addition to the net remeasurement of ECL due to change in risk parameters within a stage. An ECL writeback of € 54 million due to stage transfers, net remeasurement within stage and repayments occurred due to underlying credit management activity and improvement in credit parameters which inform the modelled outcomes.

The updated macroeconomic scenarios and weightings resulted in a writeback of € 48 million. This ECL movement is presented separately within 'Impact of credit or economic risk parameters'. This writeback was most significant within the property and construction portfolio accounting for a release of € 22 million within the portfolio. Within the non-property business portfolio a writeback of € 15 million occurred. These were driven primarily by a reduction in Irish unemployment rate in the scenarios compared to the December 2021 outlook.

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Credit profile of the loan portfolio

Gross loans and ECL movements *(continued)*

Model and overlay changes resulted in an ECL writeback of € 174 million. The NPE resolution strategy post model adjustment accounted for an € 108 million writeback, influenced by the non-performing portfolio sale completed in the period. The favourable sale outcome was driven by better than envisaged customer payment profiles, cash collections and strong market appetite for distressed loan sales. The non-property business and property and construction sectors accounted for € 39 million and € 29 million respectively of the total writeback of € 108 million. In addition, anticipated credit deterioration following the withdrawal of government supports provided during the COVID-19 pandemic, did not materialise to the extent considered possible resulting in an € 84 million writeback. This writeback was driven by the non-property business sector which accounted for € 64 million. An update to the Retail non-mortgage loss given default models also resulted in a writeback of € 17 million, predominately impacting the non-property business sector (€ 15 million). These writebacks were slightly offset by a € 25 million (€ 22 million of which related to the non-property business sector) post model adjustment to address a further decline in UK GDP than that currently deployed in the macroeconomic scenarios and weightings at 30 June 2022. Further detail on the post model adjustments are outlined within the management judgements section on pages 43 to 44.

The gross loan transfers from Stage 1 to Stage 2 of € 1.7 billion are due to underlying credit management activity where a significant increase in credit risk occurred at some point during the period through either the quantitative or qualitative criteria for stage movement. The mortgage and non-property business sectors accounted for € 0.6 billion and € 0.7 billion respectively of these transfers. The main driver of the total movements to Stage 2 was the doubling of PDs, subject to 50 bps (85 bps for the mortgage portfolio). 48% of the movements relied on a qualitative or backstop indicator of significant increase in credit risk (e.g. forbearance or movement to a watch grade) of which 5% was caused solely by the backstop of 30 days past due. Of the € 1.7 billion which transferred from Stage 1 to Stage 2 in the period approximately € 1.3 billion is reported as Stage 2 at 30 June 2022.

Where a movement to Stage 2 is triggered by multiple drivers simultaneously these are reported in the following order: quantitative; qualitative; backstop.

Similarly, transfers from Stage 2 to Stage 1 of € 1.3 billion represent those loans where the triggers for significant increase in credit risk no longer apply or loans that have fulfilled a probation period. These transfers include loans which have been upgraded through normal credit management process and incorporates loans which transferred due to the impact of the updated macroeconomic scenarios and weightings. The mortgage and non-property business sectors accounted for € 0.7 billion and € 0.4 billion respectively of the € 1.3 billion transfers.

Transfers from Stage 2 to Stage 3 of € 0.3 billion represent those loans that defaulted during the period. These arose in cases where it was determined that the customers were unlikely to pay their credit obligations in full without the realisation of collateral regardless of the existence of any past due amount or the number of days past due. In addition, transfers also include all credit obligors that are 90 days or more past due on a material obligation. Of the transfers from Stage 2 to Stage 3, € 0.1 billion had transferred from Stage 1 to Stage 2 earlier in the year.

Transfers from Stage 3 to Stage 2 of € 0.2 billion were mainly driven by resolution activity with the customer, through either restructuring or forbearance previously granted and which subsequently adhered to default probation requirements. As part of the credit management practices, active monitoring of loans and their adherence to default probation requirements is in place. Of the € 0.2 billion which transferred from Stage 3 to Stage 2, € 0.1 billion occurred within the mortgage sector.

In summary, the staging movements of the overall portfolio were as follows:

Stage 1 loans increased by € 1.3 billion in the period to € 49.7 billion with an ECL of € 0.2 billion and resulting cover of 0.3% (31 December 2021: 0.5%).

Stage 2 loans decreased by € 0.6 billion in the period to € 6.2 billion with an ECL of € 0.6 billion and resulting cover of 9.6% (31 December 2021: 10.3%). This was primarily driven by loans returning to Stage 1 where the triggers for significant increase in credit risk no longer apply or loans that have fulfilled a probation period and repayments.

Stage 3 exposures decreased by € 0.7 billion in the period to € 2.2 billion with the ECL cover decreasing from 31.8% to 27.6%. A key driver was the portfolio sale of distressed loans. The reduction in cover reflects the disposal of loans which carried a higher average ECL charge.

RISK MANAGEMENT

Credit risk – Credit profile of the loan portfolio

Movements in off-balance sheet exposures

The following tables set out the movements in the nominal amount and ECL allowance for loan commitments and financial guarantees by ECL staging:

Nominal amount movements

30 June 2022*	Loan commitments				Financial guarantees			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2022	12,824	768	135	13,727	743	50	26	819
Transferred from Stage 1 to Stage 2	(232)	232	—	—	(7)	7	—	—
Transferred from Stage 2 to Stage 1	190	(190)	—	—	2	(2)	—	—
Transferred to Stage 3	(8)	(8)	16	—	—	(1)	1	—
Transferred from Stage 3	6	2	(8)	—	1	—	(1)	—
Net movement	204	(12)	(36)	156	(45)	(8)	(2)	(55)
At 30 June 2022	12,984	792	107	13,883	694	46	24	764

31 December 2021*	Loan commitments				Financial guarantees			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2021	11,259	1,113	132	12,504	544	147	31	722
Transferred from Stage 1 to Stage 2	(266)	266	—	—	(17)	17	—	—
Transferred from Stage 2 to Stage 1	814	(814)	—	—	101	(101)	—	—
Transferred to Stage 3	(17)	(7)	24	—	(1)	(1)	2	—
Transferred from Stage 3	11	5	(16)	—	1	1	(2)	—
Net movement	1,023	205	(5)	1,223	115	(13)	(5)	97
At 31 December 2021	12,824	768	135	13,727	743	50	26	819

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk – Credit profile of the loan *(continued)*
Movements in off-balance sheet exposures *(continued)*

ECL allowance movements

				30 June 2022*				
	Loan commitments				Financial guarantee contracts			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2022	16	29	8	53	5	7	14	26
Transferred from Stage 1 to Stage 2	(1)	8	—	7	—	—	—	—
Transferred from Stage 2 to Stage 1	1	(6)	—	(5)	—	—	—	—
Transferred to Stage 3	—	(1)	1	—	—	—	—	—
Transferred from Stage 3	—	1	(1)	—	—	—	—	—
Net remeasurement	(4)	3	(1)	(2)	—	(1)	(1)	(2)
Net income statement (credit)/charge	(4)	5	(1)	—	—	(1)	(1)	(2)
Other movements	—	—	(1)	(1)	—	—	(1)	(1)
At 30 June 2022	12	34	6	52	5	6	12	23

				31 December 2021*				
	Loan commitments				Financial guarantee contracts			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2021	20	30	4	54	3	8	18	29
Transferred from Stage 1 to Stage 2	(4)	15	—	11	(1)	4	—	3
Transferred from Stage 2 to Stage 1	7	(18)	—	(11)	3	(9)	—	(6)
Transferred to Stage 3	—	(1)	2	1	—	—	—	—
Transferred from Stage 3	—	—	—	—	1	—	(1)	—
Net remeasurement	(7)	3	1	(3)	(2)	3	(2)	(1)
Net income statement (credit)/charge	(4)	(1)	3	(2)	1	(2)	(3)	(4)
Other movements	—	—	1	1	1	1	(1)	1
At 31 December 2021	16	29	8	53	5	7	14	26

The internal credit grade profile of loan commitments and financial guarantees is set out in the following table:

	30 June 2022*	31 December 2021*
	€ m	€ m
Strong	9,571	9,564
Satisfactory	4,612	4,399
Criticised watch	205	327
Criticised recovery	128	95
Default	131	161
Total	14,647	14,546

Non-performing off-balance sheet commitments
Total non-performing off-balance sheet commitments amounted to € 131 million (31 December 2021: € 161 million).

*Forms an integral part of the condensed consolidated interim financial statements

RISK MANAGEMENT

Credit risk

Credit ratings

External credit ratings of financial assets*

The following table sets out the credit quality of financial assets based on external credit ratings. These include loans and advances to banks of € 1,549 million (31 December 2021: € 1,323 million), securities financing of € 4,570 million (31 December 2021: € 3,890 million), and investment debt securities (at amortised cost of € 4,520 million (31 December 2021: € 4,109 million) and at FVOCI of € 12,383 million (31 December 2021: € 12,589 million)). Information on the credit ratings for loans and advances to customers where an external credit rating is available is disclosed on page 62. The increase in Sovereign exposures rated AAA/AA reflects the upgrading of Irish Government bonds in the period.

											30 June 2022
	At amortised cost					At FVOCI					Total
	Bank € m	Corporate € m	Sovereign € m	Other € m	Total € m	Bank € m	Corporate € m	Sovereign € m	Other € m	Total € m	€ m
AAA/AA	718	—	2,689	1,261	4,668	3,948	109	4,200	500	8,757	13,425
A/A-	4,472	941	20	195	5,628	1,461	234	295	—	1,990	7,618
BBB+/BBB/BBB-	74	10	37	5	126	419	186	1,031	—	1,636	1,762
Sub investment	1	100	—	—	101	—	—	—	—	—	101
Unrated	—	116	—	—	116	—	—	—	—	—	116
Total	5,265	1,167	2,746	1,461 (1)	10,639	5,828	529	5,526 (2)	500	12,383	23,022
Of which: Stage 1	5,264	1,159	2,746	1,461	10,630	5,828	502	5,526	500	12,356	22,986
Stage 2	1	8	—	—	9	—	27	—	—	27	36
Stage 3	—	—	—	—	—	—	—	—	—	—	—

											31 December 2021
	At amortised cost					At FVOCI					Total
	Bank € m	Corporate € m	Sovereign € m	Other € m	Total € m	Bank € m	Corporate € m	Sovereign € m	Other € m	Total € m	€ m
AAA/AA	597	—	296	895	1,788	3,883	72	1,182	495	5,632	7,420
A/A-	3,756	920	2,420	201	7,297	1,283	248	3,721	—	5,252	12,549
BBB+/BBB/BBB-	25	2	37	5	69	399	197	1,109	—	1,705	1,774
Sub investment	1	105	—	—	106	—	—	—	—	—	106
Unrated	—	62	—	—	62	—	—	—	—	—	62
Total	4,379	1,089	2,753	1,101 (1)	9,322	5,565	517	6,012 (2)	495	12,589	21,911
Of which: Stage 1	4,379	1,089	2,753	1,101	9,322	5,565	486	6,012	495	12,558	21,880
Stage 2	—	—	—	—	—	—	31	—	—	31	31
Stage 3	—	—	—	—	—	—	—	—	—	—	—

(1) Relates to asset backed securities.
(2) Includes supranational banks and government agencies.

*Forms an integral part of the condensed consolidated interim financial statements

Credit risk

Additional credit quality and forbearance disclosures on loans and advances to customers

Forbearance

The Group's approach to forbearance initiatives are outlined on pages 142 to 144 in the 'Risk management' section of the Annual Financial Report 2021. The following tables set out the internal credit ratings and ECL staging of forborne loans and advances to customers:

	30 June 2022				
	At amortised cost				
	Residential mortgages	Other personal	Property and construction	Non-property business	Total
Analysed by forbearance type	€ m	€ m	€ m	€ m	€ m
Temporary forbearance	463	24	66	1,007	1,560 [1]
Permanent forbearance	429	53	485	1,037	2,004 [2]
	892	77	551	2,044	3,564
Analysed by internal credit ratings					
Strong	—	—	—	—	—
Satisfactory	—	—	—	—	—
Total strong/satisfactory	—	—	—	—	—
Criticised watch	—	—	—	—	—
Criticised recovery	396	16	223	1,528	2,163
Total criticised	396	16	223	1,528	2,163
Non-performing	496	61	328	516	1,401
Gross carrying amount	892	77	551	2,044	3,564
Analysed by ECL staging					
Stage 1	4	—	—	6	10
Stage 2	335	16	223	1,522	2,096
Stage 3	470	61	328	516	1,375
POCI	83	—	—	—	83
Total	892	77	551	2,044	3,564
ECL allowance	156	37	108	389	690

[1] Of which: interest only € 894 million, payment moratorium € 441 million, reduced payment € 123 million.

[2] Of which: arrears capitalisation and term extension € 800 million, breach/adjustment of covenant € 551 million, restructure € 418 million.

RISK MANAGEMENT

Credit risk

Additional credit quality and forbearance disclosures on loans and advances to customers *(continued)*

Forbearance *(continued)*

	31 December 2021				
	At amortised cost				
	Residential mortgages	Other personal	Property and construction	Non-property business	Total
Analysed by forbearance type	€ m	€ m	€ m	€ m	€ m
Temporary forbearance	629	37	169	1,039	1,874 [1]
Permanent forbearance	564	77	348	1,293	2,282 [2]
	1,193	114	517	2,332	4,156
Analysed by internal credit ratings					
Strong	—	—	—	—	—
Satisfactory	—	—	—	—	—
Total strong/satisfactory	—	—	—	—	—
Criticised watch	—	—	—	—	—
Criticised recovery	430	23	296	1,645	2,394
Total criticised	430	23	296	1,645	2,394
Non-performing	763	91	221	687	1,762
Gross carrying amount	1,193	114	517	2,332	4,156
Analysed by ECL staging					
Stage 1	6	1	79	7	93
Stage 2	399	22	217	1,638	2,276
Stage 3	694	91	221	687	1,693
POCI	94	—	—	—	94
Total	1,193	114	517	2,332	4,156
ECL allowance	272	61	139	537	1,009

[1]Of which: interest only € 1,161 million, reduced payment € 164 million, payment moratorium € 521 million.
[2]Of which: arrears capitalisation and term extension € 864 million, restructure € 255 million, breach/adjustment of covenant € 416 million.

The Group's focus continues to be on supporting its existing customers and ensuring they are provided with the appropriate forbearance measures, particularly in the current environment by providing support to customers previously impacted by COVID-19 and may require forbearance measures following the withdrawal of Government supports.

The total forbearance portfolio has decreased by € 0.6 billion to € 3.6 billion at 30 June 2022 (31 December 2021: € 4.2 billion). The decrease in the first half of 2022 was predominately due to the sale of a non-performing loan portfolio in long term default which resulted in non-performing loans in forbearance decreasing by € 0.4 billion in the period. The overall reduction in the period was in the residential mortgages and non-property business portfolios as both decreased by € 0.3 billion in the period.

Liquidity and funding risk

Liquidity risk is the risk that the Group will not be able to fund its assets and meet its payment obligations as they fall due, without incurring unacceptable costs or losses. Funding is the means by which liquidity is generated, e.g. secured or unsecured, corporate or retail. In this respect, funding risk is the risk that a specific form of liquidity cannot be obtained at an acceptable cost.

Management of the Group liquidity pool

The Group manages the liquidity pool on a centralised basis. The composition of the liquidity pool is subject to limits recommended by the Risk function and approved by the Board. The liquidity pool assets primarily comprise government guaranteed bonds, balances with central banks and internal and external covered bonds.

At 30 June 2022, the Group held € 68,890 million (31 December 2021: € 67,240 million) in qualifying liquid assets "QLA"[(1)]/contingent funding of which € 17,233 million (31 December 2021: € 17,366 million) was not available due to repurchase, secured loans and other restrictions. The available Group liquidity pool is held to cover contractual and stress outflows. At 30 June 2022, the Group liquidity pool was € 51,657 million (31 December 2021: € 49,874 million). During the six months to 30 June 2022, the liquidity pool ranged from € 48,105 million to € 51,657 million and the average balance was € 49,458 million.

[(1)]QLA are assets that can be readily converted into cash, either with the market or with the monetary authorities, and where there is no legal, operational or prudential impediments to their use as liquid assets.

The Group's liquidity pool increased in the six months to 30 June 2022 by € 1,783 million which was predominantly due to an increase in customer deposits in Ireland and senior debt issuance, partially offset by covered bond maturities, customer loans and securities financing activities where cash was exchanged for non QLA eligible collateral.

Other contingent liquidity

The Group has access to other unencumbered assets providing a source of contingent liquidity which are not in the Group's liquidity pool. However, these assets may be monetised in a stress scenario to generate liquidity through use as collateral for secured funding or outright sale.

For further details of liquidity risk and its management, see pages 145 to 152 of the Annual Financial Report 2021.

Liquidity regulation

The Group is required to comply with the liquidity requirements of the Single Supervisory Mechanism/Central Bank of Ireland and also with the requirements of local regulators in jurisdictions in which it operates.

Liquidity metrics	**30 June 2022** %	31 December 2021 %
Liquidity Coverage Ratio	**215**	203
Net Stable Funding Ratio	**164**	160
Loan to Deposit Ratio	**59**	61

The Group monitors and reports its current and forecast position against CRD IV and other related liquidity metrics and has fully complied with the minimum LCR and NSFR requirements of 100% in the six months to 30 June 2022.

RISK MANAGEMENT

Liquidity and funding risk *(continued)*

Funding structure*

The Group's funding strategy is to deliver a sustainable, diversified and robust customer deposit base at economic pricing and to further enhance and strengthen the wholesale funding franchise with appropriate access to term markets to support core lending activities. The strategy aims to deliver a solid funding structure that complies with internal and regulatory policy requirements and reduces the probability of a liquidity stress, i.e. an inability to meet funding obligations as they fall due.

Customer deposits represent the largest source of funding for the Group with the core retail franchises and accompanying deposit base in both Ireland and the UK providing a stable source of funds.

Customer accounts	30 June 2022 € m	31 December 2021 € m
Total	**95,917**	92,866
Of which:		
Euro	**82,175**	77,129
Sterling	**11,637**	13,200
US dollar	**1,970**	2,347
Other currencies	**135**	190

Customer accounts increased by € 3,051 million in the six months to 30 June 2022. The increase in the value of Euro deposits of € 5,046 million is due to higher income and employment levels as COVID-19 restrictions eased. This increase was partially offset by a decrease in the value of USD and GBP deposits of € 1,940 million which was predominately due to AIB UK withdrawing from the GB SME market and currency movements.

*Forms an integral part of the condensed consolidated interim financial statements

Liquidity and funding risk *(continued)*

Composition of wholesale funding[1]

The Group maintains access to a variety of sources of wholesale funding including bank deposits, securities financing, debt securities and subordinated debt. At 30 June 2022, total wholesale funding outstanding was € 19,595 million (31 December 2021: € 17,802 million) of which € 2,288 million is due to mature in less than one year (31 December 2021: € 879 million).

									30 June 2022
	< 1 month € m	**1–3 months € m**	**3–6 months € m**	**6–12 months € m**	**Total < 1 year € m**	**1–3 years € m**	**3–5 years € m**	**> 5 years € m**	**Total € m**
Deposits by central banks and banks	**257**	**—**	**—**	**—**	**257**	**10,291**	**—**	**—**	**10,548**
Securities financing	**376**	**402**	**—**	**—**	**778**	**—**	**—**	**—**	**778**
Senior debt	**—**	**—**	**—**	**253**	**253**	**2,435**	**1,249**	**1,750**	**5,687**
ACS	**—**	**—**	**—**	**1,000**	**1,000**	**—**	**—**	**25**	**1,025**
Subordinated liabilities and other capital instruments	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,557**	**1,557**
Total 30 June 2022	**633**	**402**	**—**	**1,253**	**2,288**	**12,726**	**1,249**	**3,332**	**19,595**
Of which:									
Secured	**376**	**402**	**—**	**1,000**	**1,778**	**10,291**	**—**	**25**	**12,094**
Unsecured	**257**	**—**	**—**	**253**	**510**	**2,435**	**1,249**	**3,307**	**7,501**
Total 30 June 2022	**633**	**402**	**—**	**1,253**	**2,288**	**12,726**	**1,249**	**3,332**	**19,595**

									31 December 2021
	< 1 month € m	1–3 months € m	3–6 months € m	6–12 months € m	Total < 1 year € m	1–3 years € m	3–5 years € m	> 5 years € m	Total € m
Deposits by central banks and banks	84	—	—	—	84	10,000	298	—	10,382
Securities financing	28	17	—	—	45	—	—	—	45
Senior debt	—	—	—	—	—	1,911	1,383	750	4,044
ACS	—	750	—	—	750	1,000	—	25	1,775
Subordinated liabilities and other capital instruments	—	—	—	—	—	—	—	1,556	1,556
Total 31 December 2021	112	767	—	—	879	12,911	1,681	2,331	17,802
Of which:									
Secured	28	767	—	—	795	11,000	298	25	12,118
Unsecured	84	—	—	—	84	1,911	1,383	2,306	5,684
Total 31 December 2021	112	767	—	—	879	12,911	1,681	2,331	17,802

[1]The maturity analysis has been prepared using the residual contractual maturity of the liabilities.

In the six months to 30 June 2022, senior debt increased € 1,643 million primarily due to a € 1,000 million Senior Unsecured Note issued in March, a € 750 million Senior Unsecured Note issued in June (settled on 4 July 2022) and a € 140 million USD foreign currency translation increase offset by a bond buy back of € 247 million. Securities financing increased by € 733 million in the six months to 30 June 2022.

Outstanding asset covered securities ("ACS") at 30 June 2022 decreased € 750 million to € 1,025 million due to a contractual maturity. For further details on debt securities, see 'Debt securities in issue' (note 25) in the condensed consolidated interim financial statements.

RISK MANAGEMENT

Liquidity and funding risk *(continued)*

Currency composition of wholesale funding

At 30 June 2022, 87% (31 December 2021: 89%) of wholesale funding was in Euro with the remainder held in GBP and USD. The Group manages cross-currency refinancing risk against foreign exchange cash flow limits.

					30 June 2022					31 December 2021
	EUR	GBP	USD	Other	Total	EUR	GBP	USD	Other	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Deposits by central banks and banks	10,236	291	14	7	10,548	10,083	298	—	1	10,382
Securities financing	191	—	587	—	778	15	—	30	—	45
Senior debt	4,003	—	1,684	—	5,687	2,500	—	1,544	—	4,044
ACS	1,025	—	—	—	1,025	1,775	—	—	—	1,775
Subordinated liabilities and other capital instruments	1,512	45	—	—	1,557	1,512	44	—	—	1,556
Total wholesale funding	16,967	336	2,285	7	19,595	15,885	342	1,574	1	17,802
% of wholesale funding	%	%	%	%	%	%	%	%	%	%
	87	2	11	—	100	89	2	9	—	100

Encumbrance

An asset is defined as encumbered if it has been pledged as collateral, and as a result is no longer available to the Group to secure funding, satisfy collateral needs or to be sold. The Group manages encumbrance levels to ensure that the Group has sufficient contingent collateral to maximise balance sheet flexibility.

The Group had an encumbrance ratio of 15.73% at 30 June 2022 (31 December 2021: 15.22%) with € 21,539 million of the Group's assets encumbered (31 December 2021: € 19,841 million). The encumbrance level is based on the amount of assets that are required in order to meet regulatory and contractual commitments.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

Notes to the condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)

for the half-year ended 30 June 2022

	Notes	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Interest income calculated using the effective interest method	3	1,022	970
Other interest income and similar income	3	40	40
Interest and similar income	3	1,062	1,010
Interest and similar expense	4	(167)	(129)
Net interest income		895	881
Dividend income		1	1
Fee and commission income	5	373	289
Fee and commission expense	5	(86)	(77)
Net trading income	6	57	9
Net gain on other financial assets measured at FVTPL	7	30	70
Net gain/(loss) on derecognition of financial assets measured at amortised cost		28	(8)
Other operating income	8	5	6
Other income		408	290
Total operating income		1,303	1,171
Operating expenses	9	(901)	(808)
Impairment and amortisation of intangible assets		(108)	(95)
Impairment and depreciation of property, plant and equipment		(74)	(86)
Total operating expenses		(1,083)	(989)
Operating profit before impairment losses		220	182
Net credit impairment writeback	10	309	103
Operating profit		529	285
Share of equity accounted investments	19	5	6
Profit on disposal of property		3	—
Profit before taxation		537	291
Income tax charge	11	(60)	(17)
Profit for the period		477	274
Attributable to:			
– Equity holders of the parent		478	275
– Non-controlling interests		(1)	(1)
Profit for the period		477	274
Earnings per share			
Basic earnings per ordinary share	12(a)	16.5c	8.9c
Diluted earnings per ordinary share	12(b)	16.5c	8.9c

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

for the half-year ended 30 June 2022

	Notes	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Profit for the period		**477**	274
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit asset/(liability), net of tax	11	**29**	6
Total items that will not be reclassified subsequently to profit or loss		**29**	6
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Net change in foreign currency translation reserves, net of tax	11	**(27)**	60
Net change in cash flow hedges, net of tax	11	**(839)**	(206)
Net change in fair value of investment debt securities at FVOCI, net of tax	11	**(130)**	(45)
Total items that will be reclassified subsequently to profit or loss when specific conditions are met		**(996)**	(191)
Other comprehensive income for the period, net of tax		**(967)**	(185)
Total comprehensive income for the period		**(490)**	89
Attributable to:			
– Equity holders of the parent		**(489)**	90
– Non-controlling interests		**(1)**	(1)
Total comprehensive income for the period		**(490)**	89

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

as at 30 June 2022

	Notes	30 June 2022 € m	31 December 2021 € m
Assets			
Cash and balances at central banks	33	44,561	42,654
Items in course of collection		88	44
Disposal groups and non-current assets held for sale		16	8
Trading portfolio financial assets		10	8
Derivative financial instruments	13	1,795	882
Loans and advances to banks	14	1,549	1,323
Loans and advances to customers	15	57,055	56,508
Securities financing	16	4,570	3,890
Investment securities	18	17,202	16,972
Investments accounted for using the equity method	19	136	127
Intangible assets and goodwill		953	996
Property, plant and equipment		543	631
Other assets	20	1,044	483
Current taxation		10	37
Deferred tax assets	21	2,933	2,834
Prepayments and accrued income		420	424
Retirement benefit assets	22	63	54
Total assets		132,948	127,875
Liabilities			
Deposits by central banks and banks	23	10,548	10,382
Customer accounts	24	95,917	92,866
Securities financing	16	778	45
Trading portfolio financial liabilities		6	2
Derivative financial instruments	13	1,986	1,062
Debt securities in issue	25	6,712	5,819
Lease liabilities		311	346
Current taxation		12	10
Deferred tax liabilities	21	34	53
Retirement benefit liabilities	22	25	54
Other liabilities	26	1,313	1,235
Accruals and deferred income		355	284
Provisions for liabilities and commitments	27	470	501
Subordinated liabilities and other capital instruments	28	1,557	1,556
Total liabilities		120,024	114,215
Equity			
Share capital	29	1,671	1,696
Reserves		10,140	10,850
Total shareholders' equity		11,811	12,546
Other equity interests	30	1,115	1,115
Non-controlling interests		(2)	(1)
Total equity		12,924	13,660
Total liabilities and equity		132,948	127,875

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

for the half-year ended 30 June 2022

	Attributable to equity holders of parent												
	Share capital	Other equity interests	Capital reserves	Merger reserve	Capital redemption reserves	Revaluation reserves	Investment securities reserves	Cash flow hedging reserves	Revenue reserves	Foreign currency translation reserves	Total	Non-controlling interests	Total equity
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2022	1,696	1,115	1,133	(3,622)	14	13	152	149	13,523	(512)	13,661	(1)	13,660
Total comprehensive income for the period													
Profit for the period	—	—	—	—	—	—	—	—	478	—	478	(1)	477
Other comprehensive income *(note 11)*	—	—	—	—	—	—	(130)	(839)	29	(27)	(967)	—	(967)
Total comprehensive income for the period	—	—	—	—	—	—	(130)	(839)	507	(27)	(489)	(1)	(490)
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Group													
Dividends paid on ordinary shares *(note 37)*	—	—	—	—	—	—	—	—	(122)	—	(122)	—	(122)
Distributions paid to other equity interests	—	—	—	—	—	—	—	—	(33)	—	(33)	—	(33)
Buyback of ordinary shares	(25)	—	—	—	25	—	—	—	(91)	—	(91)	—	(91)
Total contributions by and distributions to owners of the Group	(25)	—	—	—	25	—	—	—	(246)	—	(246)	—	(246)
At 30 June 2022	1,671	1,115	1,133	(3,622)	39	13	22	(690)	13,784	(539)	12,926	(2)	12,924

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

for the half-year ended 30 June 2021

	Attributable to equity holders of parent												
	Share capital	Other equity interests	Capital reserves	Merger reserve	Capital redemption reserves	Revaluation reserves	Investment securities reserves	Cash flow hedging reserves	Revenue reserves	Foreign currency translation reserves	Total	Non-controlling interests	Total equity
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2021	1,696	1,115	1,133	(3,622)	14	14	206	540	12,923	(599)	13,420	1	13,421
Total comprehensive income for the period													
Profit for the period	—	—	—	—	—	—	—	—	275	—	275	(1)	274
Other comprehensive income *(note 11)*	—	—	—	—	—	—	(45)	(206)	6	60	(185)	—	(185)
Total comprehensive income for the period	—	—	—	—	—	—	(45)	(206)	281	60	90	(1)	89
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Group													
Distributions paid to other equity interests	—	—	—	—	—	—	—	—	(33)	—	(33)	—	(33)
Total contributions by and distributions to owners of the Group	—	—	—	—	—	—	—	—	(33)	—	(33)	—	(33)
At 30 June 2021	1,696	1,115	1,133	(3,622)	14	14	161	334	13,171	(539)	13,477	—	13,477

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

for the financial year ended 31 December 2021

	Attributable to equity holders of parent												
	Share capital	Other equity interests	Capital reserves	Merger reserve	Capital redemp-tion reserves	Reval-uation reserves	Investment securities reserves	Cash flow hedging reserves	Revenue reserves	Foreign currency translation reserves	Total	Non-controlling interests	Total equity
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2021	1,696	1,115	1,133	(3,622)	14	14	206	540	12,923	(599)	13,420	1	13,421
Total comprehensive income for the year													
Profit for the year	—	—	—	—	—	—	—	—	647	—	647	(2)	645
Other comprehensive income	—	—	—	—	—	—	(54)	(391)	17	87	(341)	—	(341)
Total comprehensive income for the year	—	—	—	—	—	—	(54)	(391)	664	87	306	(2)	304
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Group:													
Distributions paid to other equity interests	—	—	—	—	—	—	—	—	(65)	—	(65)	—	(65)
Other movements	—	—	—	—	—	(1)	—	—	1	—	—	—	—
Total contributions by and distributions to owners of the Group	—	—	—	—	—	(1)	—	—	(64)	—	(65)	—	(65)
At 31 December 2021	1,696	1,115	1,133	(3,622)	14	13	152	149	13,523	(512)	13,661	(1)	13,660

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

for the half-year ended 30 June 2022

	Notes	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Cash flows from operating activities			
Profit before taxation for the period		537	291
Adjustments for:			
– Non-cash and other items	34	(85)	331
– Change in operating assets	34	(1,061)	(1,185)
– Change in operating liabilities	34	3,471	11,072
– Taxation refund		13	9
Net cash inflow from operating activities		2,875	10,518
Cash flows from investing activities			
Purchase of investment securities		(2,467)	(1,367)
Proceeds from sales, redemptions and maturity of investment securities		1,525	4,302
Additions to property, plant and equipment		(6)	(6)
Disposal of property, plant and equipment		4	5
Additions to intangible assets		(67)	(85)
Partial repayment of investment in associated undertaking		9	—
Investments accounted for using the equity method	19	(13)	(3)
Net cash (outflow)/ inflow from investing activities		(1,015)	2,846
Cash flows from financing activities			
Proceeds on issue of debt securities – MREL	25	1,000	750
Repurchase of debt securities		(250)	—
Dividends paid on ordinary shares	37	(122)	—
Buyback of ordinary shares	29	(91)	—
Distributions paid to other equity interests		(33)	(33)
Repayment of lease liabilities		(22)	(20)
Interest paid on debt securities – MREL		(52)	(49)
Interest paid on subordinated liabilities and other capital instruments		(29)	(19)
Net cash inflow from financing activities		401	629
Change in cash and cash equivalents		2,261	13,993
Opening cash and cash equivalents		43,557	26,559
Effect of exchange translation adjustments		(109)	282
Closing cash and cash equivalents	33	45,709	40,834

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation, accounting policies and estimates

Reporting entity

AIB Group plc ('the parent company' or 'the Company') is a company domiciled in Ireland. The address of the Company's Registered Office is 10 Molesworth Street, Dublin 2, Ireland. AIB Group plc is registered under the Companies Act 2014 as a public limited company under the company number 594283 and is the holding company of the Group.

The condensed consolidated interim financial statements for the six months to 30 June 2022 ('Half-Yearly Financial Report') comprise the parent company and its subsidiary undertakings, collectively referred to as 'AIB Group', and the Group's interests in associated undertakings and joint ventures.

The consolidated financial statements of the Group for the year ended 31 December 2021 ('the Annual Financial Report 2021') are available upon request from the Group Company Secretary or at www.aib.ie.

Going concern

The financial statements for the half-year ended 30 June 2022 have been prepared on a going concern basis as the Directors are satisfied, having considered the risks and uncertainties impacting the Group, that it has the ability to continue in business for the period of assessment. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions. This includes capital forecasts and internally generated stress scenarios with additional scenarios to take account of the inorganic initiatives that the Group has committed to. The scenarios include the impacts on global economic activity of the war in Ukraine. The period of assessment used by the Directors is 12 months from the date of approval of these half yearly financial statements.

Accounting policies

The condensed consolidated interim financial statements for the six months to 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These statements should be read in conjunction with the Annual Financial Report 2021, which was prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively "IFRS") as adopted by the European Union ("EU"). The condensed consolidated interim financial statements comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows together with the related notes. These notes include certain risk related disclosures which are contained in the Risk management section of the Half-Yearly Financial Report. The relevant information in the Risk management section is identified as forming an integral part of the condensed consolidated interim financial statements.

New and amended standards and interpretations

The accounting policies described on pages 236 to 262 of the Annual Financial Report 2021 have been applied in this Half-Yearly Financial Report.

Critical accounting judgements and estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management judgement may involve making estimates concerning the likelihood of future events, the actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and for any future period affected. The judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are in the areas of impairment of financial assets; the recoverability of deferred tax; determination of the fair value of certain financial assets and financial liabilities; retirement benefit obligations; and provisions for liabilities and commitments.

Critical accounting judgements and estimates adopted by the Group are set out on pages 263 to 268 of the Annual Financial Report 2021 and while they remain appropriate, additional details and disclosures, taking account of developments in the six months to 30 June 2022, are as follows:
Impairment of financial assets and ECL allowance:
- The significant judgements relating to management adjustments to reflect all available information that have not been included in the risk measurement process modelled outcomes are outlined on pages 43 to 44.
- The updated macroeconomic scenarios and weightings used in models to calculate ECL allowance are set out on pages 38 to 41.

Provisions for liabilities and commitments:
- The Group agreed a fine of € 96.7 million as part of an administrative sanctions procedure in connection with the Tracker Mortgage Examination which brought this matter to a close as set out on page 108.
- The Group has increased its provision for the anticipated cost of the customer treatment methodology relating to the ongoing review of investments in Belfry funds, to € 148 million at 30 June 2022 from € 75 million at 31 December 2021 as set out on page 109.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation, accounting policies and estimates *(continued)*

Prospective accounting changes
Information on prospective accounting changes is set out on page 262 of the Annual Financial Report 2021. There are no standards that are not yet effective that would be expected to have a material impact on the Group in future reporting periods.

Statement of compliance
The condensed consolidated interim financial statements comply with IAS 34 *Interim Financial Reporting*, as issued by the IASB and as adopted by the EU.

The interim figures for the six months to 30 June 2022 are unaudited but have been reviewed by the independent auditor, Deloitte Ireland LLP, whose report is set out on page 124. The financial information presented herein does not amount to statutory financial statements within the meaning of the Companies Act 2014. The Half-Yearly Financial Report is a requirement of the Transparency (Directive 2004/109/EC) Regulations 2007.

The summary financial statements for the financial year ended 31 December 2021 as presented in the condensed consolidated interim financial statements, represent an abbreviated version of the Group's full accounts for that year, on which the independent auditor, Deloitte Ireland LLP, issued an unqualified audit report and did not include a reference to any matters to which the statutory auditor drew attention by way of emphasis without qualifying the report. The 31 December 2021 financial statements are not annexed to these interim financial statements. The financial statements for the financial year ended 31 December 2021 have been filed in the Companies Registration Office. Deloitte Ireland LLP have not performed an audit of any information subsequent to 1 January 2022.

2 Segmental information

Segment overview
The Group's performance is managed and reported across the Retail Banking, Capital Markets, AIB UK and Group segments. Segment performance excludes exceptional items.

For further information refer to the Operating and Financial Review on page 26.

Segment allocations
The segments' performance statements include all income and directly related costs, excluding overheads which are managed centrally and the costs of which are included in the Group segment. Funding and liquidity income/charges are based on each segment's funding requirements and the Group's funding cost profile, which is informed by wholesale and retail funding costs. Income attributable to capital is allocated to segments based on each segment's capital requirement.

2 Segmental information *(continued)*

	Retail Banking	Capital Markets	AIB UK	Group	Total	Exceptional items [1]	Half-year 30 June 2022 Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Operations by business segment							
Net interest income	458	255	122	60	895	—	895
Net fee and commission income*	185	77	24	—	286	1 [4]	287
Other	19	52	8	14	93	28 [2][4]	121
Other income	204	129	32	14	379	29	408
Total operating income	662	384	154	74	1,274	29	1,303
Other operating expenses	(433)	(101)	(71)	(177)	(782)	(200)	(982)
Of which: Personnel expenses	*(210)*	*(64)*	*(36)*	*(61)*	*(371)*	*(9)* [3][4]	*(380)*
General and administrative expenses	*(142)*	*(28)*	*(23)*	*(70)*	*(263)*	*(157)* [3]-[6]	*(420)*
Depreciation, impairment and amortisation	*(81)*	*(9)*	*(12)*	*(46)*	*(148)*	*(34)* [4]	*(182)*
Bank levies and regulatory fees	(1)	(1)	—	(99)	(101)	—	(101)
Total operating expenses	(434)	(102)	(71)	(276)	(883)	(200)	(1,083)
Operating profit/(loss) before impairment losses	228	282	83	(202)	391	(171)	220
Net credit impairment writeback/(charge)	224	86	(1)	—	309	—	309
Operating profit/(loss)	452	368	82	(202)	700	(171)	529
Share of equity accounted investments	2	1	2	—	5	—	5
Profit on disposal of property	—	—	—	—	—	3 [4]	3
Profit/(loss) before taxation	454	369	84	(202)	705	(168)	537

[1]Exceptional items are shown separately above. These are items that Management view as distorting comparability of performance from period to period.
Exceptional items include:
[2]Loss on disposal of loan portfolios
[3]Restitution costs;
[4]Restructuring costs;
[5]Inorganic transaction costs; and
[6]Other.

For further information on these items see page 22.

***Analysis of net fee and commission income**	Retail Banking	Capital Markets	AIB UK	Group	Half-year 30 June 2022 Total
	€ m	€ m	€ m	€ m	€ m
Customer accounts	86	9	7	9	111
Card income	60	5	6	—	71
Foreign exchange fees	22	13	5	—	40
Credit related fees	4	14	7	—	25
Specialised payment services fees	66	—	—	—	66
Stockbroking client fees and commissions	—	25	—	—	25
Asset management and advisory fees	—	8	—	—	8
Other fees and commissions	26	7	2	(8) [1]	27
Fee and commission income	264	81	27	1	373
Specialised payment services expenses	(58)	—	—	—	(58)
Card expenses	(19)	(1)	(2)	—	(22)
Other fee and commission expenses	(2)	(3)	—	(1)	(6)
Fee and commission expense	(79)	(4)	(2)	(1)	(86)
	185	77	25	—	287

[1]Reflects the allocation of the Group's segment fee and commission income to Retail Banking and Capital Markets segments.

Further information on 'Net fee and commission income' is set out in note 5.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2 Segmental information *(continued)*

	Retail Banking	Capital Markets	AIB UK	Group	Total	Exceptional items [1]	Half-year 30 June 2021 Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Operations by business segment							
Net interest income	519	212	105	45	881	—	881
Net fee and commission income*	156	37	20	(1)	212	—	212
Other	18	27	5	40	90	(12) [2][4]	78
Other income	174	64	25	39	302	(12)	290
Total operating income	693	276	130	84	1,183	(12)	1,171
Other operating expenses	(433)	(65)	(86)	(155)	(739)	(179)	(918)
Of which: Personnel expenses	*(194)*	*(46)*	*(47)*	*(73)*	*(360)*	*(4)* [3][4]	*(364)*
General and administrative expenses	*(150)*	*(14)*	*(28)*	*(47)*	*(239)*	*(134)* [4]-[7]	*(373)*
Depreciation, impairment and amortisation	*(89)*	*(5)*	*(11)*	*(35)*	*(140)*	*(41)*	*(181)*
Bank levies and regulatory fees	(1)	—	—	(70)	(71)	—	(71)
Total operating expenses	(434)	(65)	(86)	(225)	(810)	(179)	(989)
Operating profit/(loss) before impairment losses	259	211	44	(141)	373	(191)	182
Net credit impairment writeback	55	39	9	—	103	—	103
Operating profit/(loss)	314	250	53	(141)	476	(191)	285
Share of equity accounted investments	4	1	1	—	6	—	6
Profit/(loss) before taxation	318	251	54	(141)	482	(191)	291

[1] Exceptional items are shown separately above. These are items that Management view as distorting comparability of performance from period to period. Exceptional items include:
[2] Loss on disposal of loan portfolios;
[3] Termination benefits;
[4] Restitution costs;
[5] Restructuring costs;
[6] Inorganic transaction costs; and
[7] Other.

For further information on these items see page 22.

*Analysis of net fee and commission income	Retail Banking € m	Capital Markets € m	AIB UK € m	Group € m	Half-year 30 June 2021 Total € m
Customer accounts	77	7	7	8	99
Card income	39	3	5	—	47
Foreign exchange fees	17	10	3	(1)	29
Credit related fees	5	13	8	—	26
Specialised payment services fees	65	—	—	—	65
Other fees and commissions	25	5	—	(7) [1]	23
Fee and commission income	228	38	23	—	289
Specialised payment services expenses	(58)	—	—	—	(58)
Card expenses	(11)	(1)	(3)	—	(15)
Other fee and commission expenses	(3)	—	—	(1)	(4)
Fee and commission expense	(72)	(1)	(3)	(1)	(77)
	156	37	20	(1)	212

[1] Reflects the allocation of the Group's segment fee and commission income to Retail Banking and Capital Markets segments.

Further information on 'Net fee and commission income' is set out in note 5.

2 Segmental information *(continued)*

Other amounts – statement of financial position

	30 June 2022				
	Retail Banking € m	Capital Markets € m	AIB UK € m	Group € m	Total € m
Loans and advances to customers:					
– measured at amortised cost	33,249	16,322	7,221	22	56,814
– measured at FVTPL	—	241	—	—	241
Total loans and advances to customers	33,249	16,563	7,221	22	57,055
Customer accounts	68,736	15,456	10,266	1,459	95,917

	31 December 2021				
	Retail Banking € m	Capital Markets € m	AIB UK € m	Group € m	Total € m
Loans and advances to customers:					
– measured at amortised cost	33,144	15,143	7,965	13	56,265
– measured at FVTPL	—	243	—	—	243
Total loans and advances to customers	33,144	15,386	7,965	13	56,508
Customer accounts	65,227	14,470	11,831	1,338	92,866

	Half-year 30 June 2022			
Geographic information[(1)(2)]	Ireland € m	United Kingdom € m	Rest of the World € m	Total € m
Gross external revenue	1,319	(3)	(13)	1,303
Inter-geographical segment revenue	(173)	156	17	—
Total revenue	1,146	153	4	1,303

	Half-year 30 June 2021			
Geographic information[(1)(2)]	Ireland € m	United Kingdom € m	Rest of the World € m	Total € m
Gross external revenue	1,089	81	1	1,171
Inter-geographical segment revenue	(72)	69	3	—
Total revenue	1,017	150	4	1,171

Revenue from external customers comprises interest and similar income (note 3) and interest and similar expense (note 4), and all other items included in 'Other income'.

	30 June 2022			
Geographic Information	Ireland € m	United Kingdom € m	Rest of the World € m	Total € m
Non-current assets[(3)]	1,441	52	3	1,496

	31 December 2021			
Geographic Information	Ireland € m	United Kingdom € m	Rest of the World € m	Total € m
Non-current assets[(3)]	1,562	62	3	1,627

[(1)]The geographical distribution of total revenue is based primarily on the location of the office recording the transaction.
[(2)]For details of significant geographic concentrations, see the Risk management section.
[(3)]Non-current assets comprise intangible assets and goodwill and property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 Interest and similar income

	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Interest on loans and advances to customers at amortised cost	880	883
Interest on loans and advances to banks at amortised cost	22	3
Interest on securities financing at amortised cost	4	1
Interest on investment securities	46	33
Interest income on financial assets	952	920
Deposits by central banks and banks at amortised cost	26	26
Customer accounts at amortised cost	43	24
Securities financing	1	—
Negative interest on financial liabilities	70	50
Interest income calculated using the effective interest rate method	1,022	970
Interest income on finance leases and hire purchase contracts	36	37
Interest income on financial assets at FVTPL	4	3
Other interest income and similar income	40	40
Total interest and similar income	1,062	1,010

The Group presents interest resulting from negative effective interest rates on financial liabilities as interest income rather than as offset against interest expense.

Included in “negative interest on financial liabilities” is negative interest expense of € 26 million (Half-Year 30 June 2021: € 25 million), from the Targeted Long Term Refinancing Operation III (“TLTRO III”) programme. Note 1(f) and note 4 of the Annual Financial Report 2021 set out the accounting policy and related judgements made by the Group in relation to interest recognition on TLTRO III funding.

The Group participated in the TLTRO programme for € 4 billion in September 2020 and a further € 6 billion in June 2021. The contractual maturity dates are 27 September 2023 and 24 June 2024 respectively. The interest rate that now applies, for the period from 24 June 2022 to the final repayment date, is the average interest rate on the deposit facility over the life of the respective TLTRO III funding.

Interest income includes a credit of € 65 million (Half-Year 30 June 2021: a credit of € 81 million) transferred from other comprehensive income in respect of cash flow hedges which is included in 'Interest on loans and advances to customers'.

4 Interest and similar expense

	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Interest on deposits by central banks and banks	1	—
Interest on customer accounts	22	27
Interest on securities financing	1	—
Interest on debt securities in issue	33	27
Interest on lease liabilities	6	6
Interest on subordinated liabilities and other capital instruments	21	20
Interest expense on financial liabilities	84	80
Cash and balances at central banks	76	42
Loans and advances to banks	2	2
Securities financing	4	2
Investment securities	1	3
Negative interest on financial assets	83	49
Interest expense calculated using the effective interest rate method	167	129

The Group presents interest resulting from negative effective interest rates on financial assets as interest expense rather than as offset against interest income.

Interest expense includes a charge of € 5 million (Half-Year 30 June 2021 a charge of € 10 million) transferred from other comprehensive income in respect of cash flow hedges which is included in ‘Interest on customer accounts’.

Interest expense reported above, calculated using the effective interest rate method, relates to financial liabilities not carried at fair value through profit or loss.

5 Net fee and commission income

	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Customer accounts[1]	111	99
Card income[1]	71	47
Foreign exchange fees	40	29
Credit related fees	25	26
Specialised payment services fees[2]	66	65
Stockbroking client fees and commissions	25	—
Asset management and advisory fees	8	—
Other fees and commissions[3]	27	23
Fee and commission income	373	289
Specialised payment services expenses[2]	(58)	(58)
Card expenses[4]	(22)	(15)
Other fee and commissions expenses	(6)	(4)
Fee and commission expense	(86)	(77)
	287	212

[1]Consistent with the presentation of the Annual Financial Report 2021, customer accounts income and card income are now reported separately having previously been reported as 'Retail banking customer fees'.
[2]Specialised payment services: fee income and fee expenses in respect of services and prepaid credits for cellular phone and utilities sold to third parties.
[3]Other fees and commissions includes wealth commissions € 13 million, insurance commissions € 6 million and other commissions € 8 million (Half-Year 30 June 2021: € 11 million, € 6 million and € 6 million respectively).
[4]Card expenses includes credit card commissions of € 21 million and ATM expenses of € 1 million (Half-Year 30 June 2021: € 14 million and € 1 million respectively).

Fees and commissions which are an integral part of the effective interest rate are recognised as part of interest and similar income (note 3) or interest and similar expense (note 4).

6 Net trading income

	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Foreign exchange contracts	(21)	(7)
Interest rate contracts and debt securities[1]	31	25
Credit derivative contracts	5	(2)
Equity investments, index contracts and warrants	16	(7)
Other[2]	26	—
	57	9

[1]Includes a gain of € 14 million (Half-Year 30 June 2021: gain of € 17 million) in relation to XVA adjustments. (XVA comprises counterparty valuation adjustments ("CVA") and funding valuation adjustments ("FVA")).
[2]Relates to the forward contract to acquire corporate and commercial loans from Ulster Bank. See notes 32 and 38 for further information.

The total hedging ineffectiveness on cash flow hedges reflected in the condensed consolidated income statement amounted to Nil (Half-Year 30 June 2021: Nil).

7 Net gain on other financial assets measured at FVTPL

	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Loans and advances to customers[1]	16	17
Investment securities – equity	14	53
Total	30	70

[1]Excludes interest income (note 3).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8 Other operating income

	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
(Loss)/gain on disposal of investment securities at FVOCI – debt	**(2)**	18
Gain/(loss) on termination of hedging swaps[1]	**9**	(11)
Miscellaneous operating loss	**(2)**	(1)
	5	6

[1]The majority of the gain/(loss) on termination of hedging swaps relates to the disposal of debt securities at FVOCI. In the Half-Year to June 2022, it includes a charge of € 1 million transferred from other comprehensive income in respect of cash flow hedges (Half-Year 30 June 2021: Nil).

9 Operating expenses

	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Personnel expenses:		
Wages and salaries	**301**	292
Termination benefits[1]	**3**	2
Retirement benefits[2]	**47**	45
Social security costs	**33**	32
Other personnel expenses[3]	**6**	6
	390	377
Less: staff costs capitalised[4]	**(10)**	(13)
Personnel expenses	**380**	364
General and administrative expenses	**319** [5]	248
Restitution and associated costs[6]	**101**	125
	420	373
Bank levies and regulatory fees	**101**	71
Operating expenses	**901**	808

[1]Includes charges for voluntary severance programmes of € 3 million (Half-Year 30 June 2021: € 2 million).
[2]Comprises a defined contribution charge of € 39 million (Half-Year 30 June 2021: a charge of € 39 million), a charge of € 3 million in relation to defined benefit expense (Half-Year 30 June 2021: a charge of € 2 million), and a long term disability payments/death in service benefit charge of € 5 million (Half-Year 30 June 2021: a charge of € 4 million). For details of retirement benefits, see note 22.
[3]Other personnel expenses include staff training, recruitment and various other staff costs.
[4]Staff costs capitalised relate to intangible assets.
[5]Includes € 27 million relating to the CBI Tracker Mortgage Examination fine. See note 27 for further information.
[6]Relates primarily to the costs incurred in the period in relation to Belfry and the associated costs related to the Tracker Mortgage Examination (other than the CBI Tracker Mortgage Examination fine).

1 2 3 4

10 Net credit impairment writeback

The following table analyses the income statement net credit impairment writeback on financial instruments.

	Half-year 30 June 2022			Half-year 30 June 2021		
	Measured at amortised cost	Measured at FVOCI	Total	Measured at amortised cost	Measured at FVOCI	Total
Credit impairment writeback on financial instruments	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance						
Loans and advances to banks	—	—	—	—	—	—
Loans and advances to customers	276	—	276	70	—	70
Securities financing	1	—	1	—	—	—
Loan commitments	—	—	—	(2)	—	(2)
Financial guarantee contracts	2	—	2	(1)	—	(1)
Investment securities – debt	(2)	—	(2)	—	—	—
Credit impairment writeback	277	—	277	67	—	67
Recoveries of amounts previously written-off	32	—	32	36	—	36
Net credit impairment writeback	309	—	309	103	—	103

11 Taxation

	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Current tax		
Corporation tax in Ireland		
Current tax on income for the period	(2)	(5)
Adjustments in respect of prior periods	—	2
	(2)	(3)
Foreign tax		
Current tax on income for the period	(13)	(14)
Adjustments in respect of prior periods	—	—
	(13)	(14)
Current tax charge for the period	(15)	(17)
Deferred taxation		
Origination and reversal of temporary differences	1	(14)
Adjustments in respect of prior periods	—	2
Recognition of deferred tax assets in respect of current period losses	—	4
(Reduction)/increase in carrying value of deferred tax assets in respect of carried forward losses	(46)	8
Deferred tax charge for the period	(45)	—
Total tax charge for the period	(60)	(17)
Effective tax rate	11.2 %	5.8 %

Liabilities for current and deferred tax are recognised based on best estimates of the probable outcome, taking into account all available evidence and external advice, where appropriate. This necessarily involves some estimation because the tax law is uncertain and its application requires a degree of judgement, which authorities may dispute.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11 Taxation *(continued)*

Analysis of selected other comprehensive income

	Half-year 30 June 2022			Half-year 30 June 2021		
	Gross	Tax [(1)]	Net	Gross	Tax [(1)]	Net
	€ m	€ m	€ m	€ m	€ m	€ m
Property revaluation reserves						
Net change in property revaluation reserves	—	—	—	—	—	—
Total	—	—	—	—	—	—
Retirement benefit schemes						
Remeasurement of defined benefit asset/(liability)	30	(1)	29	6	—	6
Total	30	(1)	29	6	—	6
Foreign currency translation reserves						
Amounts reclassified from the foreign currency translation reserves to the income statement as a reclassification adjustment:						
– amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur	—	—	—	—	—	—
– amounts that have been transferred because the hedged item has affected the income statement	—	—	—	—	—	—
Recognised in other comprehensive income:						
– Net gains/(losses) on net investment hedges	32	(4)	28	(69)	9	(60)
– Exchange differences on translation of foreign operations	(55)	—	(55)	120	—	120
Total	(23)	(4)	(27)	51	9	60
Cash flow hedging reserves						
Amounts reclassified from the cash flow hedging reserves to the income statement as a reclassification adjustment:						
– amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur	—	—	—	—	—	—
– amounts that have been transferred because the hedged item has affected the income statement	(59)	7	(52)	(71)	9	(62)
Hedging (losses) recognised in other comprehensive income	(934)	147	(787)	(165)	21	(144)
Total	(993)	154	(839)	(236)	30	(206)
Investment debt securities at FVOCI reserves						
Fair value losses/(gains) transferred to income statement	2	—	2	(18)	2	(16)
Fair value (losses) recognised in other comprehensive income	(148)	16	(132)	(34)	5	(29)
Total	(146)	16	(130)	(52)	7	(45)

[(1)]Deferred taxation through other comprehensive income amounted to a net credit of € 165 million (Half-Year 30 June 2021: a credit of € 46 million).

12 Earnings per share

The calculation of basic earnings per unit of ordinary shares is based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue, excluding own shares held.

The 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 own shares held, adjusted for the effect of dilutive potential ordinary shares.

(a) Basic	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Profit attributable to equity holders of the parent	478	275
Distributions on other equity interests	(33)	(33)
Profit attributable to ordinary shareholders of the parent	445	242
	Number of shares (millions)	
Weighted average number of ordinary shares in issue during the period	2,703.5	2,714.4
Earnings per share – basic	EUR 16.5 c	EUR 8.9 c

(b) Diluted	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Profit attributable to ordinary shareholders of the parent (note 12 (a))	445	242
	Number of shares (millions)	
Weighted average number of ordinary shares in issue during the period	2,703.5	2,714.4
Potential weighted average number of shares	2,703.5	2,714.4
Earnings per share – diluted	EUR 16.5 c	EUR 8.9 c

The ordinary shares are included in the weighted average number of shares on a time apportioned basis.

Warrants

The Minister for Finance was issued warrants in 2017 to subscribe for 271,166,685 ordinary shares of AIB Group plc.

The warrants are exercisable during the period commencing 27 June 2018 and ending 27 June 2027. These warrants were not included in calculating the diluted earnings per share as they were antidilutive (see note 39 of the Annual Financial Report 2021 for further details).

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13 Derivative financial instruments

The following table presents the notional principal amount and the fair value of derivative financial instruments analysed by purpose.

	30 June 2022			31 December 2021		
	Notional principal amount	Fair values Assets	Fair values Liabilities	Notional principal amount	Fair values Assets	Fair values Liabilities
	€ m	€ m	€ m	€ m	€ m	€ m
Derivatives held for trading						
Interest rate derivatives	11,919	410	(403)	12,373	382	(382)
Foreign exchange derivatives	8,306	135	(228)	9,810	76	(160)
Equity derivatives	165	12	—	174	—	(17)
Credit derivatives	65	1	—	175	—	(6)
Other[(1)]	3,552	26	—	—	—	—
Total derivatives held for trading	24,007	584	(631)	22,532	458	(565)
Derivatives held for hedging						
Derivatives designated as cash flow hedges	27,480	93	(1,117)	20,095	168	(265)
Derivatives designated as fair value hedges	21,003	1,093	(238)	19,226	256	(192)
Derivatives designated as net investment hedges	1,554	25	—	1,467	—	(40)
Total derivatives held for hedging	50,037	1,211	(1,355)	40,788	424	(497)
Total derivative financial instruments	74,044	1,795	(1,986)	63,320	882	(1,062)

[(1)]Relates to a forward contract to acquire corporate and commercial loans from Ulster Bank. See notes 32 and 38 for further information.

The Group uses the same credit control and risk management policies in undertaking all off-balance sheet commitments as it does for on-balance sheet lending including counterparty credit approval, limit setting and monitoring procedures. In addition, derivative instruments are subject to the market risk policy and control framework as described in the 'Risk management' section of the Annual Financial Report 2021.

While the Group has increased hedging activity in the first half of 2022, most of the movements in fair value relates to hedging derivatives transacted prior to 2022.The Group's cash flow hedging derivatives are predominantly receive fixed/pay floating interest rate swaps. The fair value of these swaps have been negatively impacted by the significant increase in Euro and Sterling market interest rates in the first half of 2022.

For further details on the Group's derivative activity see note 19 of the Annual Financial Report 2021.

14 Loans and advances to banks

	30 June 2022 € m	31 December 2021 € m
At amortised cost		
Funds placed with central banks	336	361
Funds placed with other banks	1,213	962
	1,549	1,323
ECL allowance	—	—
Total loans and advances to banks	1,549	1,323

Loans and advances to banks include cash collateral of € 859 million (31 December 2021: € 590 million) placed with derivative counterparties in relation to net derivative positions and placed with repurchase agreement counterparties.

15 Loans and advances to customers

	30 June 2022 € m	31 December 2021 € m
At amortised cost		
Loans and advances to customers	56,583	56,496
Amounts receivable under finance leases and hire purchase contracts	1,631	1,654
	58,214	58,150
ECL allowance	(1,400)	(1,885)
	56,814	56,265
Mandatorily at fair value through profit or loss		
Loans and advances to customers	241	243
Total loans and advances to customers	57,055	56,508
Additional information:		
Amounts which are repayable on demand or at short notice	2,106	2,225
Amounts due from associated undertakings	17	3

Loans and advances to customers include cash collateral amounting to € 22 million (31 December 2021: € 12 million) placed with derivative counterparties.

For details of credit quality of loans and advances to customers, including forbearance, refer to the 'Risk management' section of this report.

16 Securities financing

Securities financing consists of (a) securities borrowing and lending and (b) sale and repurchase transactions.

Reverse repurchase agreements involve purchases of securities with an agreement to resell substantially identical investments at a fixed price on a certain future date. Securities borrowing and securities lending transactions are generally entered into on a collateralised basis, with debt securities and equities, usually advanced or received as collateral. Securities sold under agreements to repurchase involves sales of securities with agreements to repurchase substantially identical investments at a fixed price on a certain future date.

	30 June 2022			31 December 2021		
	Banks € m	Customers € m	Total € m	Banks € m	Customers € m	Total € m
Assets						
Reverse repurchase agreements	2,189	—	2,189	1,463	—	1,463
Securities borrowing transactions	1,440	941	2,381	1,506	921	2,427
Total (1)	3,629	941	4,570	2,969	921	3,890
Liabilities						
Securities sold under agreements to repurchase	778	—	778	45	—	45
Total	778	—	778	45	—	45

(1)Classified as ECL Stage 1 and have an ECL of Nil at 30 June 2022 (31 December 2021: € 1 million).

In accordance with the terms of the reverse repurchase agreements and securities borrowing agreements, the Group accepts collateral that it is permitted to sell or repledge in the absence of default by the owner of the collateral. At 30 June 2022, the total fair value of the collateral received was € 4,570 million (31 December 2021: € 3,890 million), none of which had been resold or repledged. These transactions were conducted under terms that are usual and customary to standard reverse repurchase agreements and securities borrowing agreements.

Securities sold under agreements to repurchase mature within six months and are secured by debt securities and eligible assets. At 30 June 2022, in relation to securities sold under agreements to repurchase, the Group had pledged collateral with a fair value of € 778 million (31 December 2021: € 45 million). These transactions were conducted under the normal market agreements for standard repurchase transactions.

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17 ECL allowance on financial assets

The following table shows the movements on the ECL allowance on financial assets. Further information is disclosed in the 'Risk management' section of this report.

	30 June 2022 € m	31 December 2021 € m
At 1 January	**1,888**	2,511
Exchange translation adjustments	**—**	30
Net remeasurement of ECL allowance – investment securities-debt	**2**	—
Net remeasurement of ECL allowance – banks	**—**	—
Net remeasurement of ECL allowance – customers	**(276)**	(158)
Net remeasurement of ECL allowance – securities financing	**(1)**	1
Changes in ECL allowance due to write-offs	**(55)**	(105)
Changes in ECL allowance due to disposals	**(154)**	(393)
Acquisition of subsidiary – stockbroking client debtors	**—**	1
Other	**—**	1
At end of period	**1,404**	1,888
Amounts included in financial assets measured at amortised cost:		
Investment securities – debt	**3**	1
Loans and advances to banks	**—**	—
Loans and advances to customers	**1,400**	1,885
Securities financing	**—**	1
Other assets – stockbroking client debtors	**1**	1
At end of period	**1,404**	1,888

18 Investment securities

The following table analyses the carrying value of investment securities by type and by measurement category:

	30 June 2022 € m	31 December 2021 € m
Debt securities at FVOCI		
Irish Government securities	3,098	3,504
Euro government securities	1,069	1,141
Non Euro government securities	60	107
Supranational banks and government agencies	1,299	1,260
Collateralised mortgage obligations	453	428
Other asset backed securities	47	67
Euro bank securities	4,063	3,902
Non Euro bank securities	1,765	1,663
Euro corporate securities	421	401
Non Euro corporate securities	108	116
Total debt securities at FVOCI	12,383	12,589
Debt securities at amortised cost		
Irish Government securities	2,393	2,400
Euro government securities	90	90
Non Euro government securities	55	55
Supranational banks and government agencies	208	208
Asset backed securities	1,461	1,101
Euro bank securities	87	87
Euro corporate securities	185	130
Non Euro corporate securities	41	38
Total debt securities at amortised cost	4,520	4,109
Equity securities		
Equity investments at FVTPL	299	274
Total equity securities	299	274
Total investment securities	17,202	16,972

Debt securities at FVOCI include unrealised gross gains of € 43 million (31 December 2021: € 293 million) and unrealised gross losses of € 664 million (31 December 2021: € 47 million). Equity investments at FVTPL include unrealised gross gains of € 126 million (31 December 2021 € 133 million) and unrealised gross losses of € 5 million (31 December 2021: € 5 million).

Credit impairment losses recognised in the income statement for the period to 30 June 2022 amounted to € 2 million, (Half-Year 30 June 2021: Nil).

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19 Investments accounted for using the equity method

Share of net assets including goodwill	30 June 2022 € m	31 December 2021 € m
At 1 January	127	98
Investment in associated undertakings	6	5
Investment in joint venture	7	3
Partial repayment of investment in associated undertaking	(9)	—
Income for the period	5	21
At end of period	136	127
Of which:		
Associates	133	124
Joint ventures	3	3

Investments in associated undertakings comprises the Group’s investment in AIB Merchant Services, Fulfil Holdings Limited, Synch Payments d.a.c, Clearpay d.a.c. and Autolease Fleet Management.

Investments in joint ventures comprises the Group's investment in AIB JV Holdings Limited being the Group's joint venture with Great-West Lifeco Inc.

Included in the income statement is the contribution net of tax from investments accounted for using the equity method as follows:

Income statement	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Share of equity accounted investments		
Associates [(1)]	12	6
Joint ventures	(7)	—
	5	6

[(1)]Includes AIB Merchant Services € 12 million (Half-Year 30 June 2021: € 8 million).

20 Other assets

	30 June 2022 € m	31 December 2021 € m
Proceeds due from disposal of loan portfolio[(1)]	312	302
Settlement due on bond issuance[(2)]	750	—
Fair value of hedged asset positions[(3)]	(402)	(38)
Stockbroking client debtors	79	35
Items in transit	245	97
Other[(4)]	60	87
Total	1,044	483

[(1)]ECL – Nil.
[(2)] For further information see note 25 'Debt securities in issue'.
[(3)]The fair value of the hedged asset positions relates to when the hedged assets are at amortised cost.
[(4)]Includes sundry debtors € 35 million (31 December 2021: € 33 million).

21 Deferred taxation

Analysis of movements in deferred taxation	30 June 2022 € m	31 December 2021 € m
At 1 January	2,781	2,667
Exchange translation and other adjustments	(2)	4
Deferred tax through other comprehensive income *(note 11)*	165	76
Income statement *(note 11)*	(45)	34
At end of period	2,899	2,781
Analysed as to:		
Deferred tax assets	2,991	2,904
Deferred tax liabilities	(92)	(123)
	2,899	2,781
Represented on the statement of financial position:		
Deferred tax assets	2,933	2,834
Deferred tax liabilities	(34)	(53)
	2,899	2,781

Information on the basis of recognition of deferred tax assets on unused tax losses is included in note 2 'Critical accounting judgements and estimates' on pages 263 to 265 of the Annual Financial Report 2021.

At 30 June 2022, recognised deferred tax assets on tax losses and other temporary differences, net of deferred tax liabilities, totalled € 2,899 million (31 December 2021: € 2,781 million). The amount of recognised deferred tax assets arising from unused tax losses amounts to € 2,784 million (31 December 2021: € 2,840 million) of which € 2,584 million (31 December 2021: € 2,645 million) relates to Irish tax losses and € 200 million (31 December 2021: € 195 million) relates to UK tax losses.

Net deferred tax assets at 30 June 2022 of € 2,840 million (31 December 2021: € 2,738 million) are expected to be recovered after more than 12 months.

The Group has not recognised deferred tax assets in respect of: Irish tax on unused tax losses at 30 June 2022 of € 161 million, (31 December 2021: € 161 million); overseas tax (UK and USA) on unused tax losses of € 3,105 million (31 December 2021: € 3,142 million); and foreign tax credits for Irish tax purposes of € 12 million (31 December 2021: € 12 million). Of these tax losses totalling € 3,266 million for which no deferred tax is recognised: € 8 million expires in 2032; € 42 million expires in 2033; € 28 million in 2034; and € 6 million in 2035.

The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates for which deferred tax liabilities have not been recognised amounted to Nil (31 December 2021: Nil).

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22 Retirement benefits

The Group's accounting policy for retirement benefit obligations is set out on pages 243 and 244 of the Annual Financial Report 2021. All defined benefit schemes operated by the Group were closed to future accrual no later than 31 December 2013 and employees who were members of a defined benefit scheme (including hybrid arrangements) transferred to a defined contribution ("DC") scheme.

Defined contribution schemes

The total cost in respect of defined contribution schemes for the half-year ended 30 June 2022 was € 39 million (30 June 2021: € 39 million).

Defined benefit schemes

The Group's net pension surplus at 30 June 2022 was € 38 million (31 December 2021: Nil), comprising retirement benefit assets of € 63 million (31 December 2021: € 54 million) and retirement benefit liabilities of € 25 million (31 December 2021: € 54 million).

Financial assumptions

The following table summarises the financial assumptions adopted in the preparation of these financial statements in respect of the main schemes for the half-year ended 30 June 2022 and the year ended 31 December 2021. The assumptions have been set based upon the advice of the Group’s actuary.

Financial assumptions	30 June 2022 %	31 December 2021 %
Irish scheme		
Rate of increase of pensions in payment[1]	**2.10**	0.65
Discount rate	**3.38**	1.38
Inflation assumptions[2]	**2.60**	2.00
UK scheme		
Rate of increase of pensions in payment	**3.10**	3.30
Discount rate	**3.90**	1.80
Inflation assumptions (RPI)	**3.10**	3.30

[1]For further details on this assumption please refer to the discussion below.
[2]The inflation assumption applies to the revaluation of deferred members’ benefits up to their retirement date.

The demographic assumptions for retirement benefit obligations are set out in note 31 of the Annual Financial Report 2021.

Contributions

Contributions of £ 9.25 million were made to the UK scheme as part of the revised funding arrangement which was implemented in December 2019. For further details on the agreed funding arrangement see note 31 of the Annual Financial Report 2021.

Valuations

Independent actuarial valuations for the AIB Group Irish Pension Scheme ('Irish scheme') and the AIB Group UK Pension Scheme ('UK scheme') are carried out on a triennial basis by the Schemes' actuary, Mercer. The most recent valuation of the Irish scheme was carried out at 30 June 2021 and reported the scheme to be in surplus. No deficit funding is required at this time as the Irish scheme continues to meet the minimum funding standard. The next actuarial valuation of the Irish scheme will be 30 June 2024. The most recent valuation of the UK scheme was carried out at 31 December 2020. The next actuarial valuation of the UK scheme will be 31 December 2023.

Rate of increase of pensions in payment – Irish scheme

As described in note 31 of the Annual Financial Report 2021, the Board has determined that the funding of discretionary increases to pensions in payment is a decision to be made by the Board each year. Under this process, the Group decided in February 2021 and February 2022 that the funding of discretionary increases was not appropriate in either year in relation to the Irish scheme.

Notwithstanding the decisions by the Board not to fund discretionary increases, the Trustee of the Irish scheme awarded an increase of 4.5% in 2022. Taking this decision by the Trustee into consideration and the financial position of the scheme, the long term assumption for future discretionary increases in pensions in payment continues to reflect an assessment of the Trustee’s ability to grant further discretionary increases without funding from the Group. Having taken actuarial advice, the Group has adopted a rate of 2.10% (31 December 2021: 0.65%) for the long term assumption for future discretionary increases in pensions in payment. This increased the scheme liabilities by € 700 million at 30 June 2022 (31 December 2021: € 350 million).

22 Retirement benefits *(continued)*

Movement in defined benefit obligation and scheme assets

The following table sets out the movement in the defined benefit obligation and scheme assets:

	30 June 2022				31 December 2021			
	Defined benefit obligation	Fair value of scheme assets	Asset ceiling/ minimum funding[1]	Net defined benefit (liabilities) assets	Defined benefit obligation	Fair value of scheme assets	Asset ceiling/ minimum funding[1]	Net defined benefit (liabilities) assets
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January	(6,241)	6,976	(735)	—	(6,226)	6,627	(440)	(39)
Included in profit or loss								
Past service cost	(1)	—	—	(1)	—	—	—	—
Interest (cost)/income	(45)	50	(5)	—	(72)	77	(5)	—
Administration costs	—	(2)	—	(2)	—	(3)	—	(3)
	(46)	48	(5)	(3)	(72)	74	(5)	(3)
Included in other comprehensive income								
Remeasurements gain/(loss):								
– Actuarial gain/(loss) arising from:								
– Experience adjustments	(169)	—	—	(169)	109	—	—	109
– Changes in demographic assumptions	—	—	—	—	95	—	—	95
– Changes in financial assumptions	1,164	—	—	1,164	(288)	—	—	(288)
– Return on scheme assets excluding interest income	—	(1,061)	—	(1,061)	—	393	—	393
– Asset ceiling/minimum funding adjustments	—	—	96	96	—	—	(290)	(290)
				30 [2]				19 [2]
Translation adjustment on non-euro schemes	16	(18)	—	(2)	(82)	83	—	1
	1,011	(1,079)	96	28	(166)	476	(290)	20
Other								
Contributions by employer	—	13	—	13	—	22	—	22
Benefits paid	130	(130)	—	—	223	(223)	—	—
	130	(117)	—	13	223	(201)	—	22
At end of period	(5,146)	5,828	(644)	38	(6,241)	6,976	(735)	—

	30 June 2022	31 December 2021
	€ m	€ m
Recognised on the statement of financial position as:		
Retirement benefit assets		
UK scheme	53	44
Other schemes	10	10
Total retirement benefit assets	63	54
Retirement benefit liabilities		
Irish scheme	—	—
EBS scheme	(1)	(31)
Other schemes	(24)	(23)
Total retirement benefit liabilities	(25)	(54)
Net pension surplus	38	—

[1]In recognising the net surplus or deficit on a pension scheme, the funded status of each scheme is adjusted to reflect any minimum funding requirement and any ceiling on the amount that the sponsor has a right to recover from a scheme.

[2]After tax € 29 million (31 December 2021: € 17 million), see page 81.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23 Deposits by central banks and banks

	30 June 2022 € m	31 December 2021 € m
Central Banks		
Eurosystem refinancing operations	10,000	10,000
Borrowings – secured	291	298
– unsecured	—	—
	10,291	10,298
Banks		
Other borrowings – unsecured	257	84
	10,548	10,382

Eurosystem refinancing operations are credit facilities from the Eurosystem secured by a fixed charge over securities and relates to TLTRO III. The Group participated in TLTRO III for € 4 billion in September 2020 and a further € 6 billion in June 2021. For further details on TLTRO see note 35.

Deposits by central banks and banks include cash collateral at 30 June 2022 of € 228 million (31 December 2021: € 51 million) received from derivative counterparties in relation to net derivative positions and from repurchase agreement counterparties.

Financial assets pledged

Financial assets pledged for secured borrowings and providing access to future funding facilities with central banks and banks are detailed in the following table:

	30 June 2022			31 December 2021		
	Central banks € m	Banks € m	Total € m	Central banks € m	Banks € m	Total € m
Total carrying value of financial assets pledged	11,332	16	11,348	11,011	16	11,027
Of which:						
Government securities	3,630	16	3,646	5,751	16	5,767
Other securities[1]	7,702	—	7,702	5,260	—	5,260

[1] The Group has issued covered bonds secured on pools of residential mortgages. Securities, other than those issued to external investors, have been pledged as collateral in addition to other securities held by the Group.

24 Customer accounts

	30 June 2022 € m	31 December 2021 € m
Current accounts	60,369	57,895
Demand deposits	30,536	29,762
Time deposits	4,986	5,183
Other – non-controlling interests	26	26
	95,917	92,866
Of which:		
Non-interest bearing current accounts	41,430	41,169
Interest bearing deposits, current accounts and short term borrowings	54,487	51,697
	95,917	92,866
Amounts include:		
Due to associated undertakings	268	280

Customer accounts include cash collateral of € 57 million (31 December 2021: € 59 million) received from derivative counterparties in relation to net derivative positions (see note 43 of the Annual Financial Report 2021 for more information).

At 30 June 2022, the Group's five largest customer deposits amounted to 2% (31 December 2021: 1%) of total customer accounts.

25 Debt securities in issue

	30 June 2022 € m	31 December 2021 € m
Issued by AIB Group plc		
Euro Medium Term Note Programme	**4,003**	2,500
Global Medium Term Note Programme	**1,684**	1,544
	5,687	4,044
Issued by subsidiaries		
Bonds and other medium term notes	**1,025**	1,775
	6,712	5,819

Analysis of movements in debt securities in issue

	30 June 2022 € m	31 December 2021 € m
At 1 January	**5,819**	5,450
Issued during the period	**1,750**	750
Repurchased	**(247)**	—
Matured	**(750)**	(500)
Exchange translation adjustments	**140**	119
At end of period	**6,712**	5,819

In April 2022, AIB Group plc issued € 1 billion Senior Unsecured 2.250% Notes maturing on 4 April 2028. The notes bear interest on the outstanding nominal amount, payable annually in arrears on 4 April each year, commencing on 4 April 2023 up to and including the maturity date.

On 27 June 2022, AIB Group plc entered a trade to issue € 750 million Senior Unsecured 3.625% Notes (settled on 4 July 2022) with a maturity date of 4 July 2026. The notes bear interest on the outstanding nominal amount, payable annually in arrears on 4 July each year, commencing on 4 July 2023 up to and including the maturity date.

Following a tender offer in March 2022 to holders of € 500 million Senior Unsecured 1.50% Notes maturing in 2023, notes with a nominal value of € 247 million were repurchased leaving a residual of € 253 million.

All the issuances by AIB Group plc are eligible to meet the Group's MREL requirements at 30 June 2022 other than the residual of € 253 million noted above. These instruments are redeemable for tax or for regulatory reasons, subject to the permission of the relevant regulation authority.

26 Other liabilities

	30 June 2022 € m	31 December 2021 € m
Notes in circulation	**67**	96
Items in transit	**112**	71
Creditors	**37**	32
Fair value of hedged liability positions[1]	**(261)**	36
Stockbroking client creditors	**78**	35
Bank drafts	**472**	421
Items in course of collection	**303**	180
Other[2]	**505**	364
	1,313	1,235

[1]The fair value of the hedged liability positions only relates to when the hedged liabilities are at amortised cost.
[2]Includes invoice discounting credit balances on customer accounts € 60 million (31 December 2021: € 103 million).

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27 Provisions for liabilities and commitments

	Onerous contracts	Legal claims	ROU[1] commitments	Other provisions	ECLs on loan commitments [5]	ECLs on financial guarantee contracts [5]	Total
							30 June 2022
	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2022	2	31	17	372	53	26	501
Charged to income statement	—	2 [2]	—	118 [2]	27 [3]	3 [3]	150
Released to income statement	—	(2) [2]	(2) [2]	(8) [2]	(27) [3]	(5) [3]	(44)
Provisions utilised	—	(2)	—	(133)	—	—	(135)
Exchange translation adjustments	—	—	—	—	(1)	(1)	(2)
At 30 June 2022	2	29	15	349	52	23	470 [4]

	Onerous contracts	Legal claims	ROU[1] commitments	Other provisions	ECLs on loan commitments [5]	ECLs on financial guarantee contracts [5]	Total
							31 December 2021
	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2021	2	34	15	262	54	29	396
Charged to income statement	—	30 [2]	—	166 [2]	38 [3]	7 [3]	241
Released to income statement	—	(4) [2]	—	(11) [2]	(40) [3]	(11) [3]	(66)
Dilapidation provisions	—	—	2	—	—	—	2
Provisions utilised	—	(29)	—	(47)	—	—	(76)
Exchange translation adjustments	—	—	—	2	1	1	4
At 31 December 2021	2	31	17	372	53	26	501 [4]

[1]Provisions for dilapidations included in measurement of right-of-use assets ('ROU').
[2]Included in note 9 'Operating expenses'.
[3]Included in note 10 'Net credit impairment writeback' .
[4]Excluding ECLs on loan commitments and financial guarantee contracts, the total provisions for liabilities and commitments expected to be settled within one year amount to € 317 million (31 December 2021: € 368 million).
[5]For details of the internal credit ratings and geographic concentration of contingent liabilities and commitments, see pages 63 and 71 in the 'Risk management' section of this report.

Other provisions

Includes the provisions for customer redress and related matters, UK restructuring provision, other restitution provisions and miscellaneous provisions.

FSPO Decision and Tracker Mortgage Examination - CBI fine

Note 37 of the Annual Financial Report 2021 sets out the background in relation to the FSPO Decision and Tracker Mortgage Examination - CBI fine.

FSPO Decision:

The Group continued to engage with stakeholders during 2022 and a number of related issues also continue to exist that have yet to be resolved, including tax liabilities arising that the Group will be required to discharge on behalf of impacted customers. Notwithstanding the near completion of payments to customers based on the FSPO decision, the level of provision required for these other costs has been assessed at € 79 million (31 December 2021: € 79 million).

These issues are subject to uncertainty with a range of outcomes possible with the final outcome being higher or lower depending on finalisation of such issues.

Tracker Mortgage Examination - CBI Fine:

At 31 December 2021, the Group held a provision of € 70 million for the impact of monetary penalties that were expected to be imposed on the Group by the Central Bank of Ireland (CBI) as part of an administrative sanctions procedure in connection with the Tracker Mortgage Examination. The CBI concluded its Enforcement Investigation in June 2022 and the Group agreed to pay a fine of € 96.7 million. Accordingly, this provision was increased by € 26.7 million and the fine was settled prior to 30 June 2022. This brought the CBI's investigation into tracker mortgages at the Group to a close.

27 Provisions for liabilities and commitments *(continued)*

Belfry related provisions

During the period 2002 to 2006 the Group sold a series of Investment property funds, known as Belfry, which subsequently incurred losses to c. 2,500 individual investors (c. £ 214 million invested).

The Group settled claims from certain of those investors in 2021 which resulted in a € 25 million charge including amounts for legal and settlement costs. Following this, the Group instigated a programme to review the suitability of advice outcomes for individual investors to determine if redress may be due in certain instances. Based on an initial assessment, a provision was also recorded for € 75 million in June 2021.

Following the approval by the Board in June 2022 of the customer treatment methodology and the close out of the individual case assessments, the provision for the cost of redress has been reassessed and increased to € 148 million. Associated costs, required to conclude the redress programme, of € 7 million have separately been provided for at 30 June 2022. Payments will be made to impacted investors in the second half of 2022.

The provisions represent the Group's best estimate at 30 June 2022. Notwithstanding that the programme is significantly advanced, the final cost is subject to uncertainty as individual investors will have the right to appeal the outcome of their case assessment to an independent appeals panel.

UK restructuring provision

A provision for restructuring costs in relation to the implementation of the revised strategy in the UK of € 11 million is held at 30 June 2022 (31 December 2021: € 19 million), primarily relating to the expected costs of termination benefits for the remaining staff impacted by the reorganisation.

Regulatory provision

The Group previously conducted a review of certain technical matters relating to previous submissions to the Single Resolution Board which was the basis of the annual fee to the Single Resolution Fund. At 31 December 2021, the Group provided € 31 million in relation to matters arising from this review. The provision has been retained at 30 June 2022 as it is still subject to finalisation with the relevant regulatory authorities.

28 Subordinated liabilities and other capital instruments

	30 June 2022 € m	31 December 2021 € m
Dated loan capital – European Medium Term Note Programme:		
Issued by AIB Group plc		
€ 500 million Subordinated Tier 2 Notes due 2029, Callable 2024	**500**	500
€ 1 billion Subordinated Tier 2 Notes due 2031, Callable 2026	**1,000**	1,000
Issued by subsidiaries		
€ 500m Callable Step-up Floating Rate Notes due October 2017		
– nominal value € 25.5 million (maturity extended to 2035 as a result of the SLO)	**12**	12
£ 368m 12.5% Subordinated Notes due June 2019		
– nominal value £ 79 million (maturity extended to 2035 as a result of the SLO)	**44**	43
£ 500m Callable Fixed/Floating Rate Notes due March 2025		
– nominal value £ 1 million (maturity extended to 2035 as a result of the SLO)	**1**	1
	57	56
	1,557	1,556

Maturity of dated loan capital	**30 June 2022 € m**	31 December 2021 € m
Dated loan capital outstanding is repayable as follows:		
5 years or more	**1,557**	1,556

For further details of subordinated liabilities and other capital instruments, see note 38 of the Annual Financial Report 2021.

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29 Share capital

	30 June 2022		31 December 2021	
	Number of shares m	€ m	Number of shares m	€ m
Issued and fully paid				
Ordinary share capital				
Ordinary shares of € 0.625 each	**2,673.4**	**1,671**	2,714.4	1,696

Movements in share capital

In May 2022, AIB Group plc completed a Share Buyback Programme. This Programme resulted in the repurchase of 40,952,764 ordinary shares with a nominal value of € 0.625 each for an aggregate amount of € 91 million. Following repurchase these shares were cancelled and the nominal amount of the shares acquired transferred from share capital to capital redemption reserves. The number of ordinary shares in issue was 2,673,428,473 at 30 June 2022.

For further information, see note 39 of the Annual Financial Report 2021.

30 Other equity interests

	30 June 2022 € m	31 December 2021 € m
Issued by AIB Group plc		
€ 500 million Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities issued 2019	**496**	496
€ 625 million Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities issued 2020	**619**	619
Total	**1,115**	1,115

Other equity interests are included in the Group's capital base.

For details of these securities, see note 40 of the Annual Financial Report 2021.

31 Contingent liabilities and commitments

The following table gives the nominal or contract amounts of contingent liabilities and commitments:

	Contract amount	
	30 June 2022 € m	31 December 2021 € m
Contingent liabilities[1] – credit related		
Guarantees and assets pledged as collateral security:		
Guarantees and irrevocable letters of credit	**722**	775
Other contingent liabilities	**42**	44
	764	819
Commitments[2]		
Documentary credits and short term trade-related transactions	**127**	129
Undrawn formal standby facilities, credit lines and other commitments to lend:		
Less than 1 year	**9,041**	9,135
1 year and over	**4,715**	4,463
	13,883	13,727
	14,647	14,546

[1]Contingent liabilities are off-balance sheet products and include guarantees, irrevocable letters of credit and other contingent liability products such as performance bonds.

[2]A commitment is an off-balance sheet product, where there is an agreement to provide an undrawn credit facility. The contract may or may not be cancelled unconditionally at any time without notice depending on the terms of the contract.

For details of the credit ratings and geographic concentration of contingent liabilities and commitments, see pages 63 and 71 in the 'Risk management' section of this report.

Provisions for ECLs on loan commitments and financial guarantee contracts are set out in note 27.

31 Contingent liabilities and commitments *(continued)*

Legal proceedings

The Group, in the course of its business, is frequently involved in litigation cases. However, it is not, nor has been involved in, nor are there, so far as the Group is aware, (other than as set out in the following paragraphs), pending or threatened by or against the Group any legal or arbitration proceedings, including governmental proceedings, which may have, or have had during the previous twelve months, a material effect on the financial position, profitability or cash flows of the Group.

Specifically, litigation has been served on the Group by customers that are pursuing claims in relation to tracker mortgages. Customers have also lodged complaints to the Financial Services and Pensions Ombudsman ("FSPO") in relation to tracker mortgages issues which are outlined in ‘Provisions for liabilities and commitments' (note 27).

Further claims may also be served in the future in relation to tracker mortgages. The Group will also receive further rulings by the FSPO in relation to complaints concerning tracker mortgages.

Based on the facts currently known and the current stages that the litigation and the FSPO’s complaints process is at, it is not practicable at this time to predict the final outcome of this litigation/FSPO complaints, nor the timing and possible impact on the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

32 Fair value of financial instruments

					30 June 2022
	Carrying amount	Fair Value			
		Fair value hierarchy			
		Level 1	Level 2	Level 3	Total
	€ m	€ m	€ m	€ m	€ m
Financial assets measured at fair value					
Trading portfolio financial assets:					
Equity securities	10	10	—	—	10
Derivative financial instruments:					
Interest rate derivatives	1,596	—	1,437	159 (1)	1,596
Exchange rate derivatives	160	—	160	—	160
Equity derivatives	12	—	12	—	12
Credit derivatives	1	—	1	—	1
Other	26 (2)	—	—	26	26
Loans and advances to customers at FVTPL	241	—	—	241	241
Investment debt securities at FVOCI:					
Government securities	4,227	4,227	—	—	4,227
Supranational banks and government agencies	1,299	1,299	—	—	1,299
Asset backed securities	500	478	22	—	500
Bank securities	5,828	5,828	—	—	5,828
Corporate securities	529	529	—	—	529
Equity investments at FVTPL	299	19	—	280	299
	14,728	12,390	1,632	706	14,728
Financial assets not measured at fair value					
Cash and balances at central banks	44,561	628 (3)	43,933	—	44,561
Items in the course of collection	88	—	—	88	88
Loans and advances to banks	1,549	—	336	1,213	1,549
Loans and advances to customers:					
Mortgages[(4)]	29,078	—	—	26,351	26,351
Non-mortgages	27,736	—	—	27,710	27,710
Total loans and advances to customers	56,814	—	—	54,061	54,061
Securities financing:					
Reverse repurchase agreements	2,189	—	—	2,189	2,189
Securities borrowing	2,381	—	—	2,381	2,381
Investment debt securities measured at amortised cost	4,520	2,587	—	1,511	4,098
Other financial assets	1,760	—	—	1,760	1,760
	113,862	3,215	44,269	63,203	110,687
Financial liabilities measured at fair value					
Trading portfolio financial liabilities:					
Equity securities	6	6	—	—	6
Derivative financial instruments:					
Interest rate derivatives	1,758	—	1,512	246 (1)	1,758
Exchange rate derivatives	228	—	228	—	228
Equity derivatives	—	—	—	—	—
Credit derivatives	—	—	—	—	—
	1,992	6	1,740	246	1,992
Financial liabilities not measured at fair value					
Deposits by central banks and banks:					
Other borrowings	257	—	—	257	257
Secured borrowings	10,291	—	10,184	—	10,184
Customer accounts:					
Current accounts	60,369	—	—	60,369	60,369
Demand deposits	30,536	—	—	30,536	30,536
Time deposits	5,012	—	—	5,009	5,009
Securities financing:					
Securities sold under agreements to repurchase	778	—	—	778	778
Debt securities in issue	6,712	6,704	12	18	6,734
Subordinated liabilities and other capital instruments	1,557	1,423	—	16	1,439
Other financial liabilities	1,845	—	—	1,845	1,845
	117,357	8,127	10,196	98,828	117,151

(1) Includes € 109 million derivative assets and € 194 million derivative liabilities categorised as level 3 on the basis that a component of the XVA valuation is derived from unobservable inputs.

(2) Relates to the forward contract to acquire corporate and commercial loans from Ulster Bank. See note 38 for further information.

(3) Comprises cash on hand.

(4) Includes residential and commercial mortgages.

32 Fair value of financial instruments *(continued)*

					31 December 2021
	Carrying amount	Fair Value			
		Fair value hierarchy			
		Level 1	Level 2	Level 3	Total
	€ m	€ m	€ m	€ m	€ m
Financial assets measured at fair value					
Trading portfolio financial assets:					
Equity securities	8	8	—	—	8
Derivative financial instruments:					
Interest rate derivatives	806	—	505	301 (1)	806
Exchange rate derivatives	76	—	76	—	76
Loans and advances to customers at FVTPL	243	—	—	243	243
Investment debt securities at FVOCI:					
Government securities	4,752	4,752	—	—	4,752
Supranational banks and government agencies	1,260	1,260	—	—	1,260
Asset backed securities	495	456	39	—	495
Bank securities	5,565	5,565	—	—	5,565
Corporate securities	517	517	—	—	517
Equity investments at FVTPL	274	26	—	248	274
	13,996	12,584	620	792	13,996
Financial assets not measured at fair value					
Cash and balances at central banks	42,654	545 (2)	42,109	—	42,654
Items in the course of collection	44	—	—	44	44
Loans and advances to banks	1,323	—	361	962	1,323
Loans and advances to customers:					
Mortgages[3]	29,088	—	—	27,509	27,509
Non-mortgages	27,177	—	—	27,245	27,245
Total loans and advances to customers	56,265	—	—	54,754	54,754
Securities financing:					
Reverse repurchase agreements	1,463	—	—	1,463	1,463
Securities borrowing	2,427	—	—	2,427	2,427
Investment debt securities measured at amortised cost	4,109	2,982	—	1,138	4,120
Other financial assets	842	—	—	842	842
	109,127	3,527	42,470	61,630	107,627
Financial liabilities measured at fair value					
Trading portfolio financial liabilities:					
Equity securities	2	2	—	—	2
Derivative financial instruments:					
Interest rate derivatives	839	—	743	96 (1)	839
Exchange rate derivatives	200	—	200	—	200
Equity derivatives	17	—	17	—	17
Credit derivatives	6	—	6	—	6
	1,064	2	966	96	1,064
Financial liabilities not measured at fair value					
Deposits by central banks and banks:					
Other borrowings	84	—	—	84	84
Secured borrowings	10,298	—	10,298	—	10,298
Customer accounts:					
Current accounts	57,895	—	—	57,895	57,895
Demand deposits	29,762	—	—	29,762	29,762
Time deposits	5,209	—	—	5,220	5,220
Securities financing:					
Securities sold under agreements to repurchase	45	—	—	45	45
Debt securities in issue	5,819	5,953	13	20	5,986
Subordinated liabilities and other capital instruments	1,556	1,620	—	16	1,636
Other financial liabilities	1,375	—	—	1,375	1,375
	112,043	7,573	10,311	94,417	112,301

(1) Includes € 244 million derivative assets and € 38 million derivative liabilities categorised as level 3 on the basis that a component of the XVA valuation is derived from unobservable inputs.
(2) Comprises cash on hand.
(3) Includes residential and commercial mortgages.

Details of the methodologies used for calculating fair value and the definition of terms are set out in note 48 of the Annual Financial Report 2021.

Significant transfers between Level 1 and Level 2 of the fair value hierarchy

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

32 Fair value of financial instruments *(continued)*

Reconciliation of balances in Level 3 of the fair value hierarchy

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

								30 June 2022
	Financial assets						Financial liabilities	
	Derivatives	Investment securities		Loans and advances at FVTPL	Equities at FVTPL	Total	Derivatives	Total
		Debt	Equities at FVOCI					
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2022	301	—	—	243	248	792	96	96
Transfers into/out of level 3[1]	—	—	—	—	—	—	—	—
Total gains or (losses) in:								
Profit or loss:								
Net trading income	(116)	—	—	—	—	(116)	150	150
Net change in FVTPL	—	—	—	16	14	30	—	—
	(116)	—	—	16	14	(86)	150	150
Other comprehensive income:								
Net change in fair value of investment securities	—	—	—	—	—	—	—	—
Net change in fair value of cash flow hedges	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Purchases/additions	—	—	—	1	34	35	—	—
Sales/disposals	—	—	—	(1)	(16)	(17)	—	—
Cash received:								
Principal	—	—	—	(18)	—	(18)	—	—
At 30 June 2022	185	—	—	241	280	706	246	246

								31 December 2021
	Financial assets						Financial liabilities	
	Derivatives	Investment securities		Loans and advances at FVTPL	Equities at FVTPL	Total	Derivatives	Total
		Debt	Equities at FVOCI					
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 1 January 2021	489	—	—	75	177	741	80	80
Transfers into/out of level 3[1]	—	—	—	—	—	—	—	—
Total gains or (losses) in:								
Profit or loss:								
Net trading income	(188)	—	—	—	—	(188)	16	16
Net change in FVTPL	—	—	—	21	58	79	—	—
	(188)	—	—	21	58	(109)	16	16
Other comprehensive income:								
Net change in fair value of investment securities	—	—	—	—	—	—	—	—
Net change in fair value of cash flow hedges	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Purchases/additions	—	—	—	181 [2]	44	225	—	—
Sales/disposals	—	—	—	(1)	(31)	(32)	—	—
Cash received:								
Principal	—	—	—	(33)	—	(33)	—	—
At 31 December 2021	301	—	—	243	248	792	96	96

[1]Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

[2]Relates to the restructuring of loans measured at FVTPL, that were previously carried at amortised cost.

32 Fair value of financial instruments *(continued)*

The table below sets out the total gains or losses included in profit or loss that is attributable to the change in unrealised gains or losses relating to assets and liabilities categorised as Level 3 in the fair value hierarchy held at 30 June 2022 and 31 December 2021:

	30 June 2022 € m	31 December 2021 € m
Net trading income – losses	(215)	(151)
Gains on equity investments at FVTPL	8	51
Losses on loans and advances at FVTPL	(2)	(12)
	(209)	(112)

Significant unobservable inputs

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Financial instrument		Fair value 30 June 2022 € m	Fair value 31 December 2021 € m	Valuation technique	Significant unobservable input	Range of estimates 30 June 2022	Range of estimates 31 December 2021
Uncollateralised customer derivatives	Asset	159	301	CVA	LGD	29% - 46%	29% - 46%
	Liability	246	96			(Base 37%)	(Base 38%)
					PD	1.3% - 5.9%	0.5% - 2.6%
						(Base 2.9% 1 Year PD)	(Base 1.2%, 1 year PD)
				FVA	Funding spreads	(0.1%) - 0.3%	(0.2%) to 0.3%
Ulster Bank Forward Contract	Asset	26	N/A	Discounted Expected Future Cash flows	PD	(0.5%) - 0.5%	N/A
					Discount Yield	(0.5%) - 0.5%	N/A
Visa Inc. Series B Preferred Stock	Asset	38	50	Quoted market price (to which a discount has been applied)	Final conversion rate	0% - 90%	0% - 90%
Loans and advances to customers measured at FVTPL	Asset	241	243	Discounted cash flows*	Discount on market value	(4%) - 6%	(1%) - 9%
				Collateral values	Collateral changes	N/A	N/A

*Expected cash flows discounted at market rates, taking into consideration the fair value of collateral where relevant.

Uncollateralised customer derivatives

Interest rate derivatives (assets and liabilities) include a net negative XVA valuation adjustment amounting to € 16 million (31 December 2021: € 28 million). The sensitivity to unobservable inputs for this XVA valuation adjustment at 30 June 2022 ranges from (i) negative € 17 million to positive € 9 million for CVA (31 December 2021: negative € 23 million to positive € 12 million) and (ii) negative € 5 million to positive € 1 million for FVA (31 December 2021: negative € 5 million to positive € 3 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

32 Fair value of financial instruments *(continued)*

Ulster Bank Forward Contract

On 28 June 2021, the Group entered into a binding agreement for the acquisition of performing Ulster Bank corporate and commercial loans which was subject to regulatory approval. As the Group committed to purchase these loans under a contract which is not considered a regular-way transaction, the loans are not recognised until the acquisition contract is settled which is expected to take place on a phased basis over 12 months.

Following the receipt of regulatory authority approval, the contract to acquire the loans is a forward contract which recognises the change in fair value, from the agreement date to the earlier of the reporting date or the acquisition date for a loan. The Group has commenced the migration of loans with € 178 million of the loans having been acquired by 30 June 2022.

The following are key considerations in determining the fair value of the forward contract at 30 June 2022:
- **Valuation technique:** The loans are valued by discounting the expected future cash flows, allowing for interest and principal payments to date and fees/charges. Key drivers of the valuation include PDs which determine potential reductions in expected cash flows due to changes in credit quality, and the discount yield which is used to calculate a present value of the expected future cash flows. The updated value for the loans is then compared with the agreed transaction price to determine the change in fair value.
- **Unobservable input**: The PDs used for generation of the underlying expected cash flows are unobservable as the loans are not publicly quoted, and the discount yield is also unobservable due to lack of publicly available information for transactions of this type.
- **Range of estimates:** The range of estimates is based on the application of favourable/adverse scenarios for customer PDs and discounting yields, based on the trend of previous movements in these rates.

The fair value sensitivity to unobservable inputs ranges from negative € 12.2 million to positive € 8.6 million for PDs at 30 June 2022, and negative € 35.3 million to a positive of € 36.1 million for discount yield.

A number of other derivatives are subject to valuation methodologies which use unobservable inputs. As the variability of the valuation is not greater than € 1 million in any individual case or collectively, the detail is not disclosed here.

Visa Inc. Series B Preferred Stock

In June 2016, the Group received Series B Preferred Stock in Visa Inc. with a fair value of € 65 million as part consideration for its holding of shares in Visa Europe. The preferred stock will be convertible into Class A Common Stock of Visa Inc. over time, with the first partial conversion having occurred in 2020. The remaining conversion is subject to certain Visa Europe litigation risks that may affect the ultimate conversion rate. In addition, the stock, being denominated in US dollars, is subject to foreign exchange risk.
- **Valuation technique:** Quoted market price of Visa Inc. Class A Common Stock to which a discount has been applied for the illiquidity and the conversion rate variability of the preferred stock of Visa Inc. 75% haircut (31 December 2021: 69%). This was converted at the period end exchange rate.
- **Unobservable input:** Final conversion rate of Visa Inc. Series B Preferred Stock into Visa Inc. Class A Common Stock.
- **Range of estimates:** Estimates range from (a) no discount for conversion rate variability with a discount for illiquidity only; to (b) 90% discount for conversion rate variability.

Loans and advances to customers measured at FVTPL

The fair value measurement sensitivity to unobservable collateral values and interest rates ranges from negative € 8 million to positive € 14 million at 30 June 2022 (31 December 2021: negative € 2 million to positive € 21 million).

Fair value is applied in respect of secondary facilities arising on restructured loans subject to forbearance measures, on the likelihood that additional cash flows, in excess of their primary facilitates, will be received from customers. Given the significant uncertainty with regard to such cash flows, the Group does not attribute a fair value unless it is reasonably certain that this value will be realised.

32 Fair value of financial instruments *(continued)*

Sensitivity of Level 3 measurements

The implementation of valuation techniques involves a considerable degree of judgement. While the Group believes its estimates of fair value are appropriate, the use of different measurements or assumptions could lead to different fair values. The following table sets out the impact of using reasonably possible alternative assumptions in the valuation methodology.

				30 June 2022
	Level 3			
	Effect on income statement		Effect on other comprehensive income	
	Favourable	Unfavourable	Favourable	Unfavourable
	€ m	€ m	€ m	€ m
Classes of financial assets				
Derivative financial instruments	54	(66)	—	—
Investment securities – equity	41 [1]	— [1]	—	—
Loans and advances to customers measured at FVTPL	14	(8)	—	—
Total	109	(74)	—	—
Classes of financial liabilities				
Derivative financial liabilities	1	(4)	—	—
Total	1	(4)	—	—

				31 December 2021
	Level 3			
	Effect on income statement		Effect on other comprehensive income	
	Favourable	Unfavourable	Favourable	Unfavourable
	€ m	€ m	€ m	€ m
Classes of financial assets				
Derivative financial instruments	14	(27)	—	—
Investment securities – equity	48 [1]	(34) [1]	—	—
Loans and advances to customers measured at FVTPL	21	(2)	—	—
Total	83	(63)	—	—
Classes of financial liabilities				
Derivative financial liabilities	—	(1)	—	—
Total	—	(1)	—	—

[1]Relates to Visa Inc. Series B Preferred Stock, the carrying value of which was € 38 million at 30 June 2022 (31 December 2021: € 50 million). The favourable impact reflects the additional value of Class A common shares, over the carrying value at 30 June 2022 that will be received by the Group following the conversion adjustments announced by Visa Inc in July 2022. Sensitivity information has not been provided for other equities as the portfolio comprises several investments, none of which is individually material.

Day 1 gain or loss:

No difference existed between the fair value at initial recognition of financial instruments and the amount that was determined at that date using a valuation technique incorporating significant unobservable data.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

33 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition:

	30 June 2022 € m	30 June 2021 € m
Cash and balances at central banks	**44,561**	39,008
Loans and advances to banks	**1,148**	1,826
Total	**45,709**	40,834

Cash and balances at central banks (net of ECL allowance of Nil) comprise:

	30 June 2022 € m	31 December 2021 € m
Central Bank of Ireland	**38,124**	35,222
Bank of England	**5,577**	6,555
Federal Reserve Bank of New York	**232**	331
Other (cash on hand)	**628**	545
Total	**44,561**	42,654

The Group is also required by law to maintain reserve balances with the Bank of England. At 30 June 2022, these amounted to € 336 million (30 June 2021: € 382 million).

There are certain regulatory restrictions on the ability of subsidiaries to transfer funds to the parent company in the form of cash dividends, loans or advances. The impact of such restrictions is not expected to have a material effect on the Group's ability to meet its cash obligations.

34 Statement of cash flows

Non-cash and other items included in profit before taxation

Non-cash items	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Profit on disposal of property	(3)	—
Net (gain)/loss on derecognition of financial assets measured at amortised cost	(28)	8
Dividends received from equity investments	(1)	(1)
Investments accounted for using the equity method	(5)	(6)
Net credit impairment writeback	(277)	(67)
Change in other provisions	108	96
Retirement benefits – defined benefit expense	3	2
Depreciation, amortisation and impairment	182	181
Interest on subordinated liabilities and other capital instruments	20	20
Interest on debt securities – MREL	56	47
Loss/(gain) on disposal of investment securities	2	(18)
(Gain)/loss on termination of hedging swaps	(9)	11
Amortisation of premiums and discounts	22	32
Net gain on equity investments at FVTPL	(14)	(53)
Net gain on loans and advances to customers at FVTPL	2	—
Change in prepayments and accrued income	3	90
Change in accruals and deferred income	74	(6)
Effect of exchange translation and other adjustments[1]	(208)	5
Total non-cash items	(73)	341
Contributions to defined benefit pension schemes	(13)	(11)
Dividends received on equity investments	1	1
Total other items	(12)	(10)
Non-cash and other items for the period	(85)	331

Change in operating assets[1]	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Change in items in course of collection	(44)	(18)
Change in trading portfolio financial assets	(2)	—
Change in derivative financial instruments	(22)	7
Change in loans and advances to banks[2]	7	19
Change in loans and advances to customers[2]	(228)	819
Change in securities financing[2]	(608)	(2,059)
Change in other assets	(164)	47
	(1,061)	(1,185)

Change in operating liabilities[1]	Half-year 30 June 2022 € m	Half-year 30 June 2021 € m
Change in deposits by central banks and banks[2]	172	5,895
Change in customer accounts[2]	3,113	5,707
Change in securities financing[2]	730	(26)
Change in trading portfolio financial liabilities	4	—
Change in debt securities in issue	(750)	(500)
Change in notes in circulation	(29)	(25)
Change in other liabilities	231	21
	3,471	11,072

[1]The impact of foreign exchange translation for each line of the statement of financial position is removed in order to show the underlying cash impact.
[2]The Group voluntarily changed its accounting policy for the presentation of certain financial instruments relating to securities financing in the Annual Financial Report 2021. The comparatives for June 2021 have been restated accordingly. For further information, see note 1 (c) of the Annual Financial Report 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

35 Related party transactions

Other than as outlined below, there have been no related party transactions or changes therein since 31 December 2021 (as set out in note 51 of the Annual Financial Report 2021) that have materially affected the Group's financial position or performance in the six months to 30 June 2022.

Transactions with Key Management Personnel

Key Management Personnel ("KMP") as defined in IAS 24 *Related Party Disclosures*, comprise Executive and Non-Executive Directors and Senior Executive Officers.

At 30 June 2022, the aggregate amounts outstanding, in respect of all loans, quasi loans and credit transactions between the Group and KMP, as defined above, together with members of their close families and entities controlled by them, amounted to € 1.9 million (31 December 2021: € 1.51 million).

Relationship with the Irish Government

AIB's relationship with the Irish Government is set out in note 51(g) of the Annual Financial Report 2021. At 31 December 2021, the Irish Government held 71.12% of the total ordinary shares in AIB Group plc (1,930,436,543 ordinary shares). At 30 June 2022, the State's shareholding in the Company has reduced to 63.49% (1,697,373,677 ordinary shares) following disposals as part of a pre-arranged trading plan.

The relationship encompasses a number of dimensions, including:

– Guarantee schemes;
– Funding support; and
– Relationship framework.

There were no significant changes to the various aspects of the relationship in the six months to 30 June 2022. The Group has availed of TLTRO III funding from the ECB, through the Central Bank and in September 2020 drew down € 4 billion of funding and a further € 6 billion in June 2021. At 30 June 2022, the amounts outstanding, totalled € 10 billion. The original term of the TLTRO III is three years with the Group now having the option to prepay on a quarterly basis without penalty starting in June 2022. See notes 4 and 23 for further details in relation to the Group's participation in the TLTRO programme.

(i) Irish Government and related entities

The following table outlines the amounts outstanding with the Irish Government and related entities which are considered individually significant (excluding accrued interest). Related entities includes departments of the Irish Government located in the State and embassies, consulates and other institutions of the Irish Government located outside the State. The Post Office Savings Bank ("POSB") and the National Treasury Management Agency ("NTMA") are also included.

	30 June 2022 Balance € m	31 December 2021 Balance € m
Assets		
Cash and balances at central banks[(1)]	**38,124**	35,222
Investment securities[(2)]	**5,491**	5,904
Total assets	**43,615**	41,126

	30 June 2022 Balance € m	31 December 2021 Balance € m
Liabilities		
Deposits by central banks and banks[(3)]	**10,000**	10,000
Customer accounts[(4)]	**251**	165
Total liabilities	**10,251**	10,165

(1) Cash and balances at central banks represent the placements which the Group holds with the Central Bank.
(2) Investment securities at 30 June 2022 comprise € 5,491 million (31 December 2021: € 5,904 million) in Irish Government securities held in the normal course of business.
(3) This relates to funding received from the ECB through the Central Bank.
(4) Includes Nil (31 December 2021: € 20 million) borrowed from the Strategic Banking Corporation of Ireland ("SBCI"), the ordinary share capital of which is owned by the Minister for Finance.

All other balances, both assets and liabilities are carried out in the ordinary course of banking business on normal terms and conditions.

35 Related party transactions *(continued)*

(ii) Local government[1] and Commercial semi-state bodies[2]
During 2022 and 2021, AIB entered into banking transactions in the normal course of business with local government bodies and semi-state bodies. These transactions include the granting of loans and the acceptance of deposits, as well as derivative and clearing transactions. There were no individually significant amounts outstanding in the period with local government or with semi-state bodies.

[1]This category includes local authorities, borough corporations, county borough councils, county councils, boards of town commissioners, urban district councils, non-commercial public sector entities, public voluntary hospitals and schools.
[2]Semi-state bodies is the name given to organisations within the public sector operating with some autonomy. They include commercial organisations or companies in which the State is the sole or main shareholder.

(iii) Financial institutions under Irish Government control/significant influence
The Irish Government has a controlling interest in Permanent tsb plc and also had significant influence over Bank of Ireland. Due to AIB's related party relationship with the Irish Government, balances between these financial institutions and AIB are considered related party transactions in accordance with IAS 24.

The Government controlled entity, Irish Bank Resolution Corporation Limited (In Special Liquidation) which went into special liquidation during 2013, remains a related party for the purpose of this disclosure.

Transactions with these institutions are normal banking transactions entered into in the ordinary course of cash management business under normal business terms. The transactions constitute the short term placing and acceptance of deposits, derivative transactions, investment debt securities and repurchase agreements.

The following balances were outstanding in total to these financial institutions at 30 June 2022 and 31 December 2021:

	30 June 2022 € m	31 December 2021 € m
Assets		
Loans and advances to banks	**1**	1
Investment securities	**36**	85

36 Financial and other information

	Half-year 30 June 2022 %	Half-year 30 June 2021 %
Operating ratios		
Operating expenses/operating income	**83.1**	84.5
Other income/operating income	**31.3**	24.8

Rates of exchange	**Half-year 30 June 2022**	Half-year 30 June 2021	Year 31 December 2021
€/$*			
Closing	**1.0387**	1.1884	1.1326
Average	**1.0932**	1.2054	1.1831
€/£*			
Closing	**0.8582**	0.8581	0.8403
Average	**0.8425**	0.8680	0.8598

*Throughout this report, US dollar is denoted by $ and Pound sterling is denoted by £.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

37 Dividends

Final dividends are not accounted for until they have been approved at the Annual General Meeting of shareholders.

On 5 May 2022, a final dividend of 4.5 cent per ordinary share, amounting in total to € 122 million (31 December 2021: Nil), was approved at the Annual General Meeting and subsequently paid on 13 May 2022.

38 Proposed loan acquisitions

Ulster Bank corporate and commercial loans

On 28 June 2021, the Group confirmed that Allied Irish Banks, p.l.c. had entered into a binding agreement for the acquisition of performing Ulster Bank corporate and commercial loans which was subject to regulatory approval.

Competition clearance was received from the Competition and Consumer Protection Commission (CCPC) on 28 April 2022. AIB has commenced the migration of loans (€ 3.7 billion) on a phased basis which is expected to take place over 12 months. € 178 million of the loans have been acquired by the Group by 30 June 2022.

As the Group committed to purchase these loans under a contract which is not considered a regular-way transaction, the loans are not recognised until the acquisition contract is settled. Having received regulatory authority approval, the contract to acquire the loans is a forward contract that is measured at FVTPL in the period between the trade date and the settlement date. See note 32 for further information.

Ulster Bank tracker mortgage portfolio

On 1 June 2022, the Group confirmed that that Allied Irish Banks, p.l.c. had entered into a binding agreement with NatWest Group plc and Ulster Bank Ireland DAC for the acquisition of a performing Ulster Bank tracker (and linked) mortgage portfolio with an expected value of c. € 5.7 billion for a total consideration of € 5.4 billion. Under the agreement, the Group will acquire an economic interest in the mortgage portfolio from a date in the second half of 2022 with formal completion expected in 2023.

The transaction remains subject to obtaining any necessary customary regulatory approvals.

39 Non-adjusting events after the reporting period

No significant non-adjusting events have taken place since 30 June 2022.

40 Approval of Half-Yearly Financial Report

The Half-Yearly Financial Report was approved by the Board of Directors on 28 July 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the half-year ended 30 June 2022

The Directors are responsible for preparing the Group Half-Yearly Financial Report in accordance with IAS 34 *Interim Financial Reporting* as issued by the IASB and adopted by the EU; the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019.

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

Each of the Directors listed below confirm to the best of their knowledge and belief that the condensed set of financial statements have been prepared in accordance with IAS 34 and that they give a true and fair view of the assets, liabilities, financial position and profit of the Group and that as required by the Transparency (Directive 2004/109/EC) Regulations 2007, the Half-Yearly Financial Report includes:

– a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed financial statements;
– a description of the principal risks and uncertainties for the remaining six months of the financial year;
– a fair review of 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 the 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.

For and on behalf of the Board

Jim Pettigrew
Chair

Colin Hunt
Chief Executive Officer

Non-Executive Directors
Anik Chaumartin
Basil Geoghegan
Tanya Horgan
Sandy Kinney Pritchard
Elaine MacLean
Andy Maguire
Brendan McDonagh (Deputy Chair)
Helen Normoyle (Senior Independent Director)
Ann O'Brien
Fergal O'Dwyer
Jim Pettigrew (Chair)
Jan Sijbrand
Ranjit (Raj) Singh

Executive Directors
Colin Hunt (Chief Executive Officer)
Donal Galvin (Chief Financial Officer)

INDEPENDENT REVIEW REPORT TO AIB GROUP PLC

We have been engaged by AIB Group plc (the "Group") to review the condensed set of financial statements included in the Half-Yearly Financial Report for the six months ended 30 June 2022 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related notes 1 to 40. We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-Yearly 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'', as adopted by the European Union, the Transparency (Directive 2004/109/EC) Regulations 2007, and the Central Bank (Investment Market Conduct) Rules 2019.

Conclusion Relating to Going Concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Scope of Review section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with International Standard on Review Engagements (Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Irish Auditing and Accountancy Supervisory Authority ("ISRE (Ireland) 2410"), however future events or conditions may impact this conclusion.

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 International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union, the Transparency (Directive 2004/109/EC) Regulations 2007, and the Central Bank (Investment Market Conduct) Rules 2019.

As disclosed in note 1 'Basis of preparation, accounting policies and estimates', the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The condensed set of financial statements included in this Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

In preparing the half-yearly financial report, 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 financial statements in the Half-Yearly Financial Report, including a conclusion relating to the Group's Going Concern, based on our review.

Scope of review
We conducted our review pursuant to ISRE (Ireland) 2410. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than 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.

Use of our Report
This report is made solely to the Group pursuant to ISRE (Ireland) 2410. Our work has been undertaken so that we might state to the Group those matters we are required to state to it in an independent review 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 formed.

John McCarroll
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

28 July 2022

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements with respect to the financial condition, results of operations and business of AIB Group and certain of the plans and objectives of the Group. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'may', 'could', 'will', 'seek', 'continue', 'should', 'assume', or other words of similar meaning. Examples of forward looking statements include, among others, statements regarding the Group's future financial position, capital structure, Government shareholding in the Group, income growth, loan losses, business strategy, projected costs, capital ratios, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward looking information. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward looking statements. These are set out in Principal risks on pages 28 to 30 of the Annual Financial Report 2021 and updated on page 37 of this Half-Yearly Financial Report. In addition to matters relating to the Group's business, future performance will be impacted by the direct and indirect impacts of the COVID-19 pandemic, the direct and indirect consequences of the Russia-Ukraine War on European and global macroeconomic conditions, the impact of higher inflation on customer sentiment and by Irish, UK and wider European and global economic and financial market considerations. Any forward looking statements made by or on behalf of the Group speak only as of the date they are made. The Group cautions that the list of important factors on pages 28 to 30 of the Annual Financial Report 2021 is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward looking statement.

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