For the life you're after

AIB Group plc
Half-Year Financial Report

For the six months ended 30 June 2024

Empowering people to build a sustainable future

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 four core operating segments are:

Retail Banking

Retail Banking supports our personal and business customers with a comprehensive range of banking and financial services, delivered through our branch and digital channels with an expanded reach via EBS, Haven, Payzone, AIB life, AIB Merchant Services and Nifti.

Capital Markets

Capital Markets, which includes Goodbody, serves the Group's large and medium-sized business customers as well as our private banking customers. Taking a partnership approach, we are supporting our customers by providing sectoral expertise, thought leadership, and tailored solutions throughout their life cycle.

AIB UK

AIB UK operates in two distinct markets, Great Britain and Northern Ireland. Across both regions, AIB supports our corporate customers with sector-specific expertise. In Northern Ireland, we additionally offer full-service retail banking.

Climate Capital

Climate Capital specialises in lending to large scale renewable and infrastructure projects, which are key drivers for sustainable economic growth, across Ireland, the UK, Europe and North America.

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

Our brands:

AIB | EBS | haven | Payzone

AIB Merchant Services | Goodbody | Nifti | AIB life

Inside this Half-Year Report

Overview

Business Review

Risk Management

Financial Statements

This Half-Year Financial 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 109.

Business Performance

H1 2024 Results

Financial performance

Profit after tax
€1,108m

HY 2024	€1,108m
HY 2023	€854m

Profit before tax up 30% to €1,293m
Operating profit[1] of €1,395m (operating income up 12% with operating expenses up 6%), an impairment charge of €61m and exceptional items of €55m

Net interest income
€2,075m

HY 2024	€2,075m
HY 2023	€1,753m

Net interest income up 18%
Benefiting from the favourable impact of higher average interest rates and an increase in average customer loan volumes partly offset by higher funding costs. Net interest margin (NIM) of 3.24%, up 34 basis points

Net credit impairment charge
€61m

HY 2024	€61m
HY 2023	€91m

Asset quality remains resilient
Maintaining cautious, forward looking approach

New lending
€6.3bn

HY 2024	€6.3bn
HY 2023	€5.6bn

New lending up 13%
Strong growth in Climate Capital. Mortgage lending in Ireland up 10%, market share 36.4%

Gross loans
€68.9bn

30 Jun 2024	€68.9bn
31 Dec 2023	€67.0bn

Gross loans increased 3% to €68.9bn
Gross loans up €1.9bn driven by strong new lending exceeding redemptions

Non-performing exposures[2]
€2.2bn

30 Jun 2024	€2.2bn
31 Dec 2023	€2.0bn

NPE ratio 3.2%
Non-performing exposures (NPEs) increased by €0.2bn to €2.2bn

Return on tangible equity[3]
25.5%

HY 2024	25.5%
HY 2023	21.5%

Return on tangible equity benefiting from increased profitability and substantially ahead of medium-term target

CET1 ratio (fully loaded)
15.5%

30 Jun 2024	15.5%
31 Dec 2023	15.8%

Strong capital position, well in excess of regulatory requirements and medium-term target. Includes a foreseeable charge in respect of dividends and a proposed share buyback of €505m

Absolute cost base[4]
€947m

HY 2024	€947m
HY 2023	€897m

Cost income ratio[4] 38%, prior period 41%. Costs up 6% primarily reflecting the enlarged Group, inflationary impacts and staff benefits

Medium-term financial targets (2026)

Return on tangible equity[3]
A measure of how well capital is deployed to generate sustainable earnings

Target
15%

CET1 ratio (fully loaded)
A measure of our ability to withstand financial stress and remain solvent

Target
>14%

Absolute cost base[4]
Cost of running the business

Target
<€2.0bn
with a cost income ratio <50%

1. Operating profit before impairment losses and exceptional items.
2. NPEs refers to non-performing loans (NPLs) and excludes € 94 million of off-balance sheet commitments.
3. Return on Tangible Equity (RoTE) is based on the target CET1 capital on a fully loaded basis. 2023 RoTE was based on previous CET1 target of greater than 13.5%. For definition and basis of calculation, see pages 26 and 30.
4. Before exceptional items, bank levies and regulatory fees. For exceptional items, see pages 16 and 27.

Sustainability performance

Our approach continues to evolve in line with ESG reporting frameworks, which may result in variations in methodologies and reported outcomes over time.

Greening our balance sheet

Amount of new lending for Climate Action Fund[1] since 2019.

€13.7bn

30 Jun 2024	€13.7bn
31 Dec 2023	€11.6bn

Continued growth in new lending for Climate Action in H1 2024, delivered through the ongoing support provided to fund renewable energy projects, and energy-efficient commercial and residential buildings.

Target

€30bn by 2030

Helping customers to buy their first home

New Lending to first-time buyers

€1.2bn

HY 2024	€1.2bn

Strong performance in new lending to first-time buyers in H1 2024, which accounted for 62% of AIB Group new mortgage lending in the Republic of Ireland.

Target

>€6bn by 2026

Universal Inclusion

Women as % of management[2]

43%

HY 2024	43%
HY 2023	42%

Gender balance maintained across management levels. We continue to drive gender equality and ensure that our female workforce has the resources and opportunities needed to succeed and thrive within AIB.

Target

Gender Balanced[3] (Ongoing)

1. In H1 2024, our Climate Action Fund definition was expanded to include (i) mortgages with BER B3 that didn't opt for a Green Rate; (ii) Strategic Banking Corporation of Ireland Growth and Sustainability Loan Scheme aligned to our Sustainable Lending Framework (SLF). The SLF is an internal AIB Framework that outlines the key parameters on which a transaction can be classified as green and is available on our website. This expanded definition has been applied to all new relevant lending activity from 1 January 2024.
2. Payzone, Goodbody, contractors, AIB staff on career break or unpaid leave as well as Board members are currently excluded from the figure.
3. The Equileap annual Gender Equality Global Report & Ranking equates 'gender balanced' with between 40% and 60% women.

Chief Executive's Review

"We are focused on the long-term sustainability of our business. Through our €30bn Climate Action Fund, we are greening our loan book and supporting our customers as they transition to a cleaner, greener future."

Colin Hunt
Chief Executive Officer

I am delighted to present our half-year results, as AIB Group continues its strong performance due to the successful transformation of the Group during our previous strategic cycle, the continued resilience of the Irish economy in the face of global challenges and a more normalised monetary policy environment. In the first six months of 2024, we have begun embedding our priorities for the current strategic cycle and delivering on our purpose of empowering people to build a sustainable future.

Following significant growth in our customer base over recent years, our core business has performed very well and our net interest income continues to deliver a very strong performance. Profit after tax amounted to €1,108m, our return on tangible equity totalled 25.5% and our balance sheet remains robust with a CET1 of 15.5%.

Our current strategic cycle is focused on three priorities: serving our customers, further greening our business and driving greater operational efficiency.

Customer First has been a tenet of the Group's strategy for many years, but developing a deeper understanding of customer needs, especially given we now serve over 3.3 million customers, was a foundation in the formulation of our current strategic cycle. This year, we have created the Chief Customer Officer (CCO) role on the Executive Committee to drive ongoing improvements in our understanding of our customers' needs, the way we deliver our services and in building ever stronger, more enduring relationships. Having established a single centre of excellence, we have now confirmed that Orlaith Ryan, a senior executive with extensive experience in industry-leading customer-facing brands, will fill the CCO role from October.

We are determined to make the service experienced by our customers as intuitive, responsive and friction-free as possible. While we operate in a financial services landscape where digital operations and services are now the pre-eminent customer channel, we recognise that many customers also value the opportunity to engage directly with our colleagues for support. In this context, we have begun reshaping our delivery model to amplify the role played by our branches, contact centres and branch managers in supporting our expanded customer base. At the same time, we are making significant investment in further digital transformation, which will enable AIB to meet our customers' needs in a truly proactive, personalised and innovative manner.

We continue to get on with the business of supporting our customers throughout their financial lives and in May, we celebrated the first full year of operation of AIB life, our joint venture with Great-West Lifeco, offering protection, pensions and investments to AIB customers, and part of our drive in the previous strategic cycle to expand the Group's range of products and services. A digital-first offering, the number of customers interacting in the AIB life hub on the AIB Mobile Banking App continues to grow with encouraging signs of customers happy to engage end-to-end, connecting with advisors while in the hub, and completing consultations remotely.

Credit demand has remained strong, particularly for corporate, residential mortgage and personal loans. Over the past two years as the European Central Bank directed successive interest rate increases to address the threat of inflation, AIB took a very measured approach to pricing on both sides of the balance sheet. On average, we passed through less than one third of the ECB rate increases to our variable rate mortgage customers while also offering attractive and competitive deposit rate options for savers. We will maintain this approach through the next monetary policy cycle signalled by the ECB's first reduction in rates in June.

We are focused on the long-term sustainability of our business. Through our €30bn Climate Action Fund, we are greening our loan book and supporting our customers as they transition to a cleaner, greener future. A significant and rapid global expansion in renewable energy is required in order to reduce emissions and slow global warming. Our Climate Capital segment is fully mobilised and growing as planned, providing finance for renewable energy and infrastructure projects across Ireland, the UK, Europe and North America.

In our Capital Markets segment, we are financing greener buildings as well as providing transition finance to our corporate and business customers. Through our Retail segment, we are financing greener homes and greener cars, making it easier for our customers to make greener personal choices. I am pleased to report that, in the first half of 2024, the Group's total green and transition lending amounted to €2.1bn, now comprising 34% of total new lending this period.

During the first half of the year, the State's shareholding in AIB Group plc reduced to c. 25.5% as a result of an accelerated book build, trading plan and a directed buyback. The successful sell-down in June saw another important milestone in the normalisation of the AIB share register as the shareholding moved below 30%. It also yielded a further c. €593m for the Irish taxpayer to whom AIB owes an immense debt of gratitude for its support during the financial crisis and brings the total proceeds returned to the State to €16.4bn.

Supporting our mortgage customers

In April, we reduced our green mortgage fixed rates across AIB, EBS and Haven by 0.2% for energy-efficient homes and increased our switcher payment by 50% to €3,000 for customers looking to move their mortgage to AIB, EBS or Haven. Those rate reductions made AIB Group market leaders for green mortgage fixed rates in Ireland. Then, in May, we announced that AIB self-build customers would gain access to the full range of mortgage products, including our green mortgages, from their first drawdown. And, finally, in July, we reduced our four-year fixed mortgage rate for loans of €250,000 or more by 0.25%. All mortgage rates in AIB continue to be available to both new and existing customers.

Left: Donal and Orla Beagan, who are building their home in Monaghan, along with their dog Oscar and their AIB Homes Advisor Olivia Daly.

Chief Executive's Review *continued*

Portraits of Ireland

AIB has, over many decades, offered significant support to the development of the arts in Ireland as part of our contribution to Irish society and the communities we serve. In April, we announced our sponsorship of The National Gallery of Ireland's Portrait Prize and Young Portrait Prize competitions and exhibitions, which are a highlight of the gallery's annual calendar. The AIB Portrait Prize showcases work from artists in all media across the island of Ireland, and from Irish artists living abroad. The AIB Young Portrait Prize is for young people aged 18 and under.

Left: Colin Hunt, AIB Group Chief Executive Officer, and Dr Caroline Campbell, Director of the National Gallery of Ireland.

AIB Group is an important driver of economic activity in Ireland and a key facilitator for the businesses, households and individuals we are honoured to call our customers in attaining the life they are after. We will continue to carry out these dual roles with integrity and prudence and enhance our service offering through innovation, agility and efficient, secure delivery. We need to deliver sustainable, profitable growth to fund our growing business activity and the investment required to underpin it, and I am pleased to note that the Group's performance in the first half of the year has met all these objectives.

In commencing our three interconnected strategic priorities of developing deeper relationships with our customers, greening our business and increasing operational efficiency, we have laid the foundations over the past six months for the ambitious targets we have set for the coming years.

Financial Performance

Continuing our momentum from 2023, we have achieved a strong financial performance in the first half of this year and we are reporting a profit before tax of €1,293m. This includes an operating profit of €1,395m before impairment losses and exceptional items.

Total operating income of €2,470m was 12% higher than in the first half to June 2023. Net interest income of €2,075m increased by €322m or 18% compared with the half-year to June 2023, reflecting the impact of higher average interest rates and an increase in average loans, partly offset by higher funding costs. NIM increased by 34 bps to 3.24% in the half-year to June 2024, compared with 2.90% in the same period in 2023. Other income of €395m decreased by €61m compared with the half-year to June 2023 as higher fee and commission income and equity investment gains were more than offset by lower income from the forward contract for the acquisition of the Ulster Bank tracker mortgage portfolio.

Total operating expenses of €947m increased by €50m or 6% compared with the half-year to June 2023, primarily reflecting the enlarged Group, inflationary impacts and enhanced staff benefits. The Group's cost income ratio in the first six months of 2024 was 38% compared with 41% in the half-year to June 2023.

Overall credit has remained relatively stable throughout the period. There was a net credit impairment charge of €61m in the half-year to June 2024. Our approach remains conservative, comprehensive and forward looking, and is reflected in an expected credit loss coverage rate of 2.3%.

Sustainable growth

In April, €625m was raised from the issuance of an Additional Tier 1 (AT1) perpetual bond, further supporting the Group in meeting our regulatory capital requirements. This issuance came after a $1bn 10-year senior bond in March, the longest duration for such a bond ever issued by an Irish bank. In May, we raised a further €650m of Tier 2 subordinated bank capital from the issuance of our sixth green bond, bringing total proceeds raised from green and social bonds to date to €6.4bn. With a peak book of >€3.5bn, the order book was 5.4 times over-subscribed and represents the largest ever Green Tier 2 order book for a bank issuer to date. The bond issuances contribute to the Group's robust Capital and MREL base, which supports our sustainable growth ambitions.

Left: Green bond proceeds contribute to the financing of projects with clear environmental and climate action benefits.

Our housing delivery commitment

In March, AIB Group and Activate Capital launched the Irish Apartment Development Fund (IADF), a new €500m strategic lending partnership to drive the increased production of apartment and student accommodation in Dublin, Cork, Galway and Limerick. IADF's objectives align closely with Housing for All, the Irish Government's housing plan to 2030. AIB is the largest lender to Ireland's homebuilders and this partnership further demonstrates our commitment to supporting the home-building sector through innovative funding solutions.

Left: Robert Gallagher, CEO of Activate Capital, with Cathy Bryce, MD of AIB Capital Markets at the launch of IADF.

New lending of €6.3bn in the half-year to June 2024 was €0.7bn or 13% higher compared with the half-year to June 2023. Irish mortgage lending of €1.9bn, representing a market share of 36.4% (H1 2023: 30.7%), was 10% higher compared with the half-year to June 2023.

Property related lending was 39% lower, at €0.6bn, reflecting lower lending in Ireland and the UK. Corporate and SME lending of €3.1bn was up 38% driven by continued growth in renewable energy and infrastructure. Personal lending was up 10% to €0.7bn.

Gross loans at €68.9bn were up 3% compared with 31 December 2023, primarily driven by new lending exceeding redemptions.

As at 30 June 2024, 93% of AIB's loan book is of strong or satisfactory quality (up from 92% at 2023 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 2024.

Non-performing loans as a percentage of gross loans to customers was 3.2% at 30 June 2024 compared with 3.0% at 31 December 2023. We remain committed to carefully managing NPEs given the impact on cost, capital requirements and balance sheet resilience.

AIB's funding and liquidity ratios remain robust. The loan to deposit ratio of 63% at 30 June 2024 is in line with 31 December 2023. We continue to have strong liquidity metrics (Liquidity Coverage Ratio 204% and Net Stable Funding Ratio 163%).

Debt securities issued of €8.2bn decreased by €0.2bn from 31 December 2023, primarily due to a $1.0bn MREL-related bond issuance and net commercial paper issuance of €0.5bn offset by maturities of €1.6bn.

The Group has a strong capital position with a reported CET1 ratio of 15.5% at 30 June 2024, well in excess of regulatory requirements and our medium-term target.

Operational Efficiency

Digital channels remain the preferred means of engagement for our customers, and digital wallet payments continue to grow in popularity. We now have c. 1.96 million customers active on Mobile Banking, accounting for c. 3.5 million daily interactions. We have witnessed a 27% increase in the use of Digital Wallet payments, along with a 43% increase in the value of transactions, year-on-year. The value of eCommerce transactions has increased by 17% year-on-year, as online applications for our main personal products, including mortgages, continue to rise. Of personal loan applications in the first half of 2024, 90% were completed digitally.

It is important, therefore, that we enhance our services in line with customer expectations, who rightly demand seamless processes. We are determined to remove friction for our customers and improve their overall experience. We continually improve and complement digital services, with examples during the past six months including the introduction of in-mobile FX payments and in-flight payment editing online for business customers, along with faster overdraft cancellation (from days to minutes) and faster account opening time (1 hour reduced to sub-30 minutes) for personal customers, each enabled by intelligent automation.

Despite continued high levels of fraud attacks, recent trends show that fewer customers are being compromised and fraud losses have reduced year-on-year. This welcome movement is driven by the effectiveness of our suite of fraud prevention measures, increasing awareness amongst our customers and an increase in both fraud detection rates and recoveries, as well as the positive impact of significant international law enforcement campaigns. Meanwhile, we are continuing to enhance the Group's resilience to cyber threats, with an established team in place delivering enterprise-wide, best-in-class security and resilience capabilities.

The ultimate intention of our digital transformation, coupled with a commitment to innovation, is to not only improve our overall customer experience but also to help streamline our operations. For our business, we are enhancing efficiency and automating routine tasks while improving accuracy and reducing operational costs, using data analysis to generate valuable insights, enabling better decision-making and more personalised customer experiences. We are establishing an Artificial Intelligence Centre of Excellence to drive efficiencies and to both support and safeguard our customers.

Meanwhile, our hybrid working model is now well established. In May, we completed successful office moves in Dublin and London. In both instances, we have brought Goodbody together with AIB teams under the same roof, and increased the sustainability of our property portfolio. The building at 70 St Mary Axe in London is highly energy-efficient, while 11-12 Dawson St is an amalgamation of three restored buildings with a wonderful historical and architectural pedigree in the heart of Dublin city.

Sustainable Communities

This is the decade of action and, as we approach the midpoint, we start to take stock of progress. Sustainable Communities continues to be a core pillar of our Group strategy, transforming the organisation to make progress against long-term goals. We are clear on the outcomes we seek to achieve and we are making good progress, working with our customers, our colleagues and our communities. Banks have an important role to play in steering finance towards more sustainable activities, promoting a fairer and more inclusive society and supporting thriving communities.

Chief Executive's Review *continued*

In AIB, our ambition is for 70% of all new lending to be green or transition by 2030, and our €30bn Climate Action Fund is already actively supporting our customers. Key progress during H1 2024 includes mobilisation of our new Climate Capital segment to provide finance for clean energy and other sustainable infrastructure, as well as the launch of our new Transition Finance Guidance to support the roll out of transition finance to our corporate customers. We have launched our sustainability advisory service, Goodbody Clearstream, to assist organisations to measure and implement best-in-class environmental and sustainable practices into their businesses, products and supply chains. Throughout our business, our Sustainability Champions are ready to meet with customers and support them to progress their sustainability goals. Horizon scanning by our in-house Sustainability Research team and continuous capacity building for colleagues through our Sustainability Academy helps to ensure we are informed and ready to support our customers.

To add to our customer supports, the AIB-sponsored Sustainability Academy with Dublin Chamber of Commerce was launched for 2024 as well as sustainability education initiatives that we support with the Chamber of Commerce in Northern Ireland. We also launched the AIB Future Sparks School Impact Awards to recognise schools that make a positive impact to the social, financial and environmental success of their communities. With submissions from 103 schools nationwide, Trinity Comprehensive School in Ballymun emerged as the winner for their exemplary Better Ballymun Day initiative, a vibrant effort to uplift their community.

We fully recognise the important social impact of adequate housing for society. Recognising the interconnection between climate and social issues, we are strategically focused on expanding the supply of energy-efficient homes in Ireland and helping customers own their first home. I am pleased that, during the first half of the year, we provided €1.2bn in Irish mortgage lending for first-time buyers. Supporting the communities in which we operate, we have once again commenced the annual AIB Community €1 Million Fund, aiming to again support over 70 local charities. We asked our customers, colleagues and the wider public to nominate the charities they would like to be supported and received a phenomenal response – triple that of the previous year. I very much look forward to congratulating the recipients in September.

Our purpose is empowering people to build a sustainable future. Through our culture, our values and our strategy, we bring this purpose to life and we will continue to work to embed a sustainable and responsible business ethos across everything that we do.

Culture and Our People

We have continued to build our strong employer brand by enhancing our employee value proposition through greater supports around career development opportunities, further embedding a strong culture of inclusivity and launching a more progressive reward structure.

In January, we launched our AIB Employee Value Proposition, which clearly outlines our commitment to staff across our Purpose, Ambition, Culture and Total Reward (PACT) offering. Bringing the full suite of supports together in this manner positions us to ensure full clarity for all our people and all potential employees on the employee experience and offering at AIB. Having the right supports in place, at every career stage, is critical to enable our people to develop, thrive and be at their best throughout their career with AIB.

Our people are the key enablers for the successful delivery of our strategy and, in January, we held our first in-person Leadership Summit, where 3,000 people leaders came together to hear about our new strategy, our ambition around customer centricity, our new brand position and evolved purpose in one cohesive narrative. The day focused on empowering our people leaders by emphasising the pivotal role each plays in driving a Customer First culture across the Group.

Demonstrating the continued strength of the AIB brand, we received over 8,600 applications for the 2024 graduate campaign, which was an increase of over 4,500 applications on the previous year. We were also pleased to again be recognised by the Grad Ireland Student Awards in 2024 as the Most Popular Graduate Recruiter in Financial Services for the fifth year in a row.

We are committed to continually improving the employee experience and our employee engagement strategy enables us to identify the issues that matter most to our people.

During April, we ran our fourth engagement survey to seek feedback from our colleagues on how we can improve innovation and drive diversity of thinking. With results of this survey showing improvements across all areas, the overall satisfaction rate with AIB as a place to work is a very encouraging 89%. We continue to promote a culture of universal inclusion throughout the organisation and completed Inclusive Leadership Training for all leaders in our organisation including Board, ExCo and Senior Management Teams.

In line with the easing of some Government restrictions in December 2022 and the Group's return to majority private ownership, we updated our Remuneration Policy to reflect our provision of healthcare benefits for all AIB employees from January 2024 and the introduction of a measured variable remuneration scheme, based on performance targets across the business in 2023, made payable in the first half of 2024. The new benefits and updated Group remuneration policies and practices promote long-term success for our organisation.

Engaging with innovation

Earlier this year, our fourth 'aib engage' employee engagement survey took place. The survey was centred on Innovation – a key focus area for the Group to support our new purpose and strategic ambition. Nearly 10,000 of our workforce participated in the latest edition, with 89% expressing satisfaction with AIB as a place to work, marking a 6% increase from the previous survey and the highest satisfaction rate in the last four years. Additionally, we received almost 20,000 comments, feedback, and suggestions on fostering and delivering innovation for our customers and our people, which will be the foundation for an action plan.

Left: Emma Morrissey, a member of the Guest Services Team in AIB Molesworth Street Office.

Outlook

Overall, the Group's strong performance in the first six months of 2024 reflects the successful implementation of prior and current strategic objectives and the ongoing growth and resilience of the Irish economy, our core market.

Modest growth is anticipated for the global economy. The International Monetary Fund (IMF) is forecasting "steady but slow" global growth, with a 1.7% gain expected in 2024 in advanced economies, a similar pace of growth to 2023. This will be characterised by relatively strong US growth (2.6%) and more sluggish growth in the Eurozone (0.9%) in 2024. Nonetheless, there are signs that the US economy is starting to cool following successive years of exceptional growth.

In Ireland, recent forecasts from the Economic and Social Research Institute (ESRI) and Central Bank of Ireland (CBI) show they expect a pick-up in Irish growth in 2024 and 2025, assuming the drag on output, exports and investment in the multi-national sector in 2023 abates. This should be underpinned by a number of factors. Inflation is now close to the 2% target and interest rates are expected to be cut further over the next couple of years. Combined with solid wage growth, this will boost real household disposable incomes.

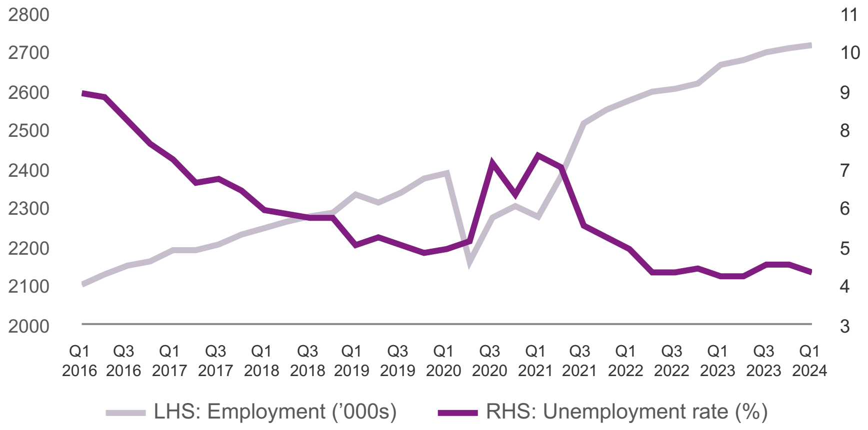
Fiscal policy is set to remain expansionary in the context of the healthy state of the public finances. The IDA also reports that Ireland's foreign direct investment proposition remains strong against a somewhat challenging environment. Meanwhile, private sector balance sheets remain characterised by low debt and high levels of savings. These buffers will be vital if any downside risks emerge to impact growth in the highly open Irish economy.

At AIB, we remain optimistic about the opportunities that lie ahead over the remainder of this year and into 2025, bolstered by Ireland's economic resilience, our enlarged customer base, and the rising demand for our comprehensive range of products generated by a growing population.

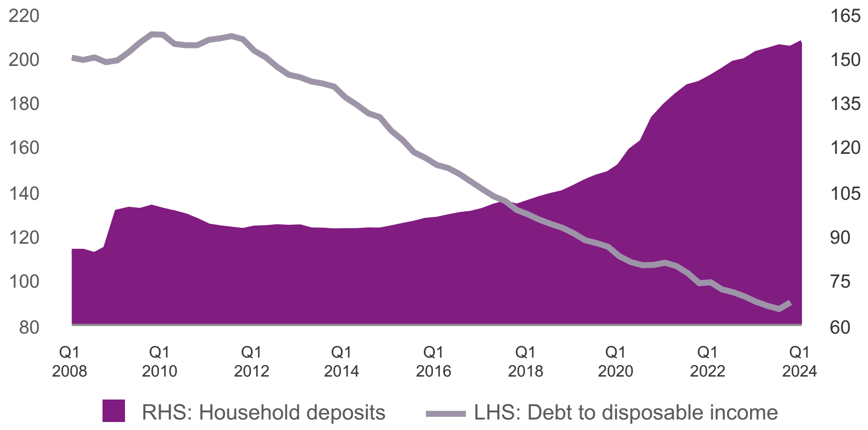
Our strategic priorities remain clear: to put our customers first, green our business and embed operational efficiency. I extend my gratitude to our customers, my colleagues and the Group's many stakeholders for their support, enthusiasm and commitment. Together, we will continue to build a strong, resilient bank that stands ready to maximise the opportunities, meet the challenges that lie ahead and deliver for all our stakeholders.

Colin Hunt
Chief Executive Officer
1 August 2024

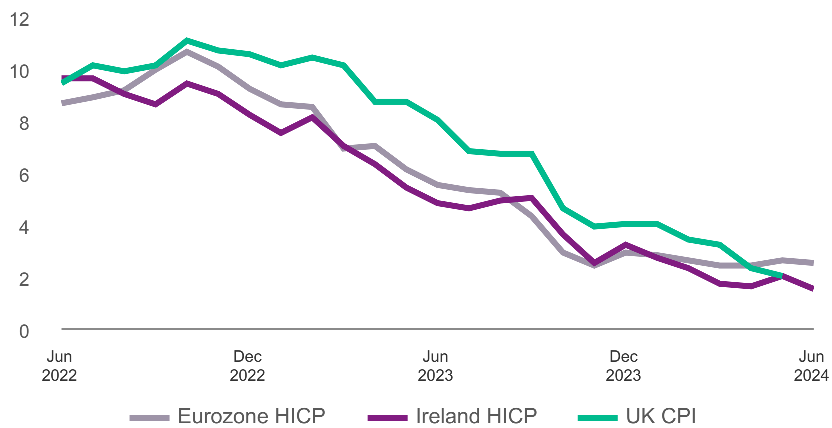
Employment levels rise while unemployment remains low



Household deposits remain elevated, indebtedness falls



Irish headline inflation rate in marked decline



Delivering 200,000 community meals with FoodCloud

In June, we renewed our partnership with FoodCloud for another three years and announced a new AIB/FoodCloud community meals programme. With our support, the new initiative will amplify FoodCloud's social impact by delivering a meal service to its charity partners, providing an additional 200,000 community meals, and saving an additional 100 tonnes of surplus food from going to waste.

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 26. These measures should be considered in conjunction with IFRS measures as set out in the condensed consolidated interim financial statements from page 68. A reconciliation between the IFRS and management performance summary income statements is set out on page 27.

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.

Change in presentation of interest income and expense for certain derivatives

As set out in note 1 'Basis of preparation, accounting policies and estimates' in the condensed consolidated interim financial statements the Group has re-presented the comparative amounts for interest and similar expense by € 19 million and net trading income by € 19 million which reduced the net interest income margin for half-year 2023 by 4 basis points.

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 the results for the comparative reporting period retranslated at exchange rates for the current reporting period.

Management performance – summary income statement	**Half-year June 2024 € m**	Half-year June 2023 € m	*% change*
Net interest income	**2,075**	1,753	*18*
Other income[1]	**395**	456	*-14*
Total operating income[1]	**2,470**	2,209	*12*
Personnel expenses[1]	**(478)**	(434)	*10*
General and administrative expenses[1]	**(320)**	(316)	*1*
Depreciation, impairment and amortisation[1]	**(149)**	(147)	*1*
Total operating expenses[1]	**(947)**	(897)	*6*
Bank levies and regulatory fees[1]	**(128)**	(107)	*19*
Operating profit before impairment losses and exceptional items[1]	**1,395**	1,205	*16*
Net credit impairment charge	**(61)**	(91)	*-33*
Operating profit before exceptional items[1]	**1,334**	1,114	*20*
Income from equity accounted investments	**16**	3	
Loss on disposal of business	**(2)**	—	
Profit before exceptional items[1]	**1,348**	1,117	*21*
Customer redress	**(47)**	(63)	
Inorganic transaction costs	**(18)**	(53)	
Loss on disposal of loan portfolios	**(5)**	(13)	
Restructuring costs	**—**	(1)	
Other	**15**	—	
Total exceptional items[1]	**(55)**	(130)	
Profit before taxation	**1,293**	987	*31*
Income tax charge	**(185)**	(133)	*39*
Profit for the period	**1,108**	854	*30*

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

€2,075m

Net interest income	Half-year June 2024 € m	Half-year June 2023 € m	% change
Interest income	**2,676**	2,079	*29*
Interest expense[1]	**(601)**	(326)	*84*
Net interest income	**2,075**	1,753	*18*
Average interest earning assets	**128,557**	121,677	*6*
	%	%	*Change*
Net interest margin (NIM)[1]	**3.24**	2.90	*0.34*

Net interest income

€2,075m

Net interest income of € 2,075 million increased by € 322 million or 18% compared to the half-year to June 2023.

Interest income

Interest income of € 2,676 million in the half-year to June 2024 increased by € 597 million compared to the half-year to June 2023 primarily due to:

- Increased asset yields mainly driven by higher average Euro, Sterling and US Dollar interest rates reflecting the graduated changes by central banks to official interest rates.
- Higher average customer loan volumes reflecting the acquisition of loans from Ulster Bank and new lending exceeding redemptions.

Interest expense

Interest expense of € 601 million in the half-year to June 2024 increased by € 275 million compared to the half-year to June 2023. The increase in funding costs was primarily due to:

- Higher customer account interest expense due to an increase in the interest rates paid on deposits and as customers avail of higher yielding term products.
- Increased other debt issued and subordinated liabilities funding costs reflecting interest rate impacts and higher MREL costs.

Net interest margin

3.24%

NIM increased by 34 basis points to 3.24% in the half-year to June 2024 compared to 2.90%[1] in the half-year to June 2023 driven by the impact of higher average interest rates.

Average interest earning assets of € 128.6 billion in the half-year to June 2024 were € 7 billion or 6% higher compared to half-year to June 2023 primarily driven by higher customer accounts and other debt issued.

Average balance sheet

	Half-year 30 June 2024			Half-year 30 June 2023		
Assets	**Average balance € m**	**Interest € m**	**Average rate %**	Average balance € m	Interest € m	Average rate %
Loans and advances to customers[2]	**67,034**	**1,344**	**4.02**	61,219	1,116	3.68
Investment securities	**17,636**	**433**	**4.93**	16,255	303	3.77
Loans and advances to banks[3]	**43,887**	**899**	**4.11**	44,203	660	3.01
Average interest earning assets	**128,557**	**2,676**	**4.18**	121,677	2,079	3.45
Non-interest earning assets	**7,844**			8,181		
Total average assets	**136,401**	**2,676**		129,858	2,079	
Liabilities & equity						
Deposits by banks[3]	**1,635**	**38**	**4.70**	913	16	3.52
Customer accounts	**47,968**	**200**	**0.84**	43,887	55	0.25
Other debt issued	**8,571**	**280**	**6.55**	6,989	186	5.38
Subordinated liabilities	**1,554**	**56**	**7.19**	1,417	45	6.33
Lease liabilities	**275**	**4**	**2.89**	252	5	4.11
Average interest earning liabilities	**60,003**	**578**	**1.93**	53,458	307	1.16
Non-trading derivatives (economic hedges)[1]		**23**			19	
Non-interest earning liabilities	**61,552**			63,710		
Equity	**14,846**			12,690		
Total average liabilities & equity	**136,401**	**601**		129,858	326	
Net interest income		**2,075**	**3.24**		1,753	2.90

1. As outlined on page 12 'Change in presentation of interest income and expense for certain derivatives', the comparative interest expense and net interest margin figures for half-year 2023 have been re-presented.
2. Income on Loans and advances to customers includes the negative impact of € 366 million from cash flow hedges in the half-year to June 2024 (half-year to June 2023: € 223 million). See note 3 'Interest and similar income' in the condensed consolidated interim financial statements.
3. Loans and advances to banks and Deposits by banks include Securities financing.

Business Review – 1. Operating and Financial Review *continued*

Other income

Other income[1]

€395m

Other income[1]	**Half-year June 2024 € m**	Half-year June 2023 € m	*% change*
Net fee and commission income	**336**	306	*10*
Net trading income/(loss)	**9**	129	
– Loan acquisition forward contracts	**(3)**	138	
– Equity investment hedges	**—**	(10)	
– Other[2]	**12**	1	
Net gain on equity investments (FVTPL)	**24**	12	
Net gain on loans and advances to customers (FVTPL)	**5**	6	
Other operating income	**21**	3	
Other income	**395**	456	*-14*

Other income[1]

€395m

Other income of € 395 million decreased by € 61 million compared to the half-year to June 2023 as higher fee and commission income and equity investment gains was more than offset by lower income from loan acquisition forward contracts as the majority of the Ulster Bank loans migrated in the prior year.

Net fee and commission income	**Half-year June 2024 € m**	Half-year June 2023 € m	*% change*
Customer accounts	**127**	119	*6*
Card income	**74**	69	*9*
Customer related foreign exchange	**47**	40	*18*
Lending related fees	**28**	26	*7*
Stockbroking client fees and commissions	**28**	23	*25*
Other fees and commissions	**32**	29	*9*
Net fee and commission income	**336**	306	*10*

Net fee and commission income of € 336 million in the half-year to June 2024 increased by € 30 million or 10% compared to the half-year to June 2023 primarily reflecting higher transaction volumes. Stockbroking client fees and commissions were up 25% due to increased market activity and growth in assets under management.

A loss of € 3 million was recognised in the half-year to June 2024 in respect of a loan acquisition forward contract on Ulster Bank tracker (and linked) mortgages (half-year to June 2023 comprised a gain of € 126 million on Ulster Bank tracker (and linked) mortgages and a gain of € 12 million on Ulster Bank corporate and commercial loans). This reflected income earned on the portfolios since the Group acquired an economic interest and changes in valuation parameters since the original transaction pricing[3].

Net trading income (excluding the loan acquisition forward contracts and equity investment hedges) of € 12 million in the half-year to June 2024 increased by € 11 million compared to the half-year to June 2023 due to favourable movements on derivative valuation adjustments (XVA) and higher interest rate-related gains.

Net gain on equity investments[4] of € 24 million in the half-year to June 2024 increased by € 22 million compared to the half-year to June 2023 due to a higher gain on revaluation of equity investments.

Other operating income in the half-year to June 2024 of € 21 million increased by € 18 million compared to the half-year to June 2023 primarily reflecting a gain on disposal of individual loans for credit management purposes, higher Goodbody related income and the non-recurrence of a loss on termination of interest rate hedging derivatives.

IFRS basis

On an IFRS basis other income was € 405 million in the half-year to June 2024, including a net gain of € 10 million on exceptional items[1], compared to € 444 million in the half-year to June 2023.

1. Other income before exceptional items. A net gain of € 10 million on exceptional items in the half-year to June 2024 comprises: net fee and commission income of € 15 million (half-year to June 2023: Nil) offset by a € 5 million net loss on disposal of loan portfolios (half-year to June 2023: € 12 million).
2. As outlined on page 12 'Change in presentation of interest income and expense for certain derivatives', the comparative net trading income figure for the half-year 2023 has been re-presented.
3. For further information see note 28 'Fair value of financial instruments' in the condensed consolidated interim financial statements.
4. Net gain on equity investments comprises a net gain on equity investments (FVTPL) of € 24 million in the half-year to June 2024 (half-year to June 2023: € 12 million) and equity investment hedges in the half-year to June 2024 of Nil (half-year to June 2023: loss of € 10 million).

Operating expenses

Total operating expenses[1]

€947m

Operating expenses[1]	Half-year June 2024 € m	Half-year June 2023 € m	% change
Personnel expenses	**478**	434	*10*
General and administrative expenses	**320**	316	*1*
Depreciation, impairment and amortisation	**149**	147	*1*
Total operating expenses	**947**	897	*6*
Staff numbers at period end[2]	**10,617**	10,133	*5*
Average staff numbers[2]	**10,602**	9,814	*8*

Total operating expenses[1]

€947m

Total operating expenses of € 947 million increased by € 50 million or 6% compared to the half-year to June 2023.

Personnel expenses
Personnel expenses increased by € 44 million compared to the half-year to June 2023 primarily due to higher average staff numbers, salary inflation, an increase in the allowance for variable pay and introduction of health insurance.

Staff numbers at period end were 5% higher compared to the half-year to June 2023 reflecting an increase in staff numbers to support higher business volumes and insourcing.

General and administrative expenses
General and administrative expenses increased by € 4 million compared to the half-year to June 2023.

Depreciation, impairment and amortisation
Depreciation, impairment and amortisation increased by € 2 million compared to the half-year to June 2023.

Cost income ratio[1]

38%

Costs of € 947 million and income of € 2,470 million resulted in a cost income ratio of 38% in the half-year to June 2024 compared to 41% in the half-year to June 2023.

Bank levies and regulatory fees

€128m

Bank levies and regulatory fees	Half-year June 2024 € m	Half-year June 2023 € m	Full-year 2023 € m
Irish bank levy	**102**	—	37
Deposit Guarantee Scheme	**11**	58	86
Single Resolution Fund	**—**	36	36
Other regulatory levies and charges	**15**	13	26
Total bank levies and regulatory fees	**128**	107	185

Total Bank levies and regulatory fees of € 128 million increased by € 21 million compared to the half-year to June 2023.

Following a change in the relevant legislation, the 2024 Irish bank levy of € 102 million was accrued for in the half-year to June 2024 when the obligating event occurred.

The European Single Resolution Fund and Irish Deposit Guarantee Scheme (DGS) Contributory Fund have reached their respective target levels. Future contributions to these funds is dependent on growth in covered deposits.

IFRS basis
On an IFRS basis total costs were € 1,140 million in the half-year to June 2024 including bank levies and regulatory fees of € 128 million and the cost of exceptional items[3] of € 65 million, compared to € 1,122 million in the half-year to June 2023. This results in a cost income ratio (IFRS basis) of 46% in the half-year to June 2024, compared to 51% in the half-year to June 2023.

1. Before bank levies and regulatory fees and exceptional items.
2. Staff numbers are on a full time equivalent (FTE) basis.
3. The cost of exceptional items of € 65 million in the half-year to June 2024 (half-year to June 2023: € 118 million) comprised: general and administrative expenses € 65 million (half-year to June 2023: € 116 million) and personnel expenses Nil (half-year to June 2023: € 2 million).

Business Review –
1. Operating and Financial Review *continued*

Net credit impairment charge

€61m

There was a net credit impairment charge of € 61 million in the half-year to June 2024 (half-year to June 2023: € 91 million) comprising a € 63 million charge on loans and advances to customers (half-year to June 2023: € 77 million) partially offset by a € 2 million writeback for investment securities exposures (half-year to June 2023: € 9 million charge). The prior year also included a € 3 million charge on securities financing and a € 2 million charge on loans to banks.

The charge on loans and advances to customers in the half-year to June 2024 reflected:

– Property and construction portfolio net credit impairment charge in the half-year to June 2024 of € 13 million (half-year to June 2023: € 105 million).

– Residential mortgage portfolio net credit impairment charge in the half-year to June 2024 of € 7 million (half-year to June 2023: € 2 million writeback).

– Other personal portfolio net credit impairment charge in the half-year to June 2024 of € 33 million (half-year to June 2023: € 25 million).

– Non-property business portfolio net credit impairment charge in the half-year to June 2024 of € 10 million (half-year to June 2023: € 51 million writeback).

For further information see pages 33 to 64 in the Risk Management section.

Income tax charge

€185m

The income tax charge was € 185 million in the half-year to June 2024 (half-year to June 2023: € 133 million), representing an effective tax rate of 14.3% (half-year to June 2023: 13.5%). The increase in the effective tax rate is primarily due to the inclusion in the current period of the increased Irish bank levy, which is a non-deductible expense for corporate tax purposes.

For further information see note 10 'Taxation' and note 18 'Deferred taxation' of the condensed consolidated interim financial statements.

Total exceptional items

€55m

Total exceptional items	Half-year June 2024 € m	Half-year June 2023 € m
Customer redress	**(47)**	(63)
Inorganic transaction costs	**(18)**	(53)
Loss on disposal of loan portfolios	**(5)**	(13)
Restructuring costs	**—**	(1)
Other	**15**	—
Total exceptional items	**(55)**	(130)

These (costs)/gains were viewed as exceptional by management.

Customer redress in the half-year to June 2024 reflects a net charge of € 47 million for remediation payments to customers and associated costs in respect of legacy matters.

Inorganic transaction costs in the half-year to June 2024 reflects costs associated with the migration of a portfolio of Ulster Bank tracker (and linked) mortgages.

Loss on disposal of loan portfolios reflects a loss of € 5 million relating to the disposal of non-performing loan portfolios in prior periods.

Other includes a fee receivable on the exit of a servicing agreement for a non-core legacy business.

Assets

Net loans to customers	New lending
€67.4bn	**€6.3bn**

Assets	30 June 2024 € bn	31 December 2023 € bn	% change
Gross loans to customers	**68.9**	67.0	*3*
ECL allowance	**(1.5)**	(1.5)	*-1*
Net loans to customers	**67.4**	65.5	*3*
Investment securities	**18.2**	17.4	*5*
Loans and advances to banks	**37.3**	39.3	*-5*
Securities financing	**6.7**	6.5	*3*
Other assets	**7.4**	7.6	*-3*
Total assets	**137.0**	136.3	*1*

Net loans to customers

€67.4bn

Net loans, excluding the positive impact of foreign exchange movements of € 0.3 billion, increased by € 1.6 billion or 3% compared to 31 December 2023 as new lending exceeded redemptions.

In July 2023 the Group completed the migration of Ulster Bank tracker (and linked) mortgages with a fair value of € 3.8 billion with the migration of the remaining eligible loans expected to be completed in the second half of 2024.

New lending

€6.3bn

New lending of € 6.3 billion in the half-year to June 2024 was € 0.7 billion or 13% higher compared to the half-year to June 2023.

New lending comprises € 5.7 billion term lending in the half-year to June 2024 (€ 4.8 billion in the half-year to June 2023) and € 0.6 billion transaction lending (€ 0.8 billion in the half-year to June 2023).

Irish mortgage lending in the half-year to June 2024 of € 1.9 billion, representing a market share of 36.4% (half-year to June 2023: 30.7%), was 10% higher compared to the half-year to June 2023.

Personal lending was up 10% to € 0.7 billion.

Non-property lending of € 3.1 billion was up 38% driven by growth in renewable energy & infrastructure as well as selective growth in syndicated lending partially offset by lower corporate lending.

Property-related lending was 39% lower at € 0.6 billion reflecting lower lending in Ireland and the UK.

Non-performing loans	Non-performing loans ratio
€2.2bn	**3.2%**

Non-performing loans increased by € 0.2 billion to € 2.2 billion at 30 June 2024 driven by net flow to non-performing of € 0.4 billion partially offset by redemptions of € 0.2 billion.

Non-performing loans ratio
Non-performing loans as a percentage of gross loans to customers was 3.2% at 30 June 2024 compared to 3.0% at 31 December 2023.

ECL allowance	Non-performing loans cover
€1.5bn	**32%**

The ECL allowance on loans (at amortised cost) of € 1.5 billion at 30 June 2024 was in line with 31 December 2023.

Non-performing loans cover
The ECL allowance cover rate on non-performing loans of 32% was in line with 31 December 2023.

Summary of movement in loans to customers
The table below sets out the movement in loans to customers from 1 January 2024 to 30 June 2024.

Loans to customers	Performing loans € bn	Non-performing loans € bn	Loans to customers € bn
Gross loans (opening balance 1 January 2024)	**65.0**	**2.0**	**67.0**
New lending	**6.3**	**—**	**6.3**
Redemptions of existing loans	**(4.5)**	**(0.2)**	**(4.7)**
Net movement to non-performing	**(0.4)**	**0.4**	**—**
Foreign exchange & other movements	**0.3**	**—**	**0.3**
Gross loans (closing balance 30 June 2024)	**66.7**	**2.2**	**68.9**
ECL allowance	**(0.8)**	**(0.7)**	**(1.5)**
Net loans (closing balance 30 June 2024)	**65.9**	**1.5**	**67.4**

Business Review –
1. Operating and Financial Review *continued*

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 33 to 64.

					At amortised cost
Loan portfolio profile 30 June 2024	**Residential mortgages € bn**	**Other personal € bn**	**Property and construction € bn**	**Non-property business € bn**	**Total € bn**
Gross loans to customers	**35.1**	**3.1**	**9.5**	**21.2**	**68.9**
Of which: Stage 2	***2.2***	***0.7***	***2.6***	***3.0***	***8.5***
Non Performing Loans[1]	***0.8***	***0.1***	***0.7***	***0.6***	***2.2***
Total ECL allowance	**0.3**	**0.1**	**0.5**	**0.6**	**1.5**
Total ECL allowance cover	**0.9 %**	**4.4 %**	**5.7 %**	**2.8 %**	**2.3 %**
ECL allowance cover Stage 2	**3.2 %**	**8.0 %**	**8.3 %**	**8.8 %**	**7.1 %**
ECL allowance cover non-performing	**28.7 %**	**57.5 %**	**30.2 %**	**34.4 %**	**32.3 %**
31 December 2023	€ bn	€ bn	€ bn	€ bn	€ bn
Gross loans to customers	34.8	2.9	9.2	20.1	67.0
Of which: Stage 2	*2.4*	*0.2*	*2.8*	*2.3*	*7.7*
Non Performing Loans[1]	*0.7*	*0.1*	*0.7*	*0.5*	*2.0*
Total ECL allowance	0.3	0.1	0.5	0.6	1.5
Total ECL allowance cover	0.9 %	3.3 %	5.9 %	2.9 %	2.3 %
ECL allowance cover Stage 2	3.2 %	13.0 %	9.6 %	11.5 %	8.3 %
ECL allowance cover non-performing	29.7 %	54.7 %	29.3 %	34.6 %	31.9 %

1. Non Performing Loans as a percentage of gross loans was 3.2% at 30 June 2024 (31 December 2023: 3.0%), comprised Mortgages 2.2% (31 December 2023: 2.1%), Personal 3.7% (31 December 2023: 2.7%), Property and construction 7.5% (31 December 2023: 7.1%) and Non-property business 2.9% (31 December 2023: 2.6%).

Investment securities

Investment securities of € 18.2 billion, primarily held for liquidity purposes, increased by € 0.8 billion from 31 December 2023.

Loans and advances to banks

Loans and advances to banks of € 37.3 billion, including € 35.3 billion of cash and balances at central banks, were € 2.0 billion lower than 31 December 2023.

Securities financing

Securities financing of € 6.7 billion increased by € 0.2 billion from 31 December 2023.

Other assets

Other assets of € 7.4 billion comprised:

– Deferred tax assets of € 2.5 billion decreased by € 0.1 billion from 31 December 2023.

– Derivative financial instruments of € 2.0 billion, decreased by € 0.4 billion from 31 December 2023.

– Remaining assets of € 2.9 billion, increased by € 0.3 billion from 31 December 2023.

Liabilities & equity

Customer accounts
€107.0bn

Equity
€14.3bn

Liabilities & equity	30 June 2024 € bn	31 December 2023 € bn	% change
Customer accounts	**107.0**	104.8	*2*
Deposits by banks	**0.5**	1.8	*-70*
Debt securities in issue	**8.2**	8.4	*-3*
Subordinated liabilities	**1.7**	1.5	*18*
Other liabilities	**5.3**	4.7	*11*
Total liabilities	**122.7**	121.2	*1*
Equity	**14.3**	15.1	*-5*
Total liabilities & equity	**137.0**	136.3	*1*

	%	%	Change
Loan to deposit ratio	**63**	63	—

Customer accounts
€107.0bn

Customer accounts, excluding the positive impact of currency movements of € 0.3 billion, increased by € 1.9 billion compared to 31 December 2023 driven by an increase in personal balances.

Interest-bearing customer accounts of € 49.1 billion increased by € 3.0 billion or 6% compared to 31 December 2023 driven by an increase in term deposits. Non-interest bearing current accounts of € 57.9 billion decreased by € 0.8 billion or 1% as the mix between current and interest-bearing customer accounts remained consistent with 31 December 2023.

Loan to deposit ratio
The loan to deposit ratio of 63% at 30 June 2024 was in line with 31 December 2023.

Deposits by banks
Deposits by banks of € 0.5 billion decreased by € 1.3 billion compared to 31 December 2023 driven by lower deposits by central banks and cash collateral received from derivative counterparties.

Debt securities in issue
Debt securities of € 8.2 billion decreased by € 0.2 billion from 31 December 2023 primarily due to the issuance of a $ 1.0 billion MREL-related bond and net commercial paper issuance of € 0.5 billion offset by other maturities of € 1.6 billion.

Subordinated liabilities
Subordinated liabilities of € 1.7 billion increased by € 0.2 billion compared to 31 December 2023 driven by a green Tier 2 capital issuance of € 0.65 billion partially offset by redemptions of € 0.4 billion.

Other liabilities
Other liabilities of € 5.3 billion comprised:

– Derivative financial instruments of € 2.0 billion, an increase of € 0.1 billion from 31 December 2023.

– Securities financing of € 0.4 billion, a € 0.2 billion decrease from 31 December 2023.

– Remaining liabilities of € 2.9 billion, a € 0.7 billion increase from 31 December 2023.

Equity
€14.3bn

Equity decreased by € 0.8 billion to € 14.3 billion compared to € 15.1 billion at 31 December 2023.

The table below sets out the movements to 30 June 2024.

Equity	€ bn
Opening balance (1 January 2024)	**15.1**
Profit for the period	**1.1**
Distributions paid	**(1.7)**
Cash flow hedging reserves	**(0.5)**
AT1	**0.3**
Closing balance (30 June 2024)	**14.3**

The increase in the negative cash flow hedging reserves during the period reflects fair value movements on interest rate swaps due to the change in interest rate expectations partially offset by amounts transferred to the income statement.

In the half-year to June 2024 the Group completed the buyback of ordinary shares of € 1 billion and a dividend payment on ordinary shares of € 0.7 billion.

The Group issued € 0.6 billion of Additional Tier 1 securities in April 2024 at a coupon rate of 7.125% and completed a partial buyback of existing Additional Tier 1 securities of € 0.3 billion.

Business Review – 1. Operating and Financial Review *continued*

Segment overview

In 2024 the Group introduced a new customer facing segment, 'Climate Capital', focused on Core Renewable Project Finance and Infrastructure lending across Ireland, the UK, Europe and North America, increasing the Group's reportable segments from four to five.

The Group's performance is now therefore managed and reported across Retail Banking, AIB Capital Markets (Capital Markets), Climate Capital, AIB UK and Group segments. Comparative segment information for the prior period has been re-presented. Segment performance excludes exceptional items.

Retail Banking

Our leading Irish retail franchise provides a comprehensive range of products and services to more than 3 million customers delivered through our branch, digital and phone banking channels; with an expanded reach into the retail customer base via EBS, Haven, AIB Merchant Services, Payzone, Nifti and AIB life.

– Homes and Consumer are responsible for meeting the everyday banking needs of customers in Ireland by delivering innovative products, propositions and services and for growing our market leading positions. Our aim is to achieve a seamless and transparent customer experience across all our products and services including mortgages, current accounts, personal lending, payments and credit cards, deposits, insurance and wealth.

– SME serves our micro and small SME customers through our sector-led strategy and local expertise with an extensive product and services offering. Our aim is to help our customers create and build sustainable businesses in their communities.

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 and business banking.

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. Goodbody offers further capabilities in wealth management, corporate finance, asset management and wider capital markets propositions.

Financial Solutions Group (FSG) is our dedicated centre of excellence for the management of the Group's non-performing exposures (NPEs), with the objective of supporting our customers in difficulty and delivering the Group's strategy to reduce NPEs.

Climate Capital

Climate Capital is a new segment comprised of assets and resources previously residing in Capital Markets and AIB UK segments. Climate Capital specialises in lending to large scale renewable energy and infrastructure projects, which are key drivers for sustainable economic growth. The business serves the Irish, UK, European and North American markets through offices in Dublin, London and New York.

AIB UK

AIB UK offers corporate, retail and business banking services in two distinct markets;

– a sector-led corporate bank supporting mid to large corporates focused on housing, commercial real estate, health, hotels and manufacturing businesses across both Great Britain and Northern Ireland. Services include lending, treasury, trade facilities, asset finance and invoice discounting.

– a full-service retail bank in Northern Ireland (AIB (NI)) to personal and business customers with a focus on mortgage and business lending.

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 and Business Services, Finance, Risk, Legal, Corporate Governance, Chief Customer Office, Human Resources, Strategy & Sustainability, Corporate Affairs and Group Internal Audit.

Segment allocations

Under the Group's cost allocation methodology, substantially all of the costs of the Group's control, support and Treasury functions are allocated to Retail Banking, Capital Markets, Climate Capital and AIB UK. In addition, certain Bank levies and regulatory fees, such as the Irish bank levy, are allocated to the Retail Banking, Capital Markets and Climate Capital segments.

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.

Retail Banking

Retail Banking contribution statement	Half-year June 2024 € m	Half-year June 2023 € m	% change
Net interest income	**1,324**	1,082	*22*
Other income	**240**	345	*-30*
Total operating income	**1,564**	1,427	*10*
Total operating expenses	**(652)**	(621)	*5*
Bank levies and regulatory fees	**(101)**	(9)	—
Operating contribution before impairments and exceptional items	**811**	797	*2*
Net credit impairment charge	**(21)**	(46)	*-54*
Operating contribution before exceptional items	**790**	751	*5*
Income from equity accounted investments	**13**	1	—
Contribution before exceptional items	**803**	752	*7*

Retail Banking balance sheet metrics	30 June 2024 € bn	30 June 2023 € bn	% change
Mortgages	**1.8**	1.7	
Personal	**0.7**	0.6	
Property	**0.1**	0.1	
Non-property business	**0.5**	0.4	
New lending	**3.1**	2.8	*9*
	30 June 2024 € bn	31 December 2023 € bn	
Mortgages	**33.8**	33.4	
Personal	**3.0**	2.8	
Property	**0.5**	0.5	
Non-property business	**3.1**	3.1	
Gross loans	**40.4**	39.8	*1*
ECL allowance	**(0.6)**	(0.6)	*-5*
Net loans	**39.8**	39.2	*1*
Current Accounts	**46.6**	46.7	—
Deposits	**35.8**	33.8	*6*
Customer accounts	**82.4**	80.5	*2*

Net interest income
€1,324m

Net interest income increased by € 242 million compared to the half-year to June 2023 primarily driven by the favourable impact of higher average interest rates and an increase in average loan volumes, including the acquisition of loans from Ulster Bank, partly offset by higher funding costs.

Other income
€240m

Other income decreased by € 105 million compared to the half-year to June 2023 as higher fee and commission income was more than offset by lower income from the loan acquisition forward contract to acquire tracker (and linked) mortgages from Ulster Bank.

Total operating expenses
€652m

Total operating expenses increased by € 31 million compared to the half-year to June 2023 due to higher personnel expenses.

Bank levies and regulatory fees
€101m

Bank levies and regulatory fees increased by € 92 million compared to the half-year to June 2023. Following a change in the relevant legislation, the 2024 Irish bank levy was accrued for in the half-year to June 2024 when the obligating event occurred.

Net credit impairment charge
€21m

There was a net credit impairment charge of € 21 million in the half-year to June 2024 (half-year June 2023: € 46 million). This comprised a € 24 million charge on loans and advances to customers and a € 3 million writeback for off-balance sheet exposures.

New lending
€3.1bn

New lending of € 3.1 billion was € 0.3 billion or 9% higher than the half-year to June 2023 driven by an increase in mortgage, personal and SME lending.

Net loans
€39.8bn

Net loans increased by € 0.6 billion or 1% to € 39.8 billion primarily as new lending exceeded redemptions.

ECL allowance
€0.6bn

The ECL allowance of € 0.6 billion at 30 June 2024 was in line with 31 December 2023.

Customer accounts
€82.4bn

Customer accounts increased by € 1.9 billion compared to 31 December 2023 driven by higher personal balances.

Business Review – 1. Operating and Financial Review *continued*

Capital Markets

Capital Markets contribution statement	Half-year June 2024 € m	Half-year June 2023 € m	% change
Net interest income	456	380	20
Other income	117	95	23
Total operating income	573	475	21
Total operating expenses	(179)	(174)	3
Bank levies and regulatory fees	(16)	(4)	—
Operating contribution before impairments and exceptional items	378	297	27
Net credit impairment charge	(15)	(27)	-44
Contribution before exceptional items	363	270	34

Net interest income
€456m

Net interest income increased by € 76 million compared to the half-year to June 2023 primarily driven by the favourable impact of higher average interest rates partly offset by higher funding costs.

Other income
€117m

Other income increased by € 22 million compared to the half-year to June 2023 driven by higher income from equity investments and loan disposal gains as well as an increase in net fee and commission income partly offset by lower income from loan acquisition forward contracts.

Total operating expenses
€179m

Total operating expenses increased by € 5 million compared to the half-year to June 2023 due to higher personnel expenses.

Bank Levies and Regulatory fees
€16m

Bank levies and regulatory fees increased by € 12 million compared to the half-year to June 2023. Following a change in the relevant legislation, the 2024 Irish bank levy was accrued for in the half-year to June 2024 when the obligating event occurred.

Net credit impairment charge
€15m

There was a net credit impairment charge of € 15 million in the half-year to June 2024 (half-year to June 2023: € 27 million). This comprised a € 13 million charge on loans and advances to customers and a charge of € 4 million for off-balance sheet exposures partially offset by a writeback of € 2 million on investment securities.

Capital Markets balance sheet metrics	30 June 2024 € bn	30 June 2023 € bn	% change
Property	0.3	0.5	
Non-property business	1.6	1.3	
New lending	1.9	1.8	5
	30 June 2024 € bn	**31 December 2023 € bn**	
Mortgages	0.5	0.5	
Personal	0.1	—	
Property	6.7	6.5	
Non-property business	10.7	10.4	
Gross loans	18.0	17.4	3
ECL allowance	(0.7)	(0.7)	
Net loans	17.3	16.7	3
Investment securities	2.5	2.4	2
Current accounts	10.2	10.9	-6
Deposits	4.8	4.0	19
Customer accounts	15.0	14.9	1

New lending
€1.9bn

New lending of € 1.9 billion was € 0.1 billion or 5% higher than the half-year to June 2023 driven by selective growth in syndicated lending partially offset by lower property and corporate lending.

Net loans
€17.3bn

Net loans increased by € 0.6 billion or 3% to € 17.3 billion primarily driven by new lending exceeding redemptions.

ECL allowance
€0.7bn

The ECL allowance of € 0.7 billion as at 30 June 2024 was in line with 31 December 2023.

Investment securities
€2.5bn

Investment securities of € 2.5 billion were € 0.1 billion higher than 31 December 2023.

Customer accounts
€15.0bn

Customer accounts increased by € 0.1 billion compared to 31 December 2023.

Climate Capital

Climate Capital contribution statement	Half-year June 2024 € m	Half-year June 2023 € m	% change
Net interest income	51	39	31
Other income	6	5	
Total operating income	57	44	30
Total operating expenses	(20)	(16)	25
Operating contribution before impairments and exceptional items	37	28	32
Net credit impairment (charge)/ writeback	(4)	3	—
Contribution before exceptional items	33	31	6

Net interest income
€51m

Net interest income has increased by € 12 million compared to the half-year to June 2023 primarily driven by an increase in average loan volumes and higher average interest rates.

Other income
€6m

Other income was broadly in line with the prior period.

Total operating expenses
€20m

Total operating expenses increased by € 4 million compared to the half-year to June 2023 due to higher personnel expenses.

Net credit impairment charge
€4m

There was a net credit impairment charge of € 4 million in the half-year to June 2024 compared to a writeback of € 3 million in the half-year to June 2023.

Climate Capital balance sheet metrics	30 June 2024 € bn	30 June 2023 € bn	% change
New lending	0.8	0.3	
	30 June 2024 € bn	31 December 2023 € bn	
Climate Capital Europe	2.4	2.3	
Climate Capital UK	1.6	1.4	
Climate Capital US	0.7	0.4	
Gross loans	4.7	4.1	15
ECL allowance	0.0	0.0	—
Net loans	4.7	4.1	15
Investment securities	0.1	0.1	—
Current accounts	0.3	0.2	26
Deposits	0.1	0.1	—
Customer accounts	0.4	0.3	27

New lending
€0.8bn

New lending of € 0.8 billion was € 0.5 billion higher than the half-year to June 2023 reflecting continued growth in the renewable energy & infrastructure sector.

Net loans
€4.7bn

Net loans increased by € 0.6 billion or 15% to € 4.7 billion driven by higher new lending.

Customer accounts
€0.4bn

Customer accounts increased by € 0.1 billion compared to 31 December 2023.

Business Review – 1. Operating and Financial Review *continued*

AIB UK

AIB UK contribution statement	Half-year June 2024 £ m	Half-year June 2023 £ m	% change
Net interest income	**163**	162	*1*
Other income	**17**	19	*-10*
Total operating income	**180**	181	*-1*
Total operating expenses	**(76)**	(70)	*9*
Operating contribution before impairments and exceptional items	**104**	111	*-6*
Net credit impairment charge	**(18)**	(6)	—
Operating contribution before exceptional items	**86**	105	*-18*
Income from equity accounted investments	**3**	2	*28*
Contribution before exceptional items	**89**	107	*-17*
Contribution before exceptional items € m	**104**	122	*-15*

AIB UK balance sheet metrics	30 June 2024 £ bn	30 June 2023 £ bn	% change
AIB GB Corporate	**0.3**	0.4	
AIB NI Retail	**0.1**	0.1	
New lending	**0.4**	0.5	*-25*
	30 June 2024 £ bn	31 December 2023 £ bn	
AIB GB Corporate	**3.9**	3.8	
AIB NI Retail	**1.1**	1.1	
Gross loans	**5.0**	4.9	*2*
ECL allowance	**(0.2)**	(0.2)	*-3*
Net loans	**4.8**	4.7	*2*
Current accounts	**3.7**	3.9	*-6*
Deposits	**3.2**	3.0	*5*
Customer accounts	**6.9**	6.9	—

Net interest income

£163m

Net interest income was in line with the prior period.

Other income

£17m

Other income of £ 17 million decreased by £ 2 million compared to the half-year to June 2023.

Total operating expenses

£76m

Total operating expenses increased by £ 6 million compared to the half-year to June 2023 due to higher personnel expenses.

Net credit impairment charge

£18m

There was a net credit impairment charge of £ 18 million in the half-year to June 2024 compared to £ 6 million in the half-year to June 2023.

New lending

£0.4bn

New lending of £ 0.4 billion was £ 0.1 billion or 25% lower than the half-year to June 2023.

Net loans

£4.8bn

Net loans of £ 4.8 billion increased by £ 0.1 billion compared to 31 December 2023.

ECL allowance

£0.2bn

The ECL allowance of £ 0.2 billion at 30 June 2024 was in line with 31 December 2023.

Customer accounts

£6.9bn

Customer accounts of £ 6.9 billion at 30 June 2024 were in line with 31 December 2023.

Group

Group contribution statement	Half-year June 2024 € m	Half-year June 2023 € m	% change
Net interest income[1]	53	67	-20
Other income[1]	12	(10)	
Total operating income	65	57	14
Total operating expenses	(7)	(7)	—
Bank levies and regulatory fees	(11)	(94)	-88
Operating contribution before impairments and exceptional items	47	(44)	
Net credit impairment charge	—	(14)	
Loss on disposal of business	(2)	—	
Contribution before exceptional items	45	(58)	

Group balance sheet metrics	30 June 2024 € bn	31 December 2023 € bn	% change
Investment securities	15.7	14.9	5
Securities financing	6.7	6.5	3
Customer accounts	1.1	1.2	-8

Net interest income

€53m

Net interest income of € 53 million decreased by € 14 million compared to the half-year to June 2023 primarily due to higher funding costs.

Other income

€12m

Other income increased by € 22 million compared to the half-year to June 2023 due to favourable movements on derivative valuation adjustments (XVA), higher interest rate related gains and the non-recurrence of a loss on termination of interest rate hedging derivatives.

Total operating expenses

€7m

Total operating expenses of € 7 million were in line with the half-year to June 2023.

Bank levies and regulatory fees

€11m

Bank levies and regulatory fees decreased by € 83 million compared to the half-year to June 2023 due to lower Deposit Guarantee Scheme and Single Resolution Fund fees.

Investment securities

€15.7bn

Investment securities of € 15.7 billion, primarily held for liquidity purposes, increased by € 0.8 billion from 31 December 2023.

Securities financing

€6.7bn

Securities financing of € 6.7 billion has increased by € 0.2 billion from 31 December 2023.

Customer accounts

€1.1bn

Customer accounts were € 1.1 billion at 30 June 2024 compared to € 1.2 billion at 31 December 2023.

1. As outlined on page 12 'Change in presentation of income and expense for certain derivatives', the comparative net interest income and other income figures for 2023 have been re-presented.

Business Review –
1. Operating and Financial Review *continued*

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. Average balances for interest-earning liabilities are based on a combination of daily/monthly balances, with the exception of customer accounts and deposits by banks 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 views as distorting the 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 27. Exceptional items include: – ***Customer redress*** reflects a net charge for remediation payments to customers and associated costs in respect of legacy matters. – ***Inorganic transaction costs*** include costs associated with the acquisition and migration of a portfolio of Ulster Bank corporate and commercial loans and a portfolio of Ulster Bank tracker (and linked) mortgages. – ***Loss on disposal of loan portfolios*** relates to the disposal of non-performing loan portfolios. – ***Other*** includes a fee receivable on the exit of a servicing agreement for a non-core legacy business.
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 at amortised cost as a percentage of non-performing loans at amortised cost.
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 30.
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 before exceptional items – Total exceptional items

Reconciliation between IFRS and management performance summary income statements

Performance has been adjusted to exclude items viewed as exceptional by management and which management views as distorting the 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 2024 € m	Half-year June 2023 € m
Net interest income	2,075	1,753
Other income	405	444
Total operating income	2,480	2,197
Total operating expenses	(1,140)	(1,122)
Operating profit before impairment losses	1,340	1,075
Net credit impairment charge	(61)	(91)
Operating profit	1,279	984
Income from equity accounted investments	16	3
Loss on disposal of business	(2)	—
Profit before taxation	1,293	987
Income tax charge	(185)	(133)
Profit for the period	1,108	854

Adjustments – between IFRS and management performance

Other income	**of which: exceptional items**					
		Loss on disposal of loan portfolios	5		12	
		Other	(15)		—	
				(10)		12
Total operating expenses	**of which: bank levies and regulatory fees**			128		107
	of which: exceptional items					
		Customer redress	47		63	
		Inorganic transaction costs	18		53	
		Restructuring costs	—		2	
				65		118

Management performance – summary income statement	Half-year June 2024 € m	Half-year June 2023 € m
Net interest income	2,075	1,753
Other income[1]	395	456
Total operating income[1]	2,470	2,209
Total operating expenses[1]	(947)	(897)
Bank levies and regulatory fees[1]	(128)	(107)
Operating profit before impairment losses and exceptional items[1]	1,395	1,205
Net credit impairment charge	(61)	(91)
Operating profit before exceptional items[1]	1,334	1,114
Income from equity accounted investments	16	3
Loss on disposal of business	(2)	—
Profit before exceptional items[1]	1,348	1,117
Total exceptional items[1]	(55)	(130)
Profit before taxation	1,293	987
Income tax charge	(185)	(133)
Profit for the period	1,108	854

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 2.8' on page 192 of the Group's Annual Financial Report 2023. The Group has elected to cease the application of transitional capital arrangements and as a result the capital position is on a fully loaded basis only.

Regulatory capital and capital ratios[1]

	Fully loaded 30 June 2024 € m	Transitional 31 December 2023 € m	Fully loaded 31 December 2023 € m
Equity	**14,289**	15,077	15,077
Less: Additional Tier 1 Securities	**(1,401)**	(1,115)	(1,115)
Foreseeable charges/proposed ordinary dividend[2]	**(727)**	(696)	(696)
Foreseeable charges/proposed share buyback[3]	**(505)**	(1,000)	(1,000)
Regulatory adjustments:			
Intangible assets and goodwill	**(519)**	(535)	(535)
Cash flow hedging reserves	**765**	287	287
IFRS 9 CET1 transitional add-back	**—**	223	—
Pension	**(23)**	(26)	(26)
Deferred tax	**(2,316)**	(2,218)	(2,458)
Calendar provisioning[4]	**(71)**	(77)	(77)
Other[5]	**(70)**	(52)	(52)
	(2,234)	(2,398)	(2,861)
Total common equity tier 1 capital	**9,422**	9,868	9,405
Additional tier 1 capital			
Additional tier 1 issuance	**1,240**	1,115	1,115
Other	**(3)**	(3)	(3)
Total additional tier 1 capital	**1,237**	1,112	1,112
Total tier 1 capital	**10,659**	10,980	10,517
Tier 2 capital			
Subordinated debt	**1,650**	1,500	1,500
Instruments issued by subsidiaries that are given recognition in tier 2 capital	**31**	29	30
IRB Excess of provisions over expected losses eligible	**109**	111	111
IFRS 9 tier 2 transitional adjustment	**—**	(65)	—
Other	**(3)**	(3)	(3)
Total tier 2 capital	**1,787**	1,572	1,638
Total capital	**12,446**	12,552	12,155
Risk-weighted assets			
Credit risk	**54,585**	53,409	53,229
Market risk	**486**	342	342
Operational risk	**5,822**	5,822	5,822
Credit valuation adjustment and settlement risk	**58**	70	70
Total risk-weighted assets	**60,951**	59,643	59,463
	%	%	%
Common equity tier 1 ratio	**15.5**	16.5	15.8
Tier 1 ratio	**17.5**	18.4	17.7
Total capital ratio	**20.4**	21.0	20.4

1. Prepared under the regulatory scope of consolidation. Capital ratios as at 30 June 2024 have been presented including the benefit of the retained profit in the period. Under Article 26 (2) of the Capital Requirements Regulation (CRR), financial institutions may include independently verified interim profits in their regulatory capital only with the prior permission of the competent authority, namely the ECB, and such permission is being sought.
2. 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 half year June 2024. The proposed ordinary dividend was € 696 million in respect of 2023. Equity at 30 June 2024 was reduced by this dividend payment in May 2024.
3. A proposed share buyback of € 505 million (including Odd-Lot and associated costs) has been included as a foreseeable distribution, in line with the new EBA Q&A 2023_6887 released in quarter 4 2023.
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 in Equity includes prudent valuation adjustment for the Ulster Bank forward contract.

Capital requirements

The table below sets out the Group's capital requirements at 30 June 2024.

Regulatory Capital Requirements	30 June 2024
CET1 Requirements	
Pillar 1	4.50 %
Pillar 2 requirement (P2R)	1.46 %
Combined buffer requirement	5.43 %
Capital Conservation Buffer (CCB)	*2.50 %*
O-SII buffer	*1.50 %*
Countercyclical buffer (CCyB) Impact	*1.43 %*
CET1 Requirement	**11.39 %**
AT1	**1.99 %**
Tier 2	**2.65 %**
Total Capital Requirement	**16.03 %**

The table does not include Pillar 2 Guidance ('P2G') which is not publicly disclosed.

The Central Bank of Ireland ('CBI') increased the CCyB for Irish exposures to 1.5% on 7 June 2024 (equating to an estimated 1.03% Group requirement). The CCyB for UK exposures remains at 2% (equating to an estimated 0.34% Group requirement). Other jurisdictional exposures equate to a 0.06% Group requirement.

Capital ratios at 30 June 2024

Fully Loaded Ratio

The fully loaded CET1 ratio decreased to 15.5% at 30 June 2024 from 15.8% at 31 December 2023.

Profit after tax of € 1.1 billion (+1.9%) is offset by foreseeable charges in respect of dividends (-1.2%), and a share buyback (-0.8%). The remainder of the CET1 ratio movement is predominantly due to an increase in Risk Weighted Assets ('RWAs'), mainly due to growth in the balance sheet.

The fully loaded total capital ratio is 20.4% at 30 June 2024 (20.4% at 31 December 2023). Two new capital issuances of € 625 million AT1 and € 650 million Tier 2 securities were completed in the first six months of 2024 as well as the partial redemption of the AT1 (€ 500 million) and Tier 2 instruments (€ 500 million) both issued in 2019. The amounts that were not redeemed are no longer recognised in the regulatory capital position.

Transitional Ratio

The transitional CET1 ratio was 16.5% at 31 December 2023. The Group has elected to cease reporting the transitional arrangement as at June 2024 (as per CRR Article 473a).

Distributions

Proposed buyback of ordinary shares

The Group has received regulatory approval from the European Central Bank ("ECB") for buybacks of its ordinary shares in an aggregate consideration amount of €505 million (including the Odd Lot and all costs relating to the buybacks). Discussions with the Department of Finance in relation to a potential €500 million directed buyback of the Irish State's shareholding in AIB are currently underway. Any such buyback is subject to the approval of the Minister for Finance.

Ordinary Dividend

Consistent with Article 2 Regulation (EU) No 241/2014, a foreseeable charge of 60% of first half attributable earnings, being the maximum dividend payout ratio under the Group's dividend policy, has been deducted from CET1. The decision on ordinary dividends from full year 2024 profits will be considered at year-end by the Board.

Model Redevelopment

A regulatory decision in relation to the redeveloped corporate model has been received with the implementation of the redeveloped model resulting in a largely neutral capital impact.

Finalisation of Basel III

The final Basel III standards which will be enacted in EU legislation through the Capital Requirements Regulation 3 (CRR3) were published in June 2024 and will apply from 1 January 2025. On the basis of the published legislation the Group expects a modest positive impact to RWA on initial implementation. 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 2024 the Group has an MREL ratio of 33.2% of RWAs (31 December 2023: 34.0%) which is in excess of the requirement of 30.0% of RWA including the combined buffer requirement. In the six months to 30 June 2024, the Group issued a replacement $ 1 billion senior non-preferred MREL instrument.

Business Review – 2. Capital *continued*

Ratings

AIB Group plc is rated at investment grade with Moody's and Standard & Poor's (S&P).

AIB Group plc

	30 June 2024	
Long term ratings	**Moody's**	**S&P**
Long term	**A3**	**BBB**
Outlook	**Positive**	**Stable**
Investment grade	✓	✓

	31 December 2023	
Long term ratings	Moody's	S&P
Long term	A3	BBB
Outlook	Positive	Stable
Investment grade	✓	✓

Return on Shareholder Equity ('ROE')/ Return on Tangible Equity ('RoTE')

The RoTE for the six months to 30 June 2024 is 25.5% (Half- Year June 2023: 21.5%).

Return on Shareholder Equity (RoE)/ Return on Tangible Equity (RoTE)	**Half-year June 2024 € m**	Half-year June 2023 € m
Profit after tax	**1,108**	854
AT1 coupons paid	**(34)**	(33)
Attributable earnings	**1,074**	821
Average Shareholder Equity	**13,423**	11,413
Return on Shareholder Equity[1]	**16.0%**	14.4%
Average RWA	**60,207**	56,963
RWA * 14% CET1 target[2]	**8,429**	7,690
Return on Tangible Equity[1]	25.5%	21.5%

1. Annualised ROE and RoTE.
2. The Group's CET1 target for 2024 is greater than 14%. The 2023 RoTE is calculated using the target of greater than 13.5%.

Note: RoTE is considered an Alternative Performance Measure.

Risk Management

The information below in sections, paragraphs or tables denoted as reviewed in the Risk Management section forms an integral part of the condensed consolidated interim financial statements as described in note 1 'Basis of preparation'. All other information, including tables, in the Risk Management section are additional disclosures and do not form 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. The Group's Risk Management Framework, which encompasses key principles and practices for managing the Group's risks, serves as a solid foundation for ensuring the identification and appropriate oversight of new risks from a governance standpoint. This robust Framework enables the Group to maintain a proactive and adaptable approach to risk management, allowing it to address emerging risks effectively. Further details on how risk is managed within the Group are set out in the Risk Management section of the Annual Financial Report 2023 on pages 122 to 196. There has been no significant change to the Group's Risk Management Framework or approach during the first six months of the year.

The Group's Principal Risks and uncertainties are identified by ongoing risk management practices as well as the annual Material Risk Assessment (MRA) process. Through these processes, combined with scenario analysis and stress testing, the Group considers risks that arise from the impact of external market developments, geopolitical events or other emerging risks which could potentially impact on its customers, earnings, capital and liquidity, as well as on its operations or reputation.

There have been no changes to the Principal Risks set out on pages 27 to 30 of the Annual Financial Report 2023. The Group's ten 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 risk agenda continues to be largely dominated by geopolitical and economic threats, including ongoing challenges related to the prolonged period of strong increases in the cost-of-living and business costs, against a background of generally higher global economic uncertainty.

The Group continues to review the impact of conflicts in the Middle East and Ukraine. The potential consequences of these situations are still developing but could have global economic impacts such as supply chain disruption, lower investment, higher inflation or an increased prevalence of cyber security threats.

Despite the macro-economic headwinds, the underlying macro picture in the economies where the Group is primarily exposed has remained quite favourable. As a consequence, the Group has performed strongly, whilst remaining vigilant to the uncertainties that have remained throughout the six-month period.

Ireland's economic prospects for the short-term reveal a promising trajectory, influenced by a strong labour market and a decline in inflation. Prospects for the UK have picked up of late and a prolonged period of relative political stability may provide a stronger backdrop for much needed investment growth.

Whilst the CRE market continues to face significant structural and cyclical challenges both globally and in Ireland, the overall risk profile of the Group's loan portfolio does not show any significant signs of increased financial stress since the last reporting date. The Group continues to utilise PMAs to protect against downside risks. It remains vigilant to ongoing and future developments, will continue to proactively identify potential risks and challenges and will respond accordingly. Although interest rates have started to decline in Europe, they remain significantly higher than recent history. In this context, the Group continues to ensure that high standards of prudent lending are maintained and those in vulnerable circumstances are treated appropriately.

Credit risk

Credit risk – Management judgements

Management judgements at 30 June 2024:

- Economic data has improved so far in 2024 with headline inflation rates continuing to ease and central banks commencing reductions in interest rates which should support economic activity and loosening of financial conditions. Labour market conditions remain tight, however, which has underpinned 'sticky' core inflation in many countries with the risk that geopolitical tensions could disrupt supply chains and reignite higher commodity prices.
- The Group's view is that risks to the economic outlook remain tilted to the downside. For the purposes of IFRS 9 ECL reporting, the following weightings for end-June 2024 have been applied: Base scenario 50% (no change compared to year-end 2023), Upside scenario 10% (no change), Downside 1 scenario 35% (change +5%) and Downside 2 scenario 10% (change -5%). Further details are outlined in the macroeconomic scenarios and weightings section below.
- The Group's sensitivity analysis to the macroeconomic scenario weightings are outlined on page 37. Under the 100% Downside 2 ('Credit crunch') scenario, a 46% increase in ECL compared to the reported ECL allowance stock is estimated.
- ECL allowance stock relating to post model adjustments (PMAs) has decreased by € 82 million in the period to € 452 million. ECL allowance stock relating to PMAs as a percentage of total ECL stock is 29% (31 December 2023: 35%). The decrease in the period reflects the partial unwind of certain PMAs as risks are captured in the modelled outcomes. This reduction is partially offset by a new PMA in relation to the ongoing grading model recalibration for the non-mortgage portfolios. Further details are outlined under the post model adjustments section on pages 38 and 39.

Details on the various aspects of the Group's credit risk management are outlined on pages 126 to 176 of the Annual Financial Report 2023 with the Group's accounting policies for financial assets included in note 1 to the consolidated financial statements on pages 225 and 226.

There have been no changes to the Group's accounting policies for financial assets since 31 December 2023. In determining ECL allowance, the Group keeps under constant review its bases of measurement, methodologies and judgements as outlined on pages 130 to 141 of the Annual Financial Report 2023.

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 2023 and have been subject to the Group's established governance process.

Macroeconomic scenarios

The global economic backdrop has improved in recent months, with macroeconomic data pointing to a modest upturn in growth in the UK and Eurozone, while the expansion in the US economy proceeds apace. Easing inflation and expected cuts to central bank rates should support economic activity in the near term. Despite this, there still remains some significant risks to the global economic outlook. Among the key risks include the current elevated levels of geopolitical tensions and uncertainty regarding the electoral outcome across many key economies in 2024. As a result, risks to the outlook are judged to remain tilted to the downside.

The Group has applied four scenarios in the calculation of ECL that, in its view, reflect ongoing uncertainty regarding the economic outlook, as at the reporting date. These four scenarios consist of a base case scenario and three alternative scenarios (consisting of one upside and two downside scenarios). These alternative scenarios consider *inter alia* higher inflation compared to Base ('Downside 1'), a tightening of financial conditions leading to a credit crunch ('Downside 2') and the impact of a de-escalation of geopolitical tensions on global economic activity ('Upside'). Non-linear effects are captured in the development of the respective risk parameters.

Base case: Irish GDP is projected to grow by a range of 2.4% to 2.6% annually from 2024-2026, and averaging 2.5% thereafter, driven by a combination of solid growth in domestic demand and exports. Economic activity in both the UK and Eurozone is forecast to grow by 0.8% in 2024, reflecting the effects of inflation and high interest rates. The pace of growth for the US economy is likely to remain strong in 2025-2026 at 1.8%, but accelerate to 1.5% in the case of the Eurozone and UK, as conditions improve.

Conditions in the Irish labour market are expected to normalise after a period of strong performance. Unemployment is expected to increase slightly over the period 2024-2026, particularly in the UK, as labour market conditions loosen. Eurozone inflation is forecast to ease to 2% or below by 2025, though core inflation will fall more slowly.

Irish house prices are projected to grow 3.5% in 2024 and 2.5% in 2025 driven by an overhang of strong demand that exceeds supply. UK house prices are forecast to increase by 3% in 2024 and 4% in 2025 as financial conditions ease. Reflecting a period of prolonged weakness in the sector, Irish CRE prices are expected to fall 5% in 2024 before recovering modestly. UK CRE prices are seen stabilizing with 4.5% growth in 2024 and a modest recovery thereafter.

Risk Management *continued*

Credit risk – Management judgements *continued*
Macroeconomic scenarios and weightings *continued*

Downside 1 (‘Delayed rate cuts’): The economic environment in 2024-2025 is assumed to be marked by stubbornly high core inflation, and deepening geo-political fragmentation resulting in disruption to supply chains and a spike in commodity prices.The Irish and US economies experience a period of stagnation in 2024 and 2025, In contrast, the UK and Eurozone economies contract in both years. Unemployment rates rise significantly, reaching 8% in both Ireland and the UK by 2026. Inflation eventually approaches target by late 2025-2026. Additionally, property prices experience significant declines in both markets.

Downside 2 (‘Credit crunch’): The tightening of monetary policy in order to counter persistent inflation proves overly restrictive and leads to a collapse in economic growth in 2024-25, exacerbated by geopolitical tensions.Tight financial conditions and an elevation in banking system vulnerabilities, especially in the US, result in a credit crunch and tighter lending standards for households and businesses. Emerging market economies face severe pressure with capital outflows and debt distress, while growth in China's economy is greatly curtailed. The global downturn generates a deep recession, with GDP in major economies experiencing a significant contraction in both 2024 and 2025.

Due to its reliance on the multinational sector, the Irish economy is hit harder than most, with GDP falling 2.9% and 2.8% in 2024 and 2025 respectively. This leads to a sharp rise in unemployment which helps to dampen inflationary pressures and allows central banks to aggressively cut interest rates in 2024-2025.

Residential and commercial property prices experience significant declines in Ireland and the UK though these are less severe than the previous collapse during the global financial crisis.

Upside (‘Quick economic recovery’): In the upside scenario, economic growth accelerates in 2024-2026 due to a benign geopolitical environment, faster household savings drawdown, and continued fiscal support, especially in Ireland (though less so in the UK). Along with GDP growth, unemployment, and property prices are projected to outperform the base case. This leads to higher inflation which results in central bank rate hikes.

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 2024 (average over 2024-2028) and at 31 December 2023 (average over 2023-2027). Further detail on the scenarios as at 31 December 2023 can be found in the Annual Financial Report 2023 on pages 134 to 138.

	June 2024 5 year (2024-2028) average forecast				December 2023 5 year (2024-2028) average forecast			
Macroeconomic factor (%)	**Base**	**Downside 1 (‘Delayed rate cuts’)**	**Downside 2 (‘Credit crunch’)**	**Upside (‘Quick economic recovery’)**	Base	Downside 1 (‘Persistently high inflation’)	Downside 2 (‘Credit crunch’)	Upside (‘Quick economic recovery’)
Republic of Ireland								
GDP growth	**2.5**	**1.6**	**0.4**	**3.6**	3.5	3.0	1.1	4.2
Residential property price growth	**2.6**	**(0.1)**	**(4.7)**	**4.2**	2.1	(0.5)	(4.7)	3.6
Unemployment rate	**4.4**	**7.4**	**9.9**	**3.6**	5.5	7.1	10.4	3.6
Commercial property price growth	**1.8**	**(1.2)**	**(5.2)**	**3.9**	2.5	(1.4)	(5.2)	4.7
Employment growth	**1.6**	**0.8**	**(0.6)**	**1.9**	1.6	0.9	(0.6)	1.9
Average disposable income growth	**4.4**	**4.0**	**3.0**	**6.5**	5.2	4.9	3.3	6.5
Inflation	**2.0**	**2.9**	**1.9**	**3.1**	2.3	3.3	2.1	3.4
United Kingdom								
GDP growth	**1.3**	**0.5**	**—**	**1.9**	1.2	0.4	(0.1)	1.8
Residential property price growth	**2.8**	**(1.2)**	**(5.4)**	**4.7**	1.2	(1.2)	(5.4)	3.0
Unemployment rate	**4.4**	**7.2**	**9.1**	**3.8**	5.0	7.2	9.1	3.8
Commercial property price growth	**3.2**	**(1.8)**	**(6.1)**	**5.4**	3.3	(2.0)	(6.1)	5.5
Inflation	**2.3**	**2.7**	**1.8**	**3.4**	2.4	3.9	2.3	4.0

Credit risk - Management judgements *continued*

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 2024. Page 137 of the Annual Financial Report 2023 provides the same detail for the 31 December 2023 scenarios.

										30 June 2024
					Base					Downside 1 ('Delayed rate cuts')
Macroeconomic factor	2024 %	2025 %	2026 %	2027 %	2028 %	2024 %	2025 %	2026 %	2027 %	2028 %
Republic of Ireland										
GDP growth	2.4	2.6	2.4	2.4	2.5	—	0.5	2.3	2.5	2.6
Residential property price growth	3.5	2.5	2.5	2.5	2.0	(6.5)	(3.0)	4.0	2.5	2.5
Unemployment rate	4.5	4.4	4.4	4.4	4.5	5.6	7.1	7.9	8.2	8.0
Commercial property price growth	(5.0)	3.0	5.0	3.0	3.0	(11.0)	(3.0)	3.0	3.0	2.0
Employment growth	1.8	1.7	1.5	1.5	1.4	0.4	(0.3)	0.7	1.4	2.0
Average disposable income growth	5.3	4.7	4.0	4.0	4.0	5.0	3.8	3.1	4.0	4.0
Inflation	2.2	1.9	2.0	2.0	2.0	4.5	3.5	2.5	2.0	2.0
United Kingdom										
GDP growth	0.8	1.5	1.5	1.3	1.3	(0.9)	(0.3)	0.7	1.3	1.6
Residential property price growth	3.0	4.0	3.0	2.0	2.0	(10.0)	(3.5)	1.5	3.0	3.0
Unemployment rate	4.1	4.4	4.5	4.6	4.6	5.5	7.0	8.0	8.0	7.5
Commercial property price growth	4.5	3.5	3.0	3.0	2.0	(11.5)	(3.0)	1.5	2.0	2.0
Inflation	3.0	2.3	2.0	2.0	2.0	4.5	2.8	2.1	2.0	2.0

					Downside 2 ('Credit crunch')					Upside ('Quick economic recovery')
Macroeconomic factor	2024 %	2025 %	2026 %	2027 %	2028 %	2024 %	2025 %	2026 %	2027 %	2028 %
Republic of Ireland										
GDP growth	(2.9)	(2.8)	(0.2)	3.7	4.4	3.8	3.7	3.3	3.5	3.5
Residential property price growth	(12.0)	(13.0)	(1.0)	1.0	1.5	6.5	5.0	4.0	3.0	2.5
Unemployment rate	6.2	8.9	11.1	11.9	11.4	4.0	3.7	3.6	3.5	3.5
Commercial property price growth	(15.0)	(16.0)	(1.0)	2.5	3.5	3.0	5.5	4.0	4.0	3.0
Employment growth	(1.2)	(2.4)	(1.7)	0.4	2.0	2.5	2.0	2.0	1.7	1.5
Average disposable income growth	3.3	2.1	2.5	3.2	4.0	8.2	7.5	6.5	5.2	5.0
Inflation	2.0	1.5	1.8	2.0	2.0	4.5	3.5	3.0	2.5	2.0
United Kingdom										
GDP growth	(2.4)	(1.6)	0.5	1.5	2.0	1.8	3.0	2.0	1.5	1.5
Residential property price growth	(12.0)	(15.0)	(2.5)	1.0	1.5	6.0	7.0	4.5	3.0	3.0
Unemployment rate	6.3	8.5	10.0	10.5	10.0	4.3	3.9	3.7	3.5	3.6
Commercial property price growth	(15.5)	(17.0)	(4.5)	2.5	4.0	6.5	7.0	5.5	4.0	4.0
Inflation	2.0	1.5	1.5	2.0	2.0	5.0	4.5	3.0	2.5	2.0

The key differences to the scenario forecasts versus December 2023 relate to downward revisions to inflation in our main markets, a stronger outlook for house prices and the Irish labour market. Irish GDP growth projections have been scaled back, however, due to weaker activity in the multinational sector. 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.

Risk Management *continued*

Credit risk – Management judgements *continued*

Macroeconomic scenarios and weightings *continued*

The weights for the scenarios are ultimately based on expert judgement, with reference to external market information where possible, though the decision is also informed by analysis using more formal econometric methods, e.g., using Early Warning Indicators of future turning points in economic activity to assess the relative probabilities of moderate and more severe downturns. The decrease in the weighting for Downside 2 for this reporting period reflects the strength of ongoing economic data and evidence of a lower likelihood of more extreme macroeconomic outcomes. The increase in the weighting for Downside 1 reflects a more elevated geopolitical risk environment which is a core pillar of this scenario.

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

Scenario *(reviewed)*	Weighting 30 June 2024		Weighting 31 December 2023
Base	**50%**	Base	50%
Downside 1 (‘Delayed rate cuts’)	**35%**	Downside 1 ('Persistently high inflation’)	30%
Downside 2 (‘Credit crunch’)	**5%**	Downside 2 (‘Credit crunch’)	10%
Upside (‘Quick economic recovery’)	**10%**	Upside (‘Quick economic recovery’)	10%

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 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.

Credit risk – Management judgements *continued*

Sensitivities *(reviewed)*

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 provide an indication of ECL movements that include changes in model estimates, and quantitative 'significant increase in credit risk' ("SICR") staging assignments, with a single 100% weighting applied individually. Further details on post model adjustments are outlined on pages 38 and 39.

Relative to the base scenario, in the 100% downside 'Delayed rate cuts' and 'Credit crunch' scenarios, the ECL allowance increases by 31% and 64% respectively. In the 100% upside scenario, the ECL allowance declines by 6%, showing that the ECL impact of the two downside scenarios is greater than that of the upside scenario. For 30 June 2024, a 100% downside 'Delayed rate cuts' and 'Credit crunch' scenario sees a higher ECL allowance sensitivity of € 452 million and € 927 million respectively compared to base (€ 277 million and € 752 million respectively compared to reported). Slightly lower relative impacts are observed for the AIB UK portfolio on an overall reported basis.

	ECL allowance at 30 June 2024				
	Reported	**100% Base**	**100% Downside Scenario 1 ('Delayed rate cuts')**	**100% Downside Scenario 2 ('Credit crunch')**	**100% Upside Scenario ('Quick economic recovery')**
Loans and advances to customers *(reviewed)*	**Total € m**	**Total € m**	**Total € m**	**Total € m**	**Total € m**
Residential mortgages	**314**	**290**	**353**	**523**	**267**
Other personal	**137**	**132**	**147**	**166**	**127**
Property and construction	**536**	**459**	**664**	**823**	**438**
Non-property business	**587**	**528**	**680**	**785**	**490**
Total	**1,574**	**1,409**	**1,844**	**2,297**	**1,322**
Off-balance sheet loan commitments	**46**	**39**	**51**	**68**	**37**
Financial guarantee contracts	**14**	**11**	**16**	**21**	**10**
	1,634	**1,459**	**1,911**	**2,386**	**1,369**
Of which:					
AIB UK segment	**235**	**210**	**276**	**281**	**198**

	ECL allowance at 31 December 2023				
	Reported	100% Base	100% Downside Scenario ('Persistently high inflation')	100% Downside Scenario ('Credit crunch')	100% Upside Scenario ('Quick economic recovery')
Loans and advances to customers *(reviewed)*	Total € m	Total € m	Total € m	Total € m	Total € m
Residential mortgages	309	291	329	540	262
Other personal	97	94	98	119	90
Property and construction	541	501	567	796	433
Non-property business	573	543	618	749	490
Total	1,520	1,429	1,612	2,204	1,275
Off-balance sheet loan commitments	43	37	44	65	32
Financial guarantee contracts	16	16	17	26	15
	1,579	1,482	1,673	2,295	1,322
Of which:					
AIB UK segment	221	214	232	233	208

Risk Management *continued*

Credit risk – Management judgements *continued*

Post model adjustments (PMAs) *(reviewed)*

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 not captured in the models. They may also be used where models are being redeveloped but are not yet deployed, where the impact of introducing the new models can be accurately quantified.

PMAs are approved under the ECL governance process through which the appropriateness of PMAs is 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 and management's view of emerging trends. Release of PMAs will occur as new models are deployed or where the risk has been judged by management to be captured in the model outcomes, or to have passed.

The PMAs approved for 30 June 2024 (and 31 December 2023 comparison) are set out below and categorised as follows:

– **NPE resolution** – ECL adjustments where the current model does not take into account downside risks that should be incorporated into the final loss estimate.

– **Sectoral/Emerging risks** – ECL adjustments which reflect novel risks within a sector or portfolio for which there has not been time to embed an adjustment within the related models or where the models are incapable of differentiating the nuanced sectoral impacts of each novel risk.

– **Future model developments/Other** – ECL adjustments required where the impact of upcoming model changes or recalibrations is known with sufficient accuracy to inform adjustment and ECL adjustments where it was judged that an amendment to the modelled ECL was required for reasons other than the above.

					30 June 2024
Post model adjustments *(reviewed)*	**Residential mortgages €m**	**Other personal €m**	**Property and construction €m**	**Non-property business €m**	**Total €m**
NPE resolution	**51**	**—**	**86**	**14**	**151**
Sectoral/Emerging risks	**21**	**—**	**113**	**2**	**136**
Future model developments/Other[1]	**—**	**13**	**32**	**120**	**165**
PMA total	**72**	**13**	**231**	**136**	**452**

					31 December 2023
Post model adjustments *(reviewed)*	Residential mortgages €m	Other personal €m	Property and construction €m	Non-property business €m	Total €m
NPE resolution	58	—	113	29	200
Sectoral/Emerging risks	22	—	149	15	186
Future model developments/Other[1]	—	—	20	128	148
PMA total	80	—	282	172	534

1. The Capital Markets non-property business PMA of € 41 million at 30 June 2024 has been recategorised from 'Sectoral/Emerging risks' to 'Future model development/ Other' and the 31 December 2023 comparative (€ 47 million) has also been re-presented to reflect this change.

NPE resolution *(reviewed)*

A PMA of € 58 million was implemented at 31 December 2023 on Stage 3 mortgages, primarily to address potential ECL underestimation from higher yields in the current interest rate environment impacting portfolio sale assumptions within the mortgage model and uncertainty of the timing to transact NPE mortgage portfolio loan sales. At 30 June 2024, € 7 million of this PMA has been released on deployment of model enhancements and the remaining € 51 million has been retained.

PMAs relating to non-performing property (€ 86 million) and non-property business (€ 14 million) loans reflect an adjustment to account for latent risks and alternative resolution strategies, such as NPE portfolio loan sales. This PMA is to address the potential range of ECL outcomes depending on the ultimate resolution type. At 30 June 2024, the PMA for non-performing property and business loans reflects the potential reduction in asset values, particularly within commercial real estate and potential impacts from NPE portfolio loan sales. There has been a partial unwind of this PMA since year-end where the risk has now been captured through an update to valuations.

Sectoral/Emerging risks *(reviewed)*

Particular focus from management continues to be on assessing portfolios impacted by the combined effects of cost of living challenges, persistent inflationary pressures and the higher interest rate environment on customers' ability to repay. The ultimate impact of these effects is highly uncertain and is likely to result in nuanced sectoral impacts. However should they lead to a reduction in customers' ability to meet their loan repayment obligations, there will be an increase in credit risk which is expected to have a negative impact on the asset quality of the Group's loan portfolios. These PMAs are informed by a range of sensitivities and scenarios in relation to potential deterioration within the portfolios and associated ECL outcomes.

Within Capital Markets a PMA of € 102 million on property is to address potential adverse sector impacts due to a reduction in commercial property values and higher interest rates and associated refinance risk.This PMA reduced by € 20 million in the period following a bottom up assessment of customers considered at risk of moving to NPE or performing forborne.

Within the Retail Banking portfolio, a cost of living PMA of € 10 million reflecting the possible lag effect of higher interest rates pass through on residential mortgages rolling off fixed rate contracts over the next 3 years, has been retained at 30 June 2024.

The migration of € 3.8 billion of eligible Ulster Bank Tracker (and linked) mortgages was completed in July 2023. A staging adjustment completed at 31 December 2023 to move higher risk Stage 1 loans to Stage 2 and apply appropriate Stage 2 ECL cover, has been retained at 30 June 2024. The resulting PMA of € 11 million has reduced by € 1 million since 31 December 2023 mainly due to a reduction of the in scope Stage 1 population. This reflects the risk of default which management consider may not be fully captured in the PD models given the portfolio's credit performance observed post acquisition.

Within AIB UK, a PMA of € 13 million (€ 2 million non-property business and € 11 million property) also reflects the impact of higher interest rates and changing dynamics in the property market. This PMA reduced by € 28 million in the period as the risks have been captured in the modelled outcomes.

Credit risk – Management judgements *continued*

Post model adjustments (PMAs) *continued*

Future model developments/Other *(reviewed)*

The Capital Markets non-property business PMA (€ 41 million) reflects the potential impact of inflation (including higher energy costs) and high interest rates on non-property business. This has been retained for 30 June 2024 at a reduced level reflecting resilient performance of the underlying portfolios and cases completing forbearance probation periods. This adjustment has been reclassified from 'Sectoral/Emerging risks' to 'Future model developments/Other' as it is now expected the redeveloped corporate model due for deployment in the second half of 2024 will materially reduce the requirement for a PMA on the portfolio.

For the 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 do not fully capture the expected credit losses and therefore needed to be increased for this portfolio. Accordingly, management judgement has determined a PMA is required of € 44 million at 30 June 2024.

Within AIB UK, a PMA of € 60 million at 30 June 2024 relates to AIB Group’s strategic decision to consider an alternative exit strategy in respect of a cohort of non-core legacy loans.

Within the Retail Banking portfolio, the recalibrated grading models scheduled for deployment in the second half of 2024 are expected to result in additional exposures being assigned to watch grades and associated migration from Stage 1 to Stage 2. At 30 June 2024, a staging adjustment has been completed to transfer € 0.7 billion impacted Stage 1 loans to Stage 2 which has resulted in an increased ECL of € 19 million.

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

ECL governance *(reviewed)*

The key governance points in the ECL approval process during the half-year to 30 June 2024 were:

– Model Risk Committee;
– Asset and Liability Committee;
– Business level ECL Forum;
– Group Credit Committee; and
– Board Audit Committee.

For ECL governance, the Group’s senior management employ expert judgement in assessing the adequacy of the ECL allowance. This is supported by detailed information on the portfolios of credit risk exposures, and by the outputs of the measurement and classification approaches, 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 the 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 and subsidiaries 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 Forum), which also includes subsidiaries, 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. Board Audit Committee then recommends the Group's financial results to Board for ultimate final approval.

Risk Management *continued*

Credit risk – Credit exposure overview

Key credit profile metrics at 30 June 2024:

- Overall credit quality has remained relatively stable throughout the period, however latent risk remains a concern against the backdrop of continued inflationary and interest rate pressures. There was a net credit impairment charge of € 61 million in the half-year to 30 June 2024 (30 June 2023: € 91 million charge) comprising a € 63 million charge on loans and advances to customers (30 June 2023: € 91 million charge) partially offset by a € 2 million writeback for investment securities exposures (30 June 2023: € 9 million charge). The prior year also included a € 14 million writeback for off-balance sheet exposures, a € 3 million charge on securities financing and a € 2 million charge on loans to banks.
- Total new lending in the half-year to 30 June 2024 was € 6.3 billion which was an increase of € 0.7 billion or 13% higher versus the same period last year (30 June 2023: € 5.6 billion). The increase reflects strong new lending in the non-property business sector which increased by 38% driven by the growth in renewable energy and infrastructure projects in the USA and UK while mortgage and personal lending also increased by 11% and 10% respectively. However, property related lending was 39% lower than the comparable period last year reflecting reduced activity levels in the commercial real estate sector.
- Total gross loans and advances to customers have increased from € 67.0 billion to € 68.9 billion in the half-year to 30 June 2024, which primarily reflects new lending of € 6.3 billion exceeding redemptions/ repayments of € 4.7 billion. ECL stock has remained unchanged in the period at € 1.5 billion representing 2.3% ECL cover (31 December 2023: € 1.5 billion, 2.3%).
- The staging composition of the portfolio has remained relatively stable in the half-year to 30 June 2024 with Stage 1 loans at 85%, Stage 2 loans at 12% and Stage 3 loans at 3% (31 December 2023: 86%, 11% and 3% respectively). Stage 1 loans have increased by € 0.8 billion due to new lending, however Stage 2 loans have also increased by € 0.8 billion to € 8.5 billion (31 December 2023: € 7.7 billion). The increase in Stage 2 primarily reflects the post model adjustment to transfer € 0.7 billion of Stage 1 exposures to Stage 2 pending deployment of the recalibrated grading models for the Retail Banking non-mortgage portfolios in the second half of 2024. The recalibration reflects an improvement in how the Group measures the risk in the portfolio as opposed to any deterioration in customer asset quality, however this will result in an increase in the Group's criticised loans post grading model deployment. Non-performing loans at € 2.2 billion, have increased by € 0.2 billion in the period and now represent 3.2% of total gross loans (31 December 2023: 3.0%).

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.

Maximum exposure to credit risk *(reviewed)*

The following table sets out the financial instruments in the income statement, statement of financial position and the Group's maximum exposure to credit risk on those financial instruments.

Maximum exposure to credit risk *(reviewed)*	Half-year 30 June 2024	30 June 2024			30 June 2024		
	Income statement	Statement of financial position			Maximum exposure		
	Net credit impairment (charge)/ writeback	Exposure	ECL allowance	Carrying amount	Amortised cost	Fair Value	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Cash and balances at central banks	—	35,988	—	35,988 [1]	35,524	—	35,524
Derivative financial instruments	—	1,962	—	1,962	—	1,962	1,962
Loans and advances to banks	—	1,298	—	1,298	1,298	—	1,298
Loans and advances to customers:	(63)	68,940	(1,574)	67,366	67,308	58	67,366
Securities financing	—	6,685	(1)	6,684	6,684	—	6,684
Investment debt securities[2]	2	17,847	(1)	17,846	4,641	13,205	17,846
Trading portfolio financial assets	—	308	—	308	—	308	308
Included elsewhere:							
Trade receivables	—	116	(1)	115	115	—	115
Items in course of collection	—	74	—	74	74	—	74
Accrued interest	—	368	—	368	368	—	368
	(61)	133,586	(1,577)	132,009	116,012	15,533	131,545
Loan commitments and other credit related commitments	(3)	16,297	(46)	(46)	16,297	—	16,297
Financial guarantee contracts	3	1,035	(14)	(14)	1,035	—	1,035
	—	17,332 [3]	(60)	(60)	17,332	—	17,332
Total	(61)	150,918	(1,637)	131,949	133,344	15,533	148,877

1. Comprises balances at central banks of € 35,524 million and other cash on hand of € 464 million.
2. Excluding equity securities of € 382 million.
3. Comprises off-balance sheet instruments.

Credit risk – Credit exposure overview *continued*

Maximum exposure to credit risk *(reviewed)*	Half-year 30 June 2023	31 December 2023			31 December 2023		
	Income statement	Statement of financial position			Maximum exposure		
	Net credit impairment Writeback/ (charge)	Exposure	ECL allowance	Carrying amount	Amortised cost	Fair value	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Cash and balances at central banks	—	38,018	—	38,018 [1]	37,420	—	37,420
Derivative financing instruments	—	2,377	—	2,377	—	2,377	2,377
Loans and advances to banks	(2)	1,329	—	1,329	1,329	—	1,329
Loans and advances to customers	(91)	67,011	(1,520)	65,491	65,449	42	65,491
Securities financing	(3)	6,467	(1)	6,466	6,466	—	6,466
Investment securities[2]	(9)	17,001	(3)	16,998	4,510	12,488	16,998
Trading portfolio financial assets	—	93	—	93	—	93	93
Included elsewhere:							
Trade receivables	—	102	(1)	101	101	—	101
Items in course of collection	—	42	—	42	42	—	42
Accrued interest	—	396	—	396	396	—	396
	(105)	132,836	(1,525)	131,311	115,713	15,000	130,713
Loan commitments and other related commitments	11	16,136	(43)	(43)	16,136	—	16,136
Financial guarantees	3	857	(16)	(16)	857	—	857
	14	16,993 [3]	(59)	(59)	16,993	—	16,993
Total	(91)	149,829	(1,584)	131,252	132,706	15,000	147,706

1. Comprises balances at central banks of € 37,420 million and other cash on hand of € 598 million.
2. Excluding equity shares of € 355 million.
3. Comprises off-balance sheet instruments.

For further details on the net credit impairment charge in the six months to 30 June 2024, see 'Net credit impairment charge' (note 8).

Risk Management *continued*

Credit risk – Credit exposure overview *continued*

Concentration by industry sector

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 at 30 June 2024 and 31 December 2023:

Gross exposures to customers									30 June 2024
								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:									
Natural resources	4,321	2,182	6,503	6,243	212	48	—	6,503	27
Of which: renewables	*3,476*	*1,371*	*4,847*	*4,729*	*118*	—	—	*4,847*	—
Leisure	2,758	508	3,266	2,252	824	186	4	3,266	—
Manufacturing	2,664	1,955	4,619	3,948	632	38	1	4,619	—
Health, education and social work	1,967	350	2,317	1,753	541	21	2	2,317	—
Services	2,142	1,401	3,543	3,173	322	44	4	3,543	—
Agriculture, forestry and fishing	1,787	685	2,472	1,947	427	90	8	2,472	—
Retail and wholesale trade	1,810	1,872	3,682	3,266	340	70	6	3,682	15
Transport and storage	1,733	647	2,380	2,141	160	79	—	2,380	—
Telecommunications, media and technology	1,411	281	1,692	1,473	168	51	—	1,692	16
Financial, insurance and other government activities	562	893	1,455	1,413	31	11	—	1,455	—
Total non-property business	21,155	10,774	31,929	27,609	3,657	638	25	31,929	58
Property and construction	9,451	1,900	11,351	7,685	2,926	737	3	11,351	—
Residential mortgages	35,138	1,656	36,794	33,647	2,292	763	92	36,794	—
Other personal	3,138	3,002	6,140	5,117	897	126	—	6,140	—
Total	68,882	17,332	86,214	74,058	9,772	2,264	120	86,214	58
Concentration by location[1]									
Republic of Ireland	54,830	12,934	67,764	58,057	7,860	1,727	120	67,764	58
United Kingdom	8,648	3,130	11,778	10,352	1,105	321	—	11,778	—
North America	2,551	478	3,029	2,893	130	6	—	3,029	—
Rest of the World	2,853	790	3,643	2,756	677	210	—	3,643	—
	68,882	17,332	86,214	74,058	9,772	2,264	120	86,214	58

ECL allowance								30 June 2024
								At amortised cost
	ECL allowance			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:								
Natural resources	61	2	63	18	14	31	—	63
Of which: renewables	*22*	*2*	*24*	*14*	*10*	—	—	*24*
Leisure	133	4	137	16	84	39	(2)	137
Manufacturing	75	8	83	11	54	18	—	83
Health, education and social work	77	2	79	28	46	6	(1)	79
Services	42	4	46	13	20	13	—	46
Agriculture, forestry and fishing	50	3	53	5	16	37	(5)	53
Retail and wholesale trade	57	5	62	10	27	26	(1)	62
Transport and storage	48	1	49	7	9	33	—	49
Telecommunications, media and technology	24	1	25	8	9	8	—	25
Financial, insurance and other government activities	20	—	20	7	3	10	—	20
Total non-property business	587	30	617	123	282	221	(9)	617
Property and construction	536	23	559	117	219	224	(1)	559
Residential mortgages	314	1	315	18	73	219	5	315
Other personal	137	6	143	17	59	67	—	143
Total	1,574	60	1,634	275	633	731	(5)	1,634
Concentration by location[1]								
Republic of Ireland	1,115	51	1,166	145	467	559	(5)	1,166
United Kingdom	258	7	265	102	49	114	—	265
North America	37	1	38	16	17	5	—	38
Rest of the World	164	1	165	12	100	53	—	165
	1,574	60	1,634	275	633	731	(5)	1,634

1. Based on country of risk.

Credit risk – Credit exposure overview *continued*
Concentration by industry sector *continued*

Gross exposures to customers

	31 December 2023								
	At amortised cost								At FVTPL
	Gross carrying amount			Analysed by ECL stage profile					
Concentration by industry sector	Loans and advances to customers € m	Loan commitments and financial guarantees issued € m	Total € m	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m	Total € m
Non-property business:									
Natural resources	3,610	2,113	5,723	5,502	198	23	—	5,723	27
Of which: renewables	*2,907*	*1,133*	*4,040*	*3,960*	*80*	—	—	*4,040*	—
Leisure	2,666	555	3,221	2,428	603	185	5	3,221	—
Manufacturing	2,519	2,179	4,698	4,281	375	40	2	4,698	—
Health, education and social work	2,032	385	2,417	1,928	448	39	2	2,417	—
Services	2,064	1,333	3,397	3,103	247	43	4	3,397	—
Agriculture, forestry and fishing	1,780	707	2,487	2,071	323	84	9	2,487	—
Retail and wholesale trade	1,747	1,516	3,263	2,915	279	63	6	3,263	15
Transport and storage	1,710	596	2,306	2,094	171	40	1	2,306	—
Telecommunications, media and technology	1,394	332	1,726	1,621	93	12	—	1,726	—
Financial, insurance and other government activities	506	891	1,397	1,360	26	11	—	1,397	—
Total non-property business	20,028	10,607	30,635	27,303	2,763	540	29	30,635	42
Property and construction	9,237	2,224	11,461	7,504	3,270	683	4	11,461	—
Residential mortgages	34,764	1,236	36,000	32,817	2,390	695	98	36,000	—
Other personal	2,940	2,926	5,866	5,339	437	90	—	5,866	—
Total	66,969	16,993	83,962	72,963	8,860	2,008	131	83,962	42
Concentration by location[1]									
Republic of Ireland	53,887	12,887	66,774	57,876	7,280	1,487	131	66,774	42
United Kingdom	8,240	3,082	11,322	10,068	922	332	—	11,322	—
North America	2,007	365	2,372	2,124	240	8	—	2,372	—
Rest of the World	2,835	659	3,494	2,895	418	181	—	3,494	—
	66,969	16,993	83,962	72,963	8,860	2,008	131	83,962	42

ECL allowance

	31 December 2023							
	At amortised cost							
	ECL allowance			Analysed by ECL stage profile				
Concentration by industry sector	Loans and advances to customers € m	Loan commitments and financial guarantees issued € m	Total € m	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m
Non-property business:								
Natural resources	40	3	43	17	12	14	—	43
Of which: renewables	*17*	*2*	*19*	*13*	*6*	—	—	*19*
Leisure	168	3	171	19	107	46	(1)	171
Manufacturing	58	5	63	13	32	18	—	63
Health, education and social work	83	2	85	34	41	12	(2)	85
Services	48	4	52	16	20	16	—	52
Agriculture, forestry and fishing	50	3	53	7	15	36	(5)	53
Retail and wholesale trade	55	7	62	10	31	21	—	62
Transport and storage	29	1	30	9	10	11	—	30
Telecommunications, media and technology	22	1	23	9	9	5	—	23
Financial, insurance and other government activities	20	—	20	6	3	11	—	20
Total non-property business	573	29	602	140	280	190	(8)	602
Property and construction	541	23	564	87	273	205	(1)	564
Residential mortgages	309	1	310	19	77	207	7	310
Other personal	97	6	103	22	36	45	—	103
Total	1,520	59	1,579	268	666	647	(2)	1,579
Concentration by location[1]								
Republic of Ireland	1,085	52	1,137	137	495	507	(2)	1,137
United Kingdom	236	6	242	104	59	79	—	242
North America	51	1	52	13	34	5	—	52
Rest of the World	148	—	148	14	78	56	—	148
	1,520	59	1,579	268	666	647	(2)	1,579

1. Based on country of risk.

Risk Management *continued*

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.

Credit profile of the loan portfolio

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

Amortised cost

						30 June 2024						31 December 2023
	Retail Banking	Capital Markets	Climate Capital	AIB UK	Group	Total	Retail Banking	Capital Markets	Climate Capital	AIB UK	Group	Total
Gross carrying amount	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Residential mortgages	33,753	474	—	911	—	35,138	33,383	476	—	905	—	34,764
Other personal	2,991	80	—	67	—	3,138	2,825	45	—	70	—	2,940
Property and construction	454	6,678	—	2,319	—	9,451	456	6,553	—	2,228	—	9,237
Non-property business	3,153	10,659	4,723	2,581	39	21,155	3,107	10,337	4,118	2,438	28	20,028
Total	40,351	17,891	4,723	5,878	39	68,882	39,771	17,411	4,118	5,641	28	66,969
Analysed by internal credit ratings[1]												
Strong	29,574	12,003	4,306	3,894	3	49,780	28,088	11,458	3,751	3,790	9	47,096
Satisfactory	8,045	4,093	363	1,420	36	13,957	8,964	4,229	302	1,203	19	14,717
Total strong/satisfactory	37,619	16,096	4,669	5,314	39	63,737	37,052	15,687	4,053	4,993	28	61,813
Criticised watch	1,351	455	—	73	—	1,879	1,330	854	37	176	—	2,397
Criticised recovery	255	579	17	196	—	1,047	360	219	28	171	—	778
Total criticised	1,606	1,034	17	269	—	2,926	1,690	1,073	65	347	—	3,175
Non-performing	1,126	761	37	295	—	2,219	1,029	651	—	301	—	1,981
Gross carrying amount	40,351	17,891	4,723	5,878	39	68,882	39,771	17,411	4,118	5,641	28	66,969
Analysed by ECL staging												
Stage 1	35,509	13,342	4,487	4,721	39	58,098	35,646	12,937	4,023	4,618	28	57,252
Stage 2	3,647	3,788	199	862	—	8,496	3,032	3,824	95	721	—	7,672
Stage 3	1,084	759	37	295	—	2,175	974	647	—	302	—	1,923
POCI	111	2	—	—	—	113	119	3	—	—	—	122
Total	40,351	17,891	4,723	5,878	39	68,882	39,771	17,411	4,118	5,641	28	66,969
ECL allowance – statement of financial position												
Stage 1	43	114	17	84	—	258	54	94	17	89	—	254
Stage 2	161	382	14	45	—	602	144	433	10	48	—	635
Stage 3	373	245	2	100	—	720	348	219	—	67	—	634
POCI	(4)	(2)	—	—	—	(6)	(2)	(1)	—	—	—	(3)
Total	573	739	33	229	—	1,574	544	745	27	204	—	1,520
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%	%	%
Stage 1	0.1	0.9	0.4	1.8	—	0.4	0.2	0.7	0.4	1.9	—	0.4
Stage 2	4.4	10.1	7.0	5.2	—	7.1	4.8	11.3	10.5	6.7	—	8.3
Stage 3	34.4	32.3	5.4	33.9	—	33.1	35.7	33.8	—	22.2	—	33.0
POCI	(3.6)	(100.0)	—	—	—	(5.3)	(1.5)	(33.3)	—	—	—	(2.5)
						Half-year 30 June 2024						Half-year 30 June 2023
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	32	18	6	21	—	77	60	40	(3)	10	—	107
Recoveries of amounts previously written-off	(8)	(5)	—	(1)	—	(14)	(11)	(4)	—	(1)	—	(16)
Net credit impairment charge	24	13	6	20	—	63	49	36	(3)	9	—	91

1. Further analysis of internal credit grade profile by ECL staging is set out on page 45. Further details on the internal credit ratings are outlined on pages 127 and 128 of the Annual Financial Report 2023.

Credit risk – Credit profile of the loan portfolio *continued*
Credit profile of the loan portfolio *continued*
The following table analyses loans and advances to customers at FVTPL by segment and internal credit ratings:

FVTPL

	30 June 2024						31 December 2023					
	Retail Banking	Capital Markets	Climate Capital	AIB UK	Group	Total	Retail Banking	Capital Markets	Climate Capital	AIB UK	Group	Total
Carrying amount	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business	—	58	—	—	—	58	—	42	—	—	—	42
Total	—	58	—	—	—	58	—	42	—	—	—	42
Analysed by internal credit ratings												
Strong	—	58	—	—	—	58	—	42	—	—	—	42
Satisfactory	—	—	—	—	—	—	—	—	—	—	—	—
Total strong/satisfactory	—	58	—	—	—	58	—	42	—	—	—	42
Total criticised	—	—	—	—	—	—	—	—	—	—	—	—
Non-performing	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	58	—	—	—	58	—	42	—	—	—	42

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 *(reviewed)*

	30 June 2024					31 December 2023				
	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m
Total										
Strong	47,362	2,382	—	36	49,780	44,273	2,808	—	15	47,096
Satisfactory	10,145	3,803	—	9	13,957	12,014	2,697	—	6	14,717
Total strong/satisfactory	57,507	6,185	—	45	63,737	56,287	5,505	—	21	61,813
Criticised watch	565	1,305	—	9	1,879	919	1,473	—	5	2,397
Criticised recovery	25	1,006	—	16	1,047	44	694	—	40	778
Total criticised	590	2,311	—	25	2,926	963	2,167	—	45	3,175
Non-performing	1	—	2,175	43	2,219	2	—	1,923	56	1,981
Gross carrying amount	58,098	8,496	2,175	113	68,882	57,252	7,672	1,923	122	66,969
ECL allowance	(258)	(602)	(720)	6	(1,574)	(254)	(635)	(634)	3	(1,520)
Carrying amount	57,840	7,894	1,455	119	67,308	56,998	7,037	1,289	125	65,449

At 30 June 2024, the total strong/satisfactory category in Stage 2 has increased by € 0.7 billion as a result of the PMA relating to the recalibrated grading models. The recalibration reflects an improvement in how the Group measures the risk in the portfolio as opposed to any deterioration in customer asset quality. However, the Group's total criticised loans will increase when the recalibration is implemented in the second half of 2024.

Credit exposure by midpoint PD grade
The below table represents the credit risk profile for loans and advances to customers at amortised cost via the mapping of credit risk management midpoint PD grades at 30 June 2024 and 31 December 2023. The ‘internal credit grading profile by ECL staging’ table above includes qualitative factors such as financial distress and arrears (in addition to PD to prioritise credit risk management activity) which the midpoint PD table below does not reflect.

			30 June 2024					31 December 2023				
Quality Code	Lower Bound PD	Upper Bound PD	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m
1 – 3	0.00%	1.23%	51,702	2,845	—	48	54,595	49,359	3,296	—	40	52,695
4 – 7	1.23%	6.94%	5,944	3,567	—	6	9,517	7,376	2,300	—	8	9,684
8 – 10	6.94%	99.99%	451	2,084	—	16	2,551	515	2,076	—	18	2,609
11	100.00%	100.00%	1	—	2,175	43	2,219	2	—	1,923	56	1,981
Gross carrying amount			58,098	8,496	2,175	113	68,882	57,252	7,672	1,923	122	66,969

At 30 June 2024, 93% of the portfolio is in quality codes 1 to 7 which are typically strong/satisfactory (31 December 2023: 93%), 4% of the portfolio is in quality codes 8 to 10 which are typically criticised (31 December 2023: 4%) and the final 3% in quality code 11 is in default (31 December 2023: 3%).

IFRS 9 Stage 1 and Stage 2 classification is not dependent solely on the absolute probability of default but includes a significant increase in credit risk (‘SICR’), including relative movement in IFRS 9 probability of default since initial recognition. Therefore, there is no direct relationship between internal PD grades and IFRS 9 stage classification.

Risk Management *continued*

Credit risk – Credit profile of the loan portfolio *continued*

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 2024
	Not past due	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	> 365 days	Total past due	Total
Industry sector	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business:									
Natural resources	4,300	—	18	—	—	—	3	21	4,321
Of which: renewables	*3,476*	—	—	—	—	—	—	—	*3,476*
Leisure	2,662	8	1	4	28	31	24	96	2,758
Manufacturing	2,637	4	—	5	12	2	4	27	2,664
Health, education and social work	1,956	1	—	—	2	—	8	11	1,967
Services	2,109	12	1	1	2	6	11	33	2,142
Agriculture, forestry and fishing	1,746	12	2	1	3	13	10	41	1,787
Retail and wholesale trade	1,761	12	2	3	9	4	19	49	1,810
Transport and storage	1,725	3	—	1	1	—	3	8	1,733
Telecommunications, media and technology	1,408	—	—	—	1	1	1	3	1,411
Financial, insurance and other government activities	552	—	—	—	—	10	—	10	562
Total non-property business	20,856	52	24	15	58	67	83	299	21,155
Property and construction	8,985	179	18	18	17	41	193	466	9,451
Residential mortgages	34,565	83	29	26	65	130	240	573	35,138
Other personal	2,992	37	11	9	22	32	35	146	3,138
Total gross carrying amount	67,398	351	82	68	162	270	551	1,484	68,882
ECL staging									
Stage 1	58,022	76	—	—	—	—	—	76	58,098
Stage 2	8,156	241	51	48	—	—	—	340	8,496
Stage 3	1,125	33	31	20	160	266	540	1,050	2,175
POCI	95	1	—	—	2	4	11	18	113
	67,398	351	82	68	162	270	551	1,484	68,882
Segment									
Retail Banking	39,493	145	44	39	101	182	347	858	40,351
Capital Markets	17,425	190	17	21	26	46	166	466	17,891
Climate Capital	4,723	—	—	—	—	—	—	—	4,723
AIB UK	5,718	16	21	8	35	42	38	160	5,878
Group	39	—	—	—	—	—	—	—	39
	67,398	351	82	68	162	270	551	1,484	68,882
As a percentage of total gross loans at amortised cost	%	%	%	%	%	%	%	%	%
	97.9	0.5	0.1	0.1	0.2	0.4	0.8	2.1	100.0

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 2024 and 31 December 2023.

Credit risk – Credit profile of the loan portfolio *continued*
Aged analysis of contractually past due loans and advances to customers *continued*

At amortised cost

									31 December 2023
	Not past due	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	> 365 days	Total past due	Total
Industry sector	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Non-property business:									
Natural resources	3,607	—	—	—	—	2	1	3	3,610
Of which: renewables	*2,907*	—	—	—	—	—	—	—	*2,907*
Leisure	2,582	48	5	1	2	3	25	84	2,666
Manufacturing	2,493	17	1	1	1	2	4	26	2,519
Health, education and social work	1,990	29	2	—	2	7	2	42	2,032
Services	2,035	11	1	1	4	2	10	29	2,064
Agriculture, forestry and fishing	1,737	12	6	9	3	4	9	43	1,780
Retail and wholesale trade	1,706	16	1	1	3	4	16	41	1,747
Transport and storage	1,704	2	—	—	—	1	3	6	1,710
Telecommunications, media and technology	1,392	1	—	—	—	—	1	2	1,394
Financial, insurance and other government activities	488	18	—	—	—	—	—	18	506
Total non-property business	19,734	154	16	13	15	25	71	294	20,028
Property and construction	8,904	91	14	1	5	177	45	333	9,237
Residential mortgages	34,175	135	37	33	89	76	219	589	34,764
Other personal	2,829	39	10	8	20	20	14	111	2,940
Total gross carrying amount	65,642	419	77	55	129	298	349	1,327	66,969
ECL staging									
Stage 1	57,154	98	—	—	—	—	—	98	57,252
Stage 2	7,438	157	45	32	—	—	—	234	7,672
Stage 3	948	161	31	23	126	294	340	975	1,923
POCI	102	3	1	—	3	4	9	20	122
	65,642	419	77	55	129	298	349	1,327	66,969
Segment									
Retail Banking	38,952	189	59	43	119	117	292	819	39,771
Capital Markets	17,078	127	3	7	5	167	24	333	17,411
Climate Capital	4,118	—	—	—	—	—	—	—	4,118
AIB UK	5,473	96	15	5	5	14	33	168	5,641
Group	21	7	—	—	—	—	—	7	28
	65,642	419	77	55	129	298	349	1,327	66,969
As a percentage of total gross loans at amortised cost	%	%	%	%	%	%	%	%	%
	98.1	0.6	0.1	0.1	0.2	0.4	0.5	1.9	100.0

Risk Management *continued*

Credit risk – Credit profile of the loan portfolio *continued*

Gross loans[1] and ECL movements *(reviewed)*

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 2024 and 30 June 2024 and the corresponding movements for the year to 31 December 2023.

Accounts that triggered movements between Stage 1 and Stage 2 as a result of failing/curing a quantitative measure only (as disclosed on page 131 of the Annual Financial Report 2023) 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 *(reviewed)*

					30 June 2024
	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m
At 1 January 2024	57,252	7,672	1,923	122	66,969
Transferred from Stage 1 to Stage 2	(3,588)	3,588	—	—	—
Transferred from Stage 2 to Stage 1	2,094	(2,094)	—	—	—
Transferred to Stage 3	(45)	(521)	566	—	—
Transferred from Stage 3	7	105	(112)	—	—
New loans originated/top-ups	6,757	—	—	—	6,757
Redemptions/repayments	(5,339)	(1,213)	(242)	(12)	(6,806)
Interest credited	1,420	237	46	2	1,705
Write-offs	—	—	(42)	—	(42)
Derecognised due to disposals	(35)	(33)	—	—	(68)
Exchange translation adjustments	264	31	9	—	304
Impact of model, parameter and overlay changes	(716)	716	—	—	—
Other movements	27	8	27	1	63
At 30 June 2024	58,098	8,496	2,175	113	68,882

					31 December 2023
	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m
At 1 January 2023	52,862	6,036	1,997	87	60,982
Transferred from Stage 1 to Stage 2	(7,377)	7,377	—	—	—
Transferred from Stage 2 to Stage 1	4,518	(4,518)	—	—	—
Transferred to Stage 3	(125)	(1,070)	1,195	—	—
Transferred from Stage 3	47	262	(309)	—	—
New loans originated/top-up	17,186	—	—	36	17,222
Redemptions/repayments	(11,266)	(1,895)	(579)	(10)	(13,750)
Interest credited	2,426	419	80	3	2,928
Write-offs	—	—	(125)	—	(125)
Derecognised due to disposals	(47)	(43)	(316)	—	(406)
Exchange translation adjustments	74	21	6	—	101
Impact of model, parameter and overlay changes	(1,082)	1,082	—	—	—
Other movements	36	1	(26)	6	17
At 31 December 2023	57,252	7,672	1,923	122	66,969

1. The gross carrying amount movement is recorded at each month end with movements calculated versus the position at previous month end. The sum of all 6 months movement is then presented.

Credit risk – Credit profile of the loan portfolio *continued*
Gross loans and ECL movements *continued*
ECL allowance movements – total *(reviewed)*

	Stage 1	Stage 2	Stage 3	POCI	Total
					30 June 2024
	€ m	**€ m**	**€ m**	**€ m**	**€ m**
At 1 January 2024	**254**	**635**	**634**	**(3)**	**1,520**
Transferred from Stage 1 to Stage 2	**(46)**	**159**	**—**	**—**	**113**
Transferred from Stage 2 to Stage 1	**41**	**(109)**	**—**	**—**	**(68)**
Transferred to Stage 3	**—**	**(79)**	**118**	**—**	**39**
Transferred from Stage 3	**—**	**13**	**(30)**	**—**	**(17)**
Net remeasurement	**(20)**	**65**	**67**	**(4)**	**108**
New loans originated/top-ups	**33**	**—**	**—**	**—**	**33**
Redemptions/repayments	**(7)**	**(41)**	**—**	**—**	**(48)**
Impact of model and overlay changes	**5**	**(10)**	**(43)**	**—**	**(48)**
Impact of credit or economic risk parameters	**(6)**	**(23)**	**(6)**	**—**	**(35)**
Income statement net credit impairment (writeback)/charge	**—**	**(25)**	**106**	**(4)**	**77**
Write-offs	**—**	**—**	**(42)**	**—**	**(42)**
Derecognised due to disposals	**—**	**(7)**	**—**	**—**	**(7)**
Exchange translation adjustments	**3**	**2**	**3**	**—**	**8**
Other movements	**1**	**(3)**	**19**	**1**	**18**
At 30 June 2024	**258**	**602**	**720**	**(6)**	**1,574**

	Stage 1	Stage 2	Stage 3	POCI	Total
					31 December 2023
	€ m	€ m	€ m	€ m	€ m
At 1 January 2023	263	646	700	9	1,618
Transferred from Stage 1 to Stage 2	(100)	252	—	—	152
Transferred from Stage 2 to Stage 1	73	(209)	—	—	(136)
Transferred to Stage 3	(1)	(99)	180	—	80
Transferred from Stage 3	2	28	(52)	—	(22)
Net remeasurement	29	67	56	(12)	140
New loans originated/top-ups	49	—	—	—	49
Redemptions/repayments	(25)	(99)	—	—	(124)
Impact of model and overlay changes	(16)	34	82	(4)	96
Impact of credit or economic risk parameters	(22)	19	(16)	—	(19)
Income statement net credit impairment (writeback)/charge	(11)	(7)	250	(16)	216
Write-offs	—	—	(125)	—	(125)
Derecognised due to disposals	(9)	(8)	(183)	—	(200)
Exchange translation adjustments	—	2	2	—	4
Other movements	11	2	(10)	4	7
At 31 December 2023	254	635	634	(3)	1,520

Risk Management *continued*

Credit risk – Credit profile of the loan portfolio *continued*

Gross loans and ECL movements *continued (reviewed)*

Total exposures to which an ECL applies increased during the period by € 1.9 billion from € 67.0 billion at 1 January 2024 to € 68.9 billion at 30 June 2024.

Stage transfers are a key 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. Excluding the impact of model/overlay changes and the updated macroeconomic scenarios, an ECL charge of € 160 million occurred due to underlying credit management activity and a slight deterioration in credit parameters which inform the modelled outcomes.

The impact of model and overlay changes resulted in an ECL writeback of € 48 million. The reduction primarily reflects the partial unwind of certain PMAs as risks are captured in the modelled outcomes. Further details on post model adjustments are outlined on pages 38 and 39. These ensure exposures subject to risks which are not adequately reflected in the modelled outcomes, retain an appropriate ECL.

The updated macroeconomic scenarios and weightings resulted in a release of € 35 million. This ECL movement is presented separately within 'Impact of credit or economic risk parameters'. This release was most significant within the non-property business portfolio accounting for a release of € 29 million. The total writeback was driven by a slight improvement in the economic backdrop due to easing inflation and expected cuts to interest rates to support economic activity in the short term.

The gross loan transfers from Stage 1 to Stage 2 of € 3.6 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. 26% 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) with 5% caused solely by the backstop of 30 days past due. Of the € 3.6 billion which transferred from Stage 1 to Stage 2 in the half-year to 30 June 2024, approximately € 3.0 billion is reported as Stage 2 at 30 June 2024. In addition, a post model adjustment approved in the half-year to 30 June 2024 resulted in € 0.7 billion of Stage 1 exposures transferring to Stage 2 pending deployment of the recalibrated grading models for the Retail Banking non-mortgage portfolios in the second half of 2024. This is presented separately under impact of model, parameter and overlay changes.

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 € 2.1 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 the normal credit management process and incorporates loans which transferred due to the impact of the updated macroeconomic scenarios and weightings.

Transfers from Stage 2 to Stage 3 of € 0.5 billion represent those loans that defaulted during the year. These arose in cases where it was determined that the customers were unlikely to pay their loans 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 borrowers 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 € 0.1 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.

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

Stage 1 loans increased by € 0.8 billion due to new lending in the period to € 58.1 billion with an ECL of € 0.2 billion and resulting cover of 0.4% (31 December 2023: 0.4%).

Stage 2 loans also increased by € 0.8 billion in the period to € 8.5 billion with an ECL of € 0.6 billion and resulting cover of 7.1% (31 December 2023: 8.3%). The increase in Stage 2 primarily reflects the post model adjustment to transfer € 0.7 billion of Stage 1 exposures to Stage 2 pending deployment of the recalibrated grading models.

Stage 3 exposures increased by € 0.3 billion in the period to € 2.2 billion with an ECL of € 0.7 billion and resulting cover of 33.1% (31 December 2023: 33.0%.

Credit risk – Credit profile of the loan portfolio *continued*

Movements in off-balance sheet exposures *(reviewed)*

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 *(reviewed)*

					30 June 2024					
					Loan commitments					**Financial guarantees**
	Stage 1 € m	**Stage 2 € m**	**Stage 3 € m**	**POCI € m**	**Total € m**	**Stage 1 € m**	**Stage 2 € m**	**Stage 3 € m**	**POCI € m**	**Total € m**
At 1 January 2024	**14,921**	**1,136**	**71**	**8**	**16,136**	**790**	**52**	**14**	**1**	**857**
Transferred from Stage 1 to Stage 2	**(538)**	**538**	**—**	**—**	**—**	**(24)**	**24**	**—**	**—**	**—**
Transferred from Stage 2 to Stage 1	**217**	**(217)**	**—**	**—**	**—**	**9**	**(9)**	**—**	**—**	**—**
Transferred to Stage 3	**(14)**	**(6)**	**20**	**—**	**—**	**(2)**	**—**	**2**	**—**	**—**
Transferred from Stage 3	**9**	**5**	**(14)**	**—**	**—**	**(1)**	**—**	**1**	**—**	**—**
Net movement[1]	**401**	**(236)**	**(2)**	**(2)**	**161**	**192**	**(11)**	**(3)**	**—**	**178**
At 30 June 2024	**14,996**	**1,220**	**75**	**6**	**16,297**	**964**	**56**	**14**	**1**	**1,035**

					31 December 2023					
					Loan commitments					Financial guarantees
	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m
At 1 January 2023	13,947	1,033	80	—	15,060	738	45	19	—	802
Transferred from Stage 1 to Stage 2	(631)	631	—	—	—	(40)	40	—	—	—
Transferred from Stage 2 to Stage 1	456	(456)	—	—	—	51	(51)	—	—	—
Transferred to Stage 3	(17)	(8)	25	—	—	(1)	(1)	2	—	—
Transferred from Stage 3	7	5	(12)	—	—	—	—	—	—	—
Net movement[1]	1,159	(69)	(22)	8	1,076	42	19	(7)	1	55
At 31 December 2023	14,921	1,136	71	8	16,136	790	52	14	1	857

1. Includes new commitments, utilised and expired commitments.

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

	30 June 2024 € m	31 December 2023 € m
Strong	**12,215**	11,942
Satisfactory	**4,713**	4,711
Criticised watch	**281**	187
Criticised recovery	**29**	60
Default	**94**	93
Total	**17,332**	16,993

Non-performing off-balance sheet commitments

Total non-performing off-balance sheet commitments amounted to € 94 million (31 December 2023: € 93 million).

Risk Management *continued*

Credit risk – Credit profile of the loan portfolio *continued*
Movements in off-balance sheet exposures *continued*
ECL allowance movements *(reviewed)*

30 June 2024

	Loan commitments					Financial guarantee contracts				
	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m
At 1 January 2024	12	26	4	1	43	2	5	9	—	16
Transferred from Stage 1 to Stage 2	(6)	24	—	—	18	—	3	—	—	3
Transferred from Stage 2 to Stage 1	7	(16)	—	—	(9)	1	(2)	—	—	(1)
Transferred to Stage 3	—	—	1	—	1	—	—	1	—	1
Transferred from Stage 3	—	—	(1)	—	(1)	1	—	(1)	—	—
Net remeasurement	2	(7)	—	(1)	(6)	(3)	(2)	(2)	1	(6)
Net income statement charge/ (credit)	3	1	—	(1)	3	(1)	(1)	(2)	1	(3)
Other movements	—	—	—	—	—	1	—	—	—	1
At 30 June 2024	15	27	4	—	46	2	4	7	1	14

31 December 2023

	Loan commitments					Financial guarantee contracts				
	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m	Stage 1 € m	Stage 2 € m	Stage 3 € m	POCI € m	Total € m
At 1 January 2023	19	35	5	—	59	2	4	13	—	19
Transferred from Stage 1 to Stage 2	(2)	23	—	—	21	(3)	4	—	—	1
Transferred from Stage 2 to Stage 1	3	(12)	—	—	(9)	3	(5)	—	—	(2)
Transferred to Stage 3	—	(2)	3	—	1	(1)	—	1	—	—
Transferred from Stage 3	1	—	(1)	—	—	1	—	(1)	—	—
Net remeasurement	(9)	(17)	(2)	—	(28)	—	1	(2)	—	(1)
Net income statement credit	(7)	(8)	—	—	(15)	—	—	(2)	—	(2)
Other movements	—	(1)	(1)	1	(1)	—	1	(2)	—	(1)
At 31 December 2023	12	26	4	1	43	2	5	9	—	16

Credit risk – Impairment

Income statement

The table below analyses the key components of the income statement for loans and advances to customers at 30 June 2024 and 30 June 2023.

Amortised cost					30 June 2024					30 June 2023
	Residential mortgages	Other personal	Property and construction	Non-property business	Total	Residential mortgages	Other personal	Property and construction	Non-property business	Total
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net stage transfers	**17**	**19**	**(24)**	**55**	**67**	7	16	16	17	56
Net remeasurement	**13**	**(3)**	**59**	**39**	**108**	5	5	23	(12)	21
New loans originated/top-ups	**2**	**7**	**15**	**9**	**33**	1	5	9	7	22
Redemptions/repayments	**(2)**	**(1)**	**(23)**	**(22)**	**(48)**	(2)	(2)	(8)	(26)	(38)
Impact of credit or economic risk parameters	**(11)**	**(1)**	**6**	**(29)**	**(35)**	(4)	1	(5)	(8)	(16)
Impact of model and overlay changes	**(9)**	**13**	**(18)**	**(34)**	**(48)**	(4)	2	74	(10)	62
Net remeasurement of ECL allowance	**10**	**34**	**15**	**18**	**77**	3	27	109	(32)	107
Recoveries of amounts previously written-off	**(2)**	**(1)**	**(1)**	**(10)**	**(14)**	(4)	(2)	(3)	(7)	(16)
Net credit impairment charge/(writeback)	**8**	**33**	**14**	**8**	**63**	(1)	25	106	(39)	91

There was a € 63 million net credit impairment charge in the half-year to 30 June 2024 which comprised a net remeasurement of ECL allowance charge of € 77 million and recoveries of amounts previously written-off of € 14 million (30 June 2023: € 91 million charge comprising a net remeasurement charge of € 107 million and € 16 million of recoveries).

The key drivers of the net remeasurement of ECL allowance charge of € 77 million consist of the following components and activity:

– Net stage transfers resulted in a € 67 million charge which was evident across all asset classes with the exception of the property and construction sector which experienced a € 24 million writeback reflecting a reduction in Stage 2 loans. Net remeasurements within stage resulted in a € 108 million charge driven by the property and construction and non-property business sectors. Redemption and repayment activity was largely offset by new loans originated which resulted in a net € 15 million writeback. This was largely due to repayments in the property and construction and non-property business sectors, particularly within Stage 2 with a € 41 million writeback driven by loans that fully repaid. Further details on the ECL allowance movements are outlined on pages 48 to 52.
– The impact of model and overlay changes resulted in a writeback of € 48 million. The reduction primarily reflects the partial unwind of certain PMAs as risks are captured in the modelled outcome. Further details on post model adjustments are outlined on pages 38 and 39.
– Within the IFRS 9 models, € 35 million ECL writeback has been observed due to macroeconomic factors. This writeback reflects a reduction in the severe scenario weighting (10% to 5%) as the macroeconomic scenarios have been updated to reflect a slight improvement in the economic backdrop due to easing inflation and expected cuts to interest rates to support economic activity in the short term. Further details on the macroeconomic scenarios and weightings are outlined on pages 33 to 36.

Recoveries of amounts previously written-off of € 14 million (30 June 2023: € 16 million) included € 4 million (30 June 2023: € 7 million) due to cash recoveries received against legacy non-performing exposures. The remaining € 10 million (30 June 2023: € 9 million) relates to interest recognised as a result of loans curing from Stage 3.

Risk Management *continued*

Credit risk – Asset class analysis

Asset class summary – key points:

– The **residential mortgage** portfolio has increased by € 0.3 billion in the half-year to 30 June 2024 to € 35.1 billion, as new lending was partially offset by redemptions/repayments. The staging composition has remained relatively unchanged in the period with ECL cover maintained at 0.9% (31 December 2023: 0.9%). There was an € 8 million net credit impairment charge in the period (30 June 2023: € 1 million writeback).

– The **other personal** portfolio increased by € 0.2 billion in the half-year to 30 June 2024 to € 3.1 billion, as new lending activity was partially offset by redemptions/repayments. Stage 1 loans decreased in the period to € 2.3 billion (31 December 2023 € 2.6 billion). Stage 2 loans increased in the period to € 0.7 billion (31 December 2023: € 0.2 billion). The increase in Stage 2 loans was driven by the post model adjustment to transfer exposures to Stage 2 pending deployment of the recalibrated grading models. Total ECL cover increased to 4.4% (31 December 2023: 3.3%). There was a net credit impairment charge of € 33 million in the period (30 June 2023: € 25 million charge).

– The **property and construction** portfolio has increased by € 0.3 billion in the half-year to 30 June 2024 to € 9.5 billion, as new lending was partially offset by redemptions/repayments. The staging composition of the portfolio has remained relatively stable in the period as Stage 2 loans decreased by € 0.2 billion. Total ECL cover has also decreased to 5.7% (31 December 2023: 5.9%). There was a € 14 million net credit impairment charge in the period (30 June 2023: € 106 million charge).

– The **non-property business** portfolio has increased by € 1.1 billion in the half-year to 30 June 2024 to € 21.2 billion, predominately due to strong new lending activity in the period. The staging composition of the portfolio has deteriorated slightly in the period; while Stage 1 loans have increased by € 0.3 billion, Stage 2 and Stage 3 loans have increased by € 0.7 and € 0.1 billion respectively. The increase in Stage 2 loans was driven by net stage transfers to Stage 2 in addition to the post model adjustment to transfer exposures to Stage 2 pending deployment of the recalibrated grading models. Total ECL cover has reduced slightly to 2.8% (31 December 2023: 2.9%). There was a € 8 million net credit impairment charge in the period (30 June 2023: € 39 million writeback).

Loans and advances to customers – Residential mortgages

Residential mortgages amounted to € 35.1 billion at 30 June 2024, with the majority (97%) relating to residential mortgages in the Republic of Ireland and the remainder relating to Northern Ireland. This compares to € 34.8 billion at 31 December 2023, of which 97% related to residential mortgages in the Republic of Ireland. The split of the residential mortgage portfolio was owner-occupier € 33.8 billion and buy-to-let € 1.3 billion (31 December 2023: owner-occupier € 33.3 billion and buy-to-let € 1.5 billion).

The split of the residential mortgage portfolio comprises € 20.0 billion (57%) fixed rate, € 8.3 billion (24%) variable rate and € 6.8 billion (19%) tracker rate mortgages (31 December 2023: € 20.0 billion (58%) fixed rate, € 7.4 billion (21%) variable rate and € 7.4 billion (21%) on tracker rate mortgages).

Income statement

There was a net credit impairment charge of € 8 million to the income statement in the half-year to 30 June 2024 compared to a € 1 million net credit impairment writeback in the same period in 2023. This comprises a net remeasurement of ECL allowance charge of € 10 million and recoveries of previously written-off loans of € 2 million.

The ECL allowance provision cover level at 30 June 2024 for the Group's residential mortgage portfolio is 0.9% (31 December 2023: 0.9%). For the Stage 3 element of the Group's residential mortgage portfolio, € 0.2 billion of ECLs are held providing cover of 29% (31 December 2023: € 0.2 billion and 30% respectively).

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 table on page 55.

Republic of Ireland residential mortgages

Residential mortgages in Ireland amounted to € 34.2 billion at 30 June 2024 compared to € 33.9 billion at 31 December 2023. Total drawdowns in the half-year to 30 June 2024 were € 1.9 billion (30 June 2023: € 1.7 billion), of which, 99% were to owner-occupiers.

The split of the Irish residential mortgage portfolio is € 32.9 billion or 96% owner-occupier and € 1.3 billion or 4% buy-to-let (31 December 2023: € 32.5 billion or 96% and € 1.4 billion or 4%) and comprises € 19.6 billion (57%) on fixed rate, € 8.2 billion (24%) on variable rate and € 6.4 billion (19%) on tracker rate mortgages (31 December 2023: € 19.6 billion (58%) on fixed rate, € 7.3 billion (21%) on variable rate and € 7.0 billion (21%) tracker rate mortgages).

The staging composition of the Irish residential mortgage portfolio is as follows:

– Owner-occupier: Stage 1: € 30.1 billion, Stage 2: € 2.1 billion, Stage 3: € 0.6 billion and POCI: € 0.1 billion (31 December 2023: Stage 1: € 29.6 billion, Stage 2: € 2.2 billion, Stage 3: € 0.6 billion and POCI: € 0.1 billion).
– Buy-to-let: Stage 1: € 1.0 billion, Stage 2: € 0.2 billion and Stage 3: € 0.1 billion (31 December 2023: Stage 1: € 1.1 billion, Stage 2: € 0.2 billion, Stage 3: 0.1 billion).

Credit risk – Asset class analysis *continued*

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:

(Reviewed)						30 June 2024						31 December 2023
	Retail Banking	Capital Markets	Climate Capital	AIB UK	Group	Total	Retail Banking	Capital Markets	Climate Capital	AIB UK	Group	Total
Gross carrying amount	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Owner occupier	32,554	406	—	864	—	33,824	32,068	405	—	854	—	33,327
Buy-to-let	1,199	68	—	47	—	1,314	1,315	71	—	51	—	1,437
Total	33,753	474	—	911	—	35,138	33,383	476	—	905	—	34,764
Analysed by internal credit ratings												
Strong	27,285	314	—	775	—	28,374	25,812	324	—	758	—	26,894
Satisfactory	4,640	146	—	78	—	4,864	5,758	140	—	68	—	5,966
Total strong/ satisfactory	31,925	460	—	853	—	33,238	31,570	464	—	826	—	32,860
Criticised watch	936	12	—	12	—	960	891	10	—	33	—	934
Criticised recovery	154	—	—	4	—	158	247	—	—	4	—	251
Total criticised	1,090	12	—	16	—	1,118	1,138	10	—	37	—	1,185
Non-performing	738	2	—	42	—	782	675	2	—	42	—	719
Gross carrying amount	33,753	474	—	911	—	35,138	33,383	476	—	905	—	34,764
Analysed by ECL staging												
Stage 1	30,705	439	—	857	—	32,001	30,318	436	—	840	—	31,594
Stage 2	2,243	33	—	12	—	2,288	2,324	38	—	23	—	2,385
Stage 3	713	2	—	42	—	757	644	2	—	42	—	688
POCI	92	—	—	—	—	92	97	—	—	—	—	97
Total	33,753	474	—	911	—	35,138	33,383	476	—	905	—	34,764
ECL allowance – statement of financial position												
Stage 1	17	—	—	—	—	17	19	—	—	—	—	19
Stage 2	72	1	—	—	—	73	76	1	—	—	—	77
Stage 3	214	1	—	4	—	219	202	—	—	5	—	207
POCI	5	—	—	—	—	5	6	—	—	—	—	6
Total	308	2	—	4	—	314	303	1	—	5	—	309
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%	%	%
Stage 1	0.1	—	—	—	—	0.1	0.1	—	—	—	—	0.1
Stage 2	3.2	3.0	—	—	—	3.2	3.3	2.4	—	—	—	3.2
Stage 3	30.0	50.0	—	9.5	—	28.9	31.4	—	—	9.7	—	30.0
POCI	5.4	—	—	—	—	5.4	6.8	—	—	—	—	6.8
						Half-year 30 June 2024						Half-year 30 June 2023
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	10	—	—	—	—	10	2	—	—	1	—	3
Recoveries of amounts previously written-off	(2)	—	—	—	—	(2)	(4)	—	—	—	—	(4)
Net credit impairment charge/(writeback)	8	—	—	—	—	8	(2)	—	—	1	—	(1)

Risk Management *continued*

Credit risk – Asset class analysis *continued*

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:

(Reviewed)						30 June 2024						31 December 2023
Gross carrying amount	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	Total € m	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	Total € m
Credit cards	692	9	—	21	—	722	700	9	—	23	—	732
Loans/overdrafts	2,299	71	—	46	—	2,416	2,125	36	—	47	—	2,208
Total	2,991	80	—	67	—	3,138	2,825	45	—	70	—	2,940
Analysed by internal credit ratings												
Strong	1,405	14	—	58	—	1,477	1,326	14	—	61	—	1,401
Satisfactory	1,222	60	—	6	—	1,288	1,153	29	—	6	—	1,188
Total strong/ satisfactory	2,627	74	—	64	—	2,765	2,479	43	—	67	—	2,589
Criticised watch	235	5	—	2	—	242	253	1	—	2	—	256
Criticised recovery	14	—	—	—	—	14	14	—	—	—	—	14
Total criticised	249	5	—	2	—	256	267	1	—	2	—	270
Non-performing	115	1	—	1	—	117	79	1	—	1	—	81
Gross carrying amount	2,991	80	—	67	—	3,138	2,825	45	—	70	—	2,940
Analysed by ECL staging												
Stage 1	2,213	70	—	61	—	2,344	2,511	41	—	61	—	2,613
Stage 2	663	9	—	5	—	677	235	4	—	8	—	247
Stage 3	115	1	—	1	—	117	79	—	—	1	—	80
POCI	—	—	—	—	—	—	—	—	—	—	—	—
Total	2,991	80	—	67	—	3,138	2,825	45	—	70	—	2,940
ECL allowance – statement of financial position												
Stage 1	15	—	—	1	—	16	20	—	—	1	—	21
Stage 2	53	1	—	—	—	54	31	1	—	—	—	32
Stage 3	67	—	—	—	—	67	44	—	—	—	—	44
POCI	—	—	—	—	—	—	—	—	—	—	—	—
Total	135	1	—	1	—	137	95	1	—	1	—	97
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%	%	%
Stage 1	0.7	—	—	1.6	—	0.7	0.8	—	—	0.2	—	0.8
Stage 2	8.0	11.1	—	—	—	8.0	13.3	25.0	—	—	—	12.9
Stage 3	58.3	—	—	—	—	57.3	55.2	—	—	—	—	55.2
POCI	—	—	—	—	—	—	—	—	—	—	—	—

						Half-year 30 June 2024						Half-year 30 June 2023
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	34	—	—	—	—	34	27	—	—	—	—	27
Recoveries of amounts previously written-off	(1)	—	—	—	—	(1)	(2)	—	—	—	—	(2)
Net credit impairment charge	33	—	—	—	—	33	25	—	—	—	—	25

Credit risk – Asset class analysis *continued*

Loans and advances to customers – Other personal *continued*

At 30 June 2024, the other personal lending portfolio of € 3.1 billion comprises € 2.4 billion in loans and overdrafts and € 0.7 billion in credit card facilities (31 December 2023: € 2.9 billion, € 2.2 billion and € 0.7 billion respectively). Credit quality of the portfolio remained stable throughout the period, with 12% categorised as less than satisfactory, of which defaulted loans amounted to € 0.1 billion (31 December 2023: 12% and € 0.1 billion).

The increase of € 0.2 billion in personal lending was driven by new lending totalling € 0.7 billion for the half-year to 30 June 2024 (30 June 2023: € 0.6 billion) partially offset by repayments of € 0.5 billion.

Stage 1 loans decreased in the period to € 2.3 billion (31 December 2023 € 2.6 billion).

Stage 2 loans increased in the period to € 0.7 billion (31 December 2023: € 0.2 billion). The increase in Stage 2 loans was driven by the post model adjustment to transfer exposures to Stage 2 pending deployment of the recalibrated grading models. This has also impacted the Stage 2 cover which has reduced to 8% (31 December 2023: 13%), due to the lower ECL allowance on the impacted exposures transferred from Stage 1 to Stage 2.

Stage 3 loans, predominantly in Retail Banking, increased by € 37 million in the half-year to 30 June 2024.

Income statement

There was a net credit impairment charge of € 33 million to the income statement in the half-year to 30 June 2024 compared to a € 25 million net credit impairment charge in the same period in 2023. This comprises a net remeasurement of ECL allowance charge of € 34 million and recoveries of previously written-off loans of € 1 million.

The ECL allowance for the portfolio totalled € 0.1 billion providing ECL allowance cover of 4%. For the Stage 3 portfolio, the ECL allowance cover is 57% (31 December 2023: € 0.1 billion, 3% and 55% respectively).

Risk Management *continued*

Credit risk – Asset class analysis *continued*

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:

(Reviewed)						30 June 2024						31 December 2023
Gross carrying amount	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	Total € m	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	Total € m
Residential investment	45	1,744	—	322	—	2,111	51	1,682	—	244	—	1,977
Student housing	—	255	—	551	—	806	—	258	—	571	—	829
Housing associations	—	143	—	441	—	584	—	145	—	431	—	576
Office	26	1,469	—	442	—	1,937	29	1,569	—	398	—	1,996
Retail	43	837	—	56	—	936	47	891	—	58	—	996
Mixed	57	824	—	124	—	1,005	66	852	—	132	—	1,050
Industrial	25	323	—	160	—	508	27	310	—	155	—	492
Total investment	196	5,595	—	2,096	—	7,887	220	5,707	—	1,989	—	7,916
Land and development:												
Residential development	29	955	—	124	—	1,108	28	668	—	154	—	850
Commercial development	4	23	—	64	—	91	5	95	—	42	—	142
Total land and development	33	978	—	188	—	1,199	33	763	—	196	—	992
Contractors	225	105	—	35	—	365	203	83	—	43	—	329
Total	454	6,678	—	2,319	—	9,451	456	6,553	—	2,228	—	9,237
Analysed by internal credit ratings												
Strong	129	4,836	—	1,482	—	6,447	141	4,904	—	1,430	—	6,475
Satisfactory	221	776	—	751	—	1,748	200	850	—	681	—	1,731
Total strong/satisfactory	350	5,612	—	2,233	—	8,195	341	5,754	—	2,111	—	8,206
Criticised watch	30	78	—	11	—	119	33	244	—	19	—	296
Criticised recovery	19	381	—	29	—	429	24	21	—	30	—	75
Total criticised	49	459	—	40	—	548	57	265	—	49	—	371
Non-performing	55	607	—	46	—	708	58	534	—	68	—	660
Gross carrying amount	454	6,678	—	2,319	—	9,451	456	6,553	—	2,228	—	9,237
Analysed by ECL staging												
Stage 1	297	3,983	—	1,899	—	6,179	327	3,604	—	1,892	—	5,823
Stage 2	101	2,088	—	374	—	2,563	71	2,415	—	268	—	2,754
Stage 3	53	607	—	46	—	706	55	534	—	68	—	657
POCI	3	—	—	—	—	3	3	—	—	—	—	3
Total	454	6,678	—	2,319	—	9,451	456	6,553	—	2,228	—	9,237
ECL allowance – statement of financial position												
Stage 1	2	63	—	44	—	109	2	40	—	41	—	83
Stage 2	5	189	—	19	—	213	5	241	—	18	—	264
Stage 3	19	181	—	15	—	215	19	159	—	17	—	195
POCI	(1)	—	—	—	—	(1)	(1)	—	—	—	—	(1)
Total	25	433	—	78	—	536	25	440	—	76	—	541
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%	%	%
Stage 1	0.7	1.6	—	2.3	—	1.8	0.5	1.1	—	2.2	—	1.4
Stage 2	5.0	9.1	—	5.1	—	8.3	7.5	10.0	—	6.7	—	9.6
Stage 3	35.8	29.8	—	32.6	—	30.5	34.5	29.8	—	24.2	—	29.7
POCI	(33.3)	—	—	—	—	(33.3)	(43.7)	—	—	—	—	(43.7)

						Half-year 30 June 2024						Half-year 30 June 2023
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	2	12	—	1	—	15	7	93	—	9	—	109
Recoveries of amounts previously written-off	(1)	—	—	—	—	(1)	(2)	(1)	—	—	—	(3)
Net credit impairment charge	1	12	—	1	—	14	5	92	—	9	—	106

Credit risk – Asset class analysis *continued*

Loans and advances to customers – Property and construction *continued*

The property and construction portfolio has increased by € 0.3 billion to € 9.5 billion in the half-year to 30 June 2024 (31 December 2023: € 9.2 billion). The increase was driven by new lending of € 0.6 billion (30 June 2023: € 1.0 billion), however this was partially offset by redemptions/repayments activity.

The portfolio amounted to 14% of loans and advances to customers and comprised 83% investment loans (€ 7.9 billion), 13% land and development loans (€ 1.2 billion) and 4% relating to contractor loans (€ 0.4 billion). The Capital Markets and AIB UK segments continue to account for the majority of this portfolio at 71% and 25% respectively.

At 30 June 2024, € 8.2 billion of the portfolio was in a strong/satisfactory grade (31 December 2023: € 8.2 billion). The level of non-performing loans remained unchanged in the period at € 0.7 billion.

The overall Stage composition of the portfolio has also remained relatively stable in the period as Stage 1 loans increased by € 0.4 billion to € 6.2 billion and Stage 2 loans have decreased by € 0.2 billion to € 2.6 billion at 30 June 2024 (31 December 2023: € 5.8 billion and € 2.8 billion respectively).

Income statement

There was a net credit impairment charge of € 14 million to the income statement in the half-year to 30 June 2024 compared to a € 106 million net credit impairment charge in the same period in 2023. This comprises a net remeasurement of ECL allowance charge of € 15 million and recoveries of previously written-off loans of € 1 million.

The ECL allowance for the portfolio totalled € 0.5 billion providing ECL allowance cover of 6%. For the Stage 3 portfolio, the ECL allowance cover is 30%. (31 December 2023: € 0.5 billion, 6% and 30% respectively).

Investment

Investment property loans have remained unchanged in the half-year to 30 June 2024 at € 7.9 billion (31 December 2023: € 7.9 billion), of which, € 4.4 billion relates to commercial real estate. The geographic profile of the investment property portfolio is predominantly in the Republic of Ireland (€ 5.3 billion) and the United Kingdom (€ 2.1 billion).

The following are the key themes within the investment property sub-sectors in relation to the total property and construction portfolio:

– The residential investment sub-sector represents 22% of the portfolio at € 2.1 billion. The Irish housing market continues to be characterised by a notable weakness in housing supply when compared with the underlying level of demand. Consequently, house price inflation has continued to rise during 2024 despite the higher interest rate environment.

– The student housing residential investment sub-sector represents 9% of the portfolio at € 0.8 billion. Notwithstanding the current inflationary market resulting in increased rental rates, this sub-sector continues to experience strong levels of occupancy and growth due to under-supply.

– The social housing residential investment sub-sector represents 6% of the portfolio at € 0.6 billion. Similar to other residential sub-sectors, social housing has remained resilient in both Ireland and the UK with strong occupancy levels due to structural under supply and significant waiting lists.

– The office commercial investment sub-sector represents 21% of the portfolio at € 2.0 billion. This sub-sector continues to be impacted by global economic challenges, hybrid working and ESG considerations. One of the key risks is the increased demarcation between prime, good secondary and the remainder. Energy ratings of the secondary office portfolio remain a key risk and future transition funding to meet regulations will be a challenge from both a debt and equity perspective.

– The retail commercial investment sub-sector represents 10% of the portfolio at € 0.9 billion. Yields have remained broadly stable over recent quarters, occupancy has improved and rents have stabilised. Dublin prime city centre retail areas continue to experience demand from high profile brands. Market commentary suggests that leasing activity will remain resilient in 2024 with moderate growth in rents in shopping centres and retail parks due to lack of available supply.

– The mixed commercial investment sub-sector represents 11% of the portfolio at € 1.0 billion. The sub-sector consists of mixed investment properties including retail, office and residential with the outlook impacted by the current interest rate environment and economic uncertainty.

– The industrial commercial investment sub-sector represents 5% of the portfolio at € 0.5 billion. Rents continue to grow at a steady pace as a result of sustained demand but constrained supply.

At 30 June 2024, there was a net credit impairment writeback of € 8 million to the income statement on the investment property element of the property and construction portfolio (30 June 2023: € 106 million charge).

Land and development

Land and development loans amounted to € 1.2 billion at 30 June 2024 (31 December 2023: € 1.0 billion) of which € 1.0 billion related to loans in the Capital Markets segment and € 0.2 billion in the AIB UK segment.

The following are the key themes within the land and development property sub-sectors in relation to the total property and construction portfolio:

– The residential development sub-sector represents 12% of the property and construction portfolio at € 1.1 billion. Structural demand and supply imbalances continue to be enduring features of the residential market with increased policy intervention aimed at underpinning supply and supporting the viability of demand.

– The commercial development sub-sector represents 1% of the portfolio at € 0.1 billion.

At 30 June 2024, there was a net credit impairment charge of € 20 million to the income statement on the land and development element of the property and construction portfolio (30 June 2023: € 2 million writeback).

Contractors

The contractors sub-sector represents 4% of the portfolio at € 0.4 billion (31 December 2023: € 0.3 billion). The demand for this sub-sector is underpinned by public works and residential projects. This sub-sector continues to face some challenges in the current market such as a shortage of skilled labourers and supply chain disruptions.

Risk Management *continued*

Credit risk – Asset class analysis *continued*

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:

(Reviewed)						30 June 2024						31 December 2023
Gross carrying amount	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	Total € m	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	Total € m
Natural resources	18	499	3,510	294	—	4,321	20	334	3,000	256	—	3,610
Of which: renewables	—	39	3,420	17	—	3,476	—	—	2,899	8	—	2,907
Leisure	324	1,933	—	501	—	2,758	340	1,876	—	450	—	2,666
Manufacturing	159	2,354	—	151	—	2,664	141	2,257	—	121	—	2,519
Health, education and social work	106	1,296	—	565	—	1,967	112	1,344	—	576	—	2,032
Services	509	1,121	254	258	—	2,142	504	1,074	198	288	—	2,064
Agriculture, forestry and fishing	1,370	358	—	59	—	1,787	1,338	382	—	60	—	1,780
Retail and wholesale trade	401	1,303	—	106	—	1,810	398	1,257	—	92	—	1,747
Transport and storage	204	684	367	478	—	1,733	192	697	365	456	—	1,710
Telecoms, media and technology	35	715	592	69	—	1,411	35	740	555	64	—	1,394
Financial, insurance and other government activities	27	396	—	100	39	562	27	376	—	75	28	506
Total	3,153	10,659	4,723	2,581	39	21,155	3,107	10,337	4,118	2,438	28	20,028
Of which: Syndicated & International Finance (SIF)	*—*	*2,885*	*—*	*—*	*—*	*2,885*	*—*	*2,618*	*—*	*—*	*—*	*2,618*
Analysed by internal credit ratings												
Strong	755	6,839	4,306	1,579	3	13,482	809	6,216	3,751	1,541	9	12,326
Satisfactory	1,962	3,111	363	585	36	6,057	1,853	3,210	302	448	19	5,832
Total strong/satisfactory	2,717	9,950	4,669	2,164	39	19,539	2,662	9,426	4,053	1,989	28	18,158
Criticised watch	150	360	—	48	—	558	153	599	37	122	—	911
Criticised recovery	68	198	17	163	—	446	75	198	28	137	—	438
Total criticised	218	558	17	211	—	1,004	228	797	65	259	—	1,349
Non-performing	218	151	37	206	—	612	217	114	—	190	—	521
Gross carrying amount	3,153	10,659	4,723	2,581	39	21,155	3,107	10,337	4,118	2,438	28	20,028
Analysed by ECL staging												
Stage 1	2,294	8,850	4,487	1,904	39	17,574	2,490	8,856	4,023	1,825	28	17,222
Stage 2	640	1,658	199	471	—	2,968	402	1,367	95	422	—	2,286
Stage 3	203	149	37	206	—	595	196	111	—	191	—	498
POCI	16	2	—	—	—	18	19	3	—	—	—	22
Total	3,153	10,659	4,723	2,581	39	21,155	3,107	10,337	4,118	2,438	28	20,028
ECL allowance – statement of financial position												
Stage 1	9	51	17	39	—	116	13	54	17	47	—	131
Stage 2	31	191	14	26	—	262	32	190	10	30	—	262
Stage 3	73	63	2	81	—	219	83	60	—	45	—	188
POCI	(8)	(2)	—	—	—	(10)	(7)	(1)	—	—	—	(8)
Total	105	303	33	146	—	587	121	303	27	122	—	573
ECL allowance cover percentage	%	%	%	%	%	%	%	%	%	%	%	%
Stage 1	0.4	0.6	0.4	2.0	—	0.7	0.5	0.6	0.4	2.6	—	0.8
Stage 2	4.8	11.5	7.0	5.5	—	8.8	8.0	13.9	10.5	7.1	—	11.4
Stage 3	36.0	42.3	5.4	39.3	—	36.8	42.4	54.1	—	23.6	—	37.8
POCI	(50.0)	(100.0)	—	—	—	(55.6)	(36.9)	(33.3)	—	—	—	(39.0)
						Half-year 30 June 2024						Half-year 30 June 2023
Income statement	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Net remeasurement of ECL allowance	(14)	6	6	20	—	18	24	(53)	(3)	—	—	(32)
Recoveries of amounts previously written-off	(4)	(5)	—	(1)	—	(10)	(3)	(3)	—	(1)	—	(7)
Net credit impairment (writeback)/charge	(18)	1	6	19	—	8	21	(56)	(3)	(1)	—	(39)

Credit risk – Asset class analysis *continued*

Loans and advances to customers – Non-property business *continued*

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 (52%) with the UK (25%) and USA (12%) being the other main geographic concentrations.

At 30 June 2024, the non-property business portfolio consists of € 21.2 billion in loans and advances to customers measured at amortised cost and € 58 million of loans measured at FVTPL (31 December 2023: € 20.1 billion in loans and advances to customers measured at amortised cost and € 42 million of loans measured at FVTPL).

The portfolio measured at amortised cost increased by € 1.1 billion to € 21.2 billion in the half-year to 30 June 2024 (31 December 2023: € 20.1 billion). The increased portfolio can be attributed to new lending totalling € 3.1 billion (30 June 2023: € 2.2 billion) and foreign exchange movements totalling € 0.2 billion which was partially offset by redemptions/repayments of € 2.2 billion. The non-property business portfolio amounted to 31% of total Group loans and advances to customers in the period (31 December 2023: 30%).

Loans graded as strong/satisfactory showed a slight improvement in the period to 30 June 2024 at 92% (31 December 2023: 91%). The value of loans graded less than satisfactory (including defaulted loans) decreased from € 1.9 billion at 31 December 2023 to € 1.6 billion at 30 June 2024.

However, the staging composition of the portfolio has deteriorated slightly in the period; while Stage 1 loans have increased by € 0.3 billion, Stage 2 and Stage 3 loans have increased by € 0.7 and € 0.1 billion respectively. The increase in Stage 2 loans was driven by net stage transfers to Stage 2 in addition to the post model adjustment to transfer exposures to Stage 2 pending deployment of the recalibrated grading models.

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

– The natural resources sub-sector comprises 20% of the portfolio at € 4.3 billion. This sub-sector includes renewable energy and continues to be a strong focus of growth for the Group. The outlook is one of continued growth with strong demand, as economies transition away from fossil fuels to meet climate goals with projects contributing to the EU and Ireland’s legally binding target of generating 80% of electricity from renewables by 2030.

– The leisure sub-sector comprises 13% of the portfolio at € 2.8 billion. The hotel sector is normalising after a period of strong growth. Year to date 2024 has seen a decline in ‘Revenue per Available Room’ in Dublin, Cork and Galway albeit this was forecast and is in line with industry expectations. Whilst labour costs remain a key challenge, the outlook remains reasonably optimistic due to projected, albeit modest, economic growth indicators combined with robust household and corporate balance sheets. This sub-sector also includes licensed premises. Whilst operators have passed on increased input costs which have mostly held gross profit margin steady, VAT and additional input prices may strain margins in 2024. The hospitality sector availed of tax debt warehousing and formal repayment schedules are expected to be agreed during 2024.

– The manufacturing sub-sector comprises 13% of the portfolio at € 2.7 billion. Notwithstanding challenges in the sector including inflation and intermittent supply chain concerns, operators are trading strongly with deposits maintained, relatively low gearing and continued investment by multinationals. Whilst food and drink manufacturing has been challenged by margin pressure in recent years due to higher input costs, most companies are performing well and have successfully protected / recovered margin through a combination of efficiencies gained, pass through of price increases and reduced energy costs.

– The health, education and social work sub-sector comprises 9% of the portfolio at € 2.0 billion. Strong recovery is evident within the nursing home sub-sector with fixed price contracts negotiated upwards addressing previous cost inflation (including energy, labour and food). A significant reduction in agency staff has normalised staff costs. The outlook for the sector is stable with strong demographics continuing to drive demand.

– The services sub-sector comprises 10% of the portfolio at € 2.1 billion, and includes professional services (accounting, legal and architectural/ engineering activities) and other services, a more diverse grouping which includes contract services, machinery & equipment, management consultancy, research & development and public/ community groups. With performance of services businesses in part correlated to the performance of the domestic and global economy, the outlook remains relatively positive with a growing economy supported by a strong labour market, falling inflation and improved global trade.

– The agriculture, forestry and fishing sub-sector represents 8% of the portfolio at € 1.8 billion. This sub-sector continues to perform well, with debt reduction a continuing feature. Output prices across most farm sectors remain relatively strong. The transition of activities to more climate friendly and sustainable methods will continue to be a key challenge in 2024.

– The retail and wholesale sub-sector comprises 9% of the portfolio at € 1.8 billion. Grocery has continued on a positive trajectory driven by its non-discretionary status. Whilst inflation and pressure on staff costs have driven some margin pressure, these have largely been passed on to the end customer. The motor sector outlook remains positive with both car and van sales having rebounded post pandemic. Fuel operators have performed strongly with fuel price increases passed on to customers. The pharmacy sector remains robust with positive outlook for the mature pharmacy network driven by demand for community-based services. Whilst macro indicators remain positive, cost of business pressures remain a concern for high discretionary price-sensitive sub-sectors with tight margins.

– The transport and storage sub-sector comprises 8% of the portfolio at € 1.7 billion and consists primarily of logistic, storage and travel businesses. A shortage of drivers remains a significant issue for all transport companies. Issues facing logistics and supply chain companies include skills shortages, property requirements and e-commerce growth. Dublin and Cork are potentially under supplied with modern distribution and warehousing facilities as vacancy rates are trending at an all-time low (Dublin 1.2% and Cork 0.7%). The travel sub-sector continues to rebound in 2024.

– The telecommunications, media and technology sub-sector comprises 7% of the portfolio at € 1.4 billion. Telecommunications continues to benefit from wider society changes and demand, with the need for more connected digital and physical environments. The acceleration of 5G will see wider growth and opportunities in the sub-sector. The outlook for technology is positive and whilst inflationary wage pressures have squeezed margins, sub-sectors such as IT services, business to business software services and e-commerce are expected to continue to grow.

– The financial, insurance and other government activities sub-sector comprises 3% of the portfolio at € 0.6 billion. The financial institutions sub-sector has benefited from the positive interest rate environment albeit margins will compress as interest rates are expected to soften during 2024. Previous contagion concerns driven by 2023 failures in the US Banking system did not materialise. Growth is expected in the Pension industry in ROI in the coming years with the introduction of the auto-enrolment system expected to increase participation rates and savings levels.

Risk Management *continued*

Credit risk – Asset class analysis *continued*

Loans and advances to customers – Non-property business *continued*

Income statement

There was a net credit impairment charge of € 8 million to the income statement to the half-year to 30 June 2024 compared to a € 39 million writeback in the same period in 2023. This comprises a net remeasurement of ECL allowance charge of € 18 million and recoveries of previously written-off loans of € 10 million.

The ECL allowance for the portfolio totalled € 0.6 billion in ECL providing ECL allowance cover of 3%. For the Stage 3 portfolio, the ECL allowance cover is 37% (31 December 2023: € 0.6 billion, 3% and 38% respectively).

Syndicated & International Finance

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

The SIF non-property portfolio increased by € 0.3 billion to € 2.9 billion at 30 June 2024 (31 December 2023: € 2.6 billion). Growth was driven by increased appetite for lowly levered, strongly rated, large scale international corporates. Key portfolio metrics and trends are as follows:

– S&P corporate family rating: Improving. 87% of the SIF portfolio rated by S&P (up slightly from 86% at 31 December 2023) with 74% rated B+ or above (+4% vs 31 December 2023), 11% rated B (down 2% vs 31 December 2023) and 2% rated B- or below (down 1% vs 31 December 2023).

– Grading: Stable. At 30 June 2024, 96% of the SIF portfolio is in a strong/satisfactory grade (31 December 2023: 96%).

– Staging: Improving. The portion of the portfolio in Stage 1 increased to 90%/€ 2.6 billion while Stage 2 decreased to 10%/€ 0.3 billion. Stage 3 remains minimal at € 5 million. (31 December 2023: Stage 1: 85%/ € 2.2 billion, Stage 2: 15%/€ 0.4 billion and Stage 3: € 7 million).

– Scale: Improving. Majority of loans are to large borrowers with EBITDA > € 250m (86% of the portfolio vs 84% at 31 December 2023) with the top 20 borrowers accounting for 34% of total exposure.

– Diversification: Stable. Exposures diversified across all non-property business sub-sectors. Primary sectoral concentrations are to Manufacturing (25%), Telecoms, Media and Technology (20%) and Services (19%) (31 December 2023: Manufacturing 25%, Telecoms, Media and Technology 22% and Services 20%).

– Exposures relate to borrowers domiciled in the US (59%), UK (6%) and Rest of World - primarily Europe (35%), (31 December 2023: US 56%, UK 7% and Rest of the World – primarily Europe - 37%).

At 30 June 2024, there was a net credit impairment writeback of € 10 million on the SIF portfolio (30 June 2023: € 23 million writeback).

Credit risk - Credit ratings

Credit ratings

External credit ratings of certain financial assets *(reviewed)*

The following table sets out the credit quality of financial assets based on external credit ratings. These comprise loans and advances to banks of € 1,298 million (31 December 2023: € 1,329 million), securities financing of € 6,684 million (31 December 2023: € 6,466 million), investment debt securities at amortised cost of € 4,641 million (31 December 2023: € 4,510 million), and at FVOCI of € 13,205 million (31 December 2023: € 12,488 million) and trading portfolio financial assets of € 285 million (31 December 2023: € 84 million). Information on the credit ratings for loans and advances to customers where an external credit rating is available is disclosed on page 62.

(Reviewed) **30 June 2024**

	At amortised cost					At FVOCI					At FVTPL		Total
	Bank	Corporate	Sovereign	Other	Total	Bank	Corporate	Sovereign	Other	Total	Bank	Sovereign	
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
AAA/AA	1,886	—	2,322	1,855	6,063	5,132	156	4,637	289	10,214	—	276	16,553
A/A-	4,777	1,133	16	187	6,113	1,169	348	448	—	1,965	—	—	8,078
BBB+/BBB/	51	246	33	5	335	218	160	648	—	1,026	7	—	1,368
Sub investment	2	43	—	—	45	—	—	—	—	—	2	—	47
Unrated	13	54	—	—	67	—	—	—	—	—	—	—	67
Total	6,729	1,476	2,371	2,047 [1]	12,623	6,519	664	5,733 [2]	289	13,205	9	276	26,113
Of which:													
Stage 1	6,729	1,476	2,371	2,047	12,623	6,519	664	5,733	289	13,205	9	276	26,113
Stage 2	—	—	—	—	—	—	—	—	—	—	—	—	—
Stage 3	—	—	—	—	—	—	—	—	—	—	—	—	—

(Reviewed) 31 December 2023

	At amortised cost					At FVOCI					At FVTPL		Total
	Bank	Corporate	Sovereign	Other	Total	Bank	Corporate	Sovereign	Other	Total	Bank	Sovereign	
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
AAA/AA	1,725	—	2,307	1,720	5,752	4,630	157	4,321	454	9,562	—	84	15,398
A/A-	4,829	1,126	16	192	6,163	1,312	314	265	—	1,891	—	—	8,054
BBB+/BBB/	19	203	33	5	260	256	151	628	—	1,035	—	—	1,295
Sub investment	—	73	—	—	73	—	—	—	—	—	—	—	73
Unrated	2	55	—	—	57	—	—	—	—	—	—	—	57
Total	6,575	1,457	2,356	1,917 [1]	12,305	6,198	622	5,214 [2]	454	12,488	—	84	24,877
Of which:													
Stage 1	6,575	1,449	2,356	1,917	12,297	6,198	622	5,214	454	12,488	—	84	24,869
Stage 2	—	8	—	—	8	—	—	—	—	—	—	—	8
Stage 3	—	—	—	—	—	—	—	—	—	—	—	—	—

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

Risk Management *continued*

Credit risk – Forbearance overview

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

Forbearance

The Group's approach to forbearance initiatives are outlined on pages 175 and 176 in the 'Risk management' section of the Annual Financial Report 2023. The following tables set out the internal credit ratings and ECL staging of forborne loans and advances to customers:

	30 June 2024					31 December 2023				
	At amortised cost					At amortised cost				
	Residential mortgages	Other personal	Property and construction	Non-property business	Total	Residential mortgages	Other personal	Property and construction	Non-property business	Total
Analysed by forbearance type	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Temporary forbearance	320	9	20	208	557 [1]	342	7	19	225	593 [1]
Permanent forbearance	256	25	657	575	1,513 [2]	335	24	271	536	1,166 [2]
	576	34	677	783	2,070	677	31	290	761	1,759
Analysed by internal credit ratings										
Strong	—	—	—	—	—	—	—	—	—	—
Satisfactory	—	—	—	—	—	—	—	—	—	—
Total strong/satisfactory	—	—	—	—	—	—	—	—	—	—
Criticised watch	—	—	—	—	—	—	—	—	—	—
Criticised recovery	158	14	429	446	1,047	251	14	75	438	778
Total criticised	158	14	429	446	1,047	251	14	75	438	778
Non-performing	418	20	248	337	1,023	426	17	215	323	981
Gross carrying amount	576	34	677	783	2,070	677	31	290	761	1,759
Analysed by ECL staging										
Stage 1	10	—	—	16	26	27	—	—	18	45
Stage 2	132	14	429	431	1,006	184	14	75	421	694
Stage 3	396	20	248	336	1,000	397	17	215	320	949
POCI	38	—	—	—	38	69	—	—	2	71
Total	576	34	677	783	2,070	677	31	290	761	1,759
ECL allowance	135	12	123	197	467	140	10	87	201	438

1. Of which: interest only € 274 million, payment moratorium € 155 million, reduced payment € 93 million (31 December 2023: of which: interest only € 272 million, payment moratorium € 165 million, reduced payment € 83 million).
2. Of which: arrears capitalisation and term extension € 765 million, amendment to or non-enforcement of financial covenant € 161 million, restructure € 428 million (31 December 2023: of which: arrears capitalisation and term extension € 585 million, amendment to or non-enforcement of financial covenant € 164 million, restructure € 267 million).

The Group continues to support its existing customers ensuring they are provided with the appropriate forbearance measures, particularly given the current macro environment where customers may seek forbearance measures as a result of inflationary pressures and subsequent affordability issues due to the higher cost of household goods and services, including mortgage repayments as a result of higher interest rates.

The total forbearance portfolio has increased by € 0.3 billion to € 2.1 billion in the half-year to 30 June 2024 (31 December 2023: € 1.8 billion). The increase was driven by the performing forborne element of the portfolio in criticised recovery which increased by € 0.3 billion. The increase was driven by the property and construction sector as a combination of higher interest rates and inflation have led to an increase in forbearance requests.

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 and is primarily comprised of government and government guaranteed bonds, balances with central banks and internal/external covered bonds. The composition of the liquidity pool is subject to limits recommended by the Risk function and approved by the Board.

At 30 June 2024, the Group held € 65,830 million (31 December 2023: € 67,776 million) in qualifying liquid assets (QLA)[1] of which € 6,197 million (31 December 2023: € 6,903 million) was not available due to repurchase, secured loans and other restrictions.

At 30 June 2024, the Group's available QLA was € 59,633 million (31 December 2023: € 60,873 million). During the six months to 30 June 2024, the available QLA ranged from € 58,540 million to € 61,797 million and the average balance was € 60,029 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 decrease of € 1,240 million in the Group's available QLA was primarily driven by an increase in customer loans and a decrease in unsecured bank borrowings offset by an increase in ROI customer deposits.

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 177 to 183 of the Annual Financial Report 2023.

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. The Group adheres to these requirements.

Liquidity metrics	30 June 2024 %	31 December 2023 %
Liquidity Coverage Ratio	**204**	199
Net Stable Funding Ratio	**163**	159

The Group monitors and reports its liquidity positions against Capital Requirements Regulations (CRR2) and other related liquidity regulations (LCR Delegated Act). It has fully complied with the minimum LCR and NSFR requirements of 100% in the six months to 30 June 2024. The Group LCR increased in the six months to 30 June 2024 by 5% to 204% which was predominantly due to an increase in customer deposits and debt market issuance. The Group NSFR increased in the six months to 30 June 2024 by 4% to 163% due mainly to an increase in customer deposits.

Funding structure *(reviewed)*

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 and reasonably predictable source of funds.

Customer accounts *(reviewed)*	30 June 2024 € m	31 December 2023 € m
Total	**106,980**	104,782
Of which:		
Euro	**95,863**	93,732
Sterling	**9,273**	9,237
US dollar	**1,584**	1,608
Other currencies	**260**	205

Customer accounts increased by € 2,198 million in the six months to 30 June 2024. This increase was predominantly reflected in Euro deposits of € 2,131 million which was mainly due to deposit inflows associated with higher income and employment levels.

Risk Management *continued*

Liquidity and funding risk *continued*

Composition of wholesale funding[1] *(reviewed)*

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 2024, total wholesale funding outstanding was € 10,787 million (31 December 2023: € 12,251 million) of which € 1,367 million is due to mature in less than one year (31 December 2023: € 2,805 million).

(Reviewed)									30 June 2024
	< 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	526	—	—	—	526	—	—	—	526
Securities financing	285	73	—	—	358	—	—	—	358
Senior debt	—	—	—	—	—	1,911	2,384	3,368	7,663
ACS	—	—	—	—	—	—	5	21	26
Commercial paper	50	433	—	—	483	—	—	—	483
Subordinated liabilities and other capital instruments	—	—	—	—	—	—	—	1,731	1,731
Total 30 June 2024	861	506	—	—	1,367	1,911	2,389	5,120	10,787
Of which:									
Secured	285	73	—	—	358	—	5	21	384
Unsecured	576	433	—	—	1,009	1,911	2,384	5,099	10,403
Total 30 June 2024	861	506	—	—	1,367	1,911	2,389	5,120	10,787

(Reviewed)									31 December 2023
	< 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	1,040	452	—	—	1,492	98	190	—	1,780
Securities financing	358	217	—	—	575	—	—	—	575
Senior debt	—	—	738	—	738	2,786	1,643	3,229	8,396
ACS	—	—	—	—	—	—	5	22	27
Commercial paper	—	—	—	—	—	—	—	—	—
Subordinated liabilities and other capital instruments	—	—	—	—	—	—	—	1,473	1,473
Total 31 December 2023	1,398	669	738	—	2,805	2,884	1,838	4,724	12,251
Of which:									
Secured	358	217	—	—	575	98	195	22	890
Unsecured	1,040	452	738	—	2,230	2,786	1,643	4,702	11,361
Total 31 December 2023	1,398	669	738	—	2,805	2,884	1,838	4,724	12,251

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

Deposits by central banks and banks decreased by € 1,254 million to € 526 million predominantly due to a reduction in secured and unsecured Central Bank Borrowings. For further details, see note 20 ‘Deposits by central banks and banks’ to the consolidated financial statements.

In the six months to 30 June 2024, senior debt decreased € 733 million to € 7,663 million primarily reflecting contractual maturities of € 1,680 million offset by a $ 1 billion Senior Unsecured Note issued in March. The commercial paper programme was re-established with € 987 million issued offset by contractual maturities of € 504 million in the six months to 30 June 2024. For further details on debt securities, see note 22 ‘Debt securities in issue’ to the condensed consolidated interim financial statements.

In the six months to 30 June 2024, subordinated liabilities increased € 258 million to € 1,731 million primarily reflecting a € 650 million Subordinated Tier 2 Note issued in May offset by a € 392 million buyback of an existing note. For further details on debt securities, see note 24 ‘Subordinated liabilities and other capital instruments’ to the condensed consolidated interim financial statements.

Liquidity and funding risk *continued*

Currency composition of wholesale funding

At 30 June 2024, 70% (31 December 2023: 69%) 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 2024					31 December 2023
	EUR € m	GBP € m	USD € m	Other € m	Total € m	EUR € m	GBP € m	USD € m	Other € m	Total € m
Deposits by central banks and banks	497	22	3	4	526	1,002	325	453	—	1,780
Securities financing	126	—	232	—	358	156	—	419	—	575
Senior debt	5,110	—	2,553	—	7,663	5,898	—	2,498	—	8,396
ACS	26	—	—	—	26	27	—	—	—	27
Commercial paper	150	259	74	—	483	—	—	—	—	—
Subordinated liabilities and other capital instruments	1,681	50	—	—	1,731	1,425	48	—	—	1,473
Total wholesale funding	7,590	331	2,862	4	10,787	8,508	373	3,370	—	12,251
% of wholesale funding	%	%	%	%	%	%	%	%	%	%
	70	3	27	—	100	69	3	28	—	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. As part of managing its funding requirements, the Group encumbers assets as collateral to support wholesale funding initiatives. This would include covered bonds, securities repurchase agreements and other structures that are secured over customer loans.
The Group manages encumbrance levels to ensure that the Group has sufficient contingent collateral to maximise balance sheet flexibility.

The Group's encumbrance ratio has decreased to 5% at 30 June 2024 (31 December 2023: 6%) with € 6,795 million of the Group's assets encumbered (31 December 2023: € 8,295 million). The encumbrance level is based on the amount of assets that are required in order to meet regulatory and contractual commitments.

Financial Statements

Condensed Consolidated Income Statement (unaudited)

for the half-year ended 30 June 2024

	Note	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Interest income calculated using the effective interest rate method	3	2,627	2,033
Other interest income and similar income	3	50	47
Interest and similar income	3	2,677	2,080
Interest and similar expense[1]	4	(602)	(327)
Net interest income		2,075	1,753
Fee and commission income	2	429	393
Fee and commission expense	2	(78)	(87)
Net trading income[1]	5	9	129
Net gain on other financial assets measured at FVTPL		29	18
Net gain/(loss) on derecognition of financial assets measured at amortised cost		1	(11)
Other operating income[1]	6	15	2
Other income		405	444
Total operating income		2,480	2,197
Operating expenses	7	(991)	(975)
Impairment and amortisation of intangible assets		(112)	(111)
Impairment and depreciation of property, plant and equipment		(37)	(36)
Total operating expenses		(1,140)	(1,122)
Operating profit before impairment losses		1,340	1,075
Net credit impairment charge	8	(61)	(91)
Operating profit		1,279	984
Income from equity accounted investments	17	16	3
Loss on disposal of business	9	(2)	—
Profit before taxation		1,293	987
Income tax charge	10	(185)	(133)
Profit for the period		1,108	854
Attributable to:			
– Equity holders of the parent		1,110	856
– Non-controlling interests		(2)	(2)
Profit for the period		1,108	854
Earnings per share			
Basic earnings per ordinary share	25	42.0c	31.0c
Diluted earnings per ordinary share	25	42.0c	31.0c

1. Refer to note 1 for further information about the change in presentation for certain line items in the primary statements.

Condensed Consolidated Statement of Comprehensive Income (unaudited)

for the half-year ended 30 June 2024

	Note	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Profit for the period		**1,108**	854
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit assets/(liabilities), net of tax	10	**(12)**	—
Total items that will not be reclassified subsequently to profit or loss		**(12)**	—
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	10	**36**	47
Net change in cash flow hedges, net of tax	10	**(477)**	37
Net change in fair value of investment debt securities at FVOCI, net of tax	10	**2**	2
Total items that will be reclassified subsequently to profit or loss when specific conditions are met		**(439)**	86
Other comprehensive (loss)/income for the period, net of tax		**(451)**	86
Total comprehensive income for the period		**657**	940
Attributable to:			
– Equity holders of the parent		**659**	942
– Non-controlling interests		**(2)**	(2)
Total comprehensive income for the period		**657**	940

Condensed Consolidated Statement of Financial Position (unaudited)

as at 30 June 2024

	Note	30 June 2024 € m	31 December 2023 € m
Assets			
Cash and balances at central banks	29	**35,988**	38,018
Trading portfolio financial assets		**308**	93
Derivative financial instruments	11	**1,962**	2,377
Loans and advances to banks	12	**1,298**	1,329
Loans and advances to customers	13	**67,366**	65,491
Securities financing	14	**6,684**	6,466
Investment securities	16	**18,228**	17,353
Investments accounted for using the equity method	17	**307**	310
Intangible assets and goodwill		**898**	925
Property, plant and equipment		**527**	558
Other assets		**310**	260
Current taxation		**10**	17
Deferred tax assets	18	**2,515**	2,581
Prepayments and accrued income		**548**	540
Retirement benefit assets	19	**27**	31
Total assets		**136,976**	136,349
Liabilities			
Deposits by central banks and banks	20	**526**	1,780
Customer accounts	21	**106,980**	104,782
Securities financing	14	**358**	575
Trading portfolio financial liabilities		**279**	139
Derivative financial instruments	11	**1,995**	1,902
Debt securities in issue	22	**8,172**	8,423
Lease liabilities		**265**	282
Fair value changes of hedged items in portfolio hedges of interest rate risk		**3**	—
Current taxation		**2**	1
Deferred tax liabilities	18	**19**	23
Retirement benefit liabilities	19	**14**	14
Other liabilities		**1,438**	1,082
Accruals and deferred income		**698**	607
Provisions for liabilities and commitments	23	**217**	197
Subordinated liabilities and other capital instruments	24	**1,731**	1,473
Total liabilities		**122,697**	121,280
Equity			
Share capital	25	**1,513**	1,637
Reserves		**11,373**	12,323
Total shareholders' equity		**12,886**	13,960
Other equity interests	26	**1,401**	1,115
Non-controlling interests		**(8)**	(6)
Total equity		**14,279**	15,069
Total liabilities and equity		**136,976**	136,349

Condensed Consolidated Statement of Changes in Equity (unaudited)

for the half-year ended 30 June 2024

	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 2024	1,637	1,115	1,133	(3,622)	73	12	(77)	(288)	15,618	(526)	15,075	(6)	15,069
Profit for the period	—	—	—	—	—	—	—	—	1,110	—	1,110	(2)	1,108
Other comprehensive income *(note 10)*	—	—	—	—	—	—	2	(477)	(12)	36	(451)	—	(451)
Total comprehensive income for the period	—	—	—	—	—	—	2	(477)	1,098	36	659	(2)	657
Transactions with owners, recorded directly in equity													
Issuance of Additional Tier 1 securities *(note 26)*	—	620	—	—	—	—	—	—	—	—	620	—	620
Buyback of Additional Tier 1 securities *(note 26)*	—	(334)	—	—	—	—	—	—	(3)	—	(337)	—	(337)
Dividends paid on ordinary shares (*note 33*)	—	—	—	—	—	—	—	—	(696)	—	(696)	—	(696)
Distributions paid to other equity interests	—	—	—	—	—	—	—	—	(34)	—	(34)	—	(34)
Buyback of ordinary shares *(note 25)*	(124)	—	—	—	124	—	—	—	(1,000)	—	(1,000)	—	(1,000)
Other movements	—	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	(124)	286	—	—	124	—	—	—	(1,733)	—	(1,447)	—	(1,447)
At 30 June 2024	1,513	1,401	1,133	(3,622)	197	12	(75)	(765)	14,983	(490)	14,287	(8)	14,279

Condensed Consolidated Statement of Changes in Equity (unaudited)

for the half-year ended 30 June 2023

	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 2023	1,671	1,115	1,133	(3,622)	39	13	(36)	(1,470)	14,004	(583)	12,264	(3)	12,261
Profit for the period	—	—	—	—	—	—	—	—	856	—	856	(2)	854
Other comprehensive income *(note 10)*	—	—	—	—	—	—	2	37	—	47	86	—	86
Total comprehensive income for the period	—	—	—	—	—	—	2	37	856	47	942	(2)	940
Transactions with owners, recorded directly in equity													
Issuance of Additional Tier 1 securities *(note 26)*	—	—	—	—	—	—	—	—	—	—	—	—	—
Buyback of Additional Tier 1 securities *(note 26)*	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends paid on ordinary shares *(note 33)*	—	—	—	—	—	—	—	—	(166)	—	(166)	—	(166)
Distributions paid to other equity interests	—	—	—	—	—	—	—	—	(33)	—	(33)	—	(33)
Buyback of ordinary shares *(note 25)*	(34)	—	—	—	34	—	—	—	(215)	—	(215)	—	(215)
Other movements	—	—	—	—	—	(1)	—	—	—	—	(1)	—	(1)
Total transactions with owners	(34)	—	—	—	34	(1)	—	—	(414)	—	(415)	—	(415)
At 30 June 2023	1,637	1,115	1,133	(3,622)	73	12	(34)	(1,433)	14,446	(536)	12,791	(5)	12,786

Condensed Consolidated Statement of Changes in Equity (unaudited)

for the financial year ended 31 December 2023

	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 2023	1,671	1,115	1,133	(3,622)	39	13	(36)	(1,470)	14,004	(583)	12,264	(3)	12,261
Profit for the year	—	—	—	—	—	—	—	—	2,061	—	2,061	(3)	2,058
Other comprehensive income *(note 10)*	—	—	—	—	—	—	(41)	1,182	(2)	57	1,196	—	1,196
Total comprehensive income for the year	—	—	—	—	—	—	(41)	1,182	2,059	57	3,257	(3)	3,254
Transactions with owners, recorded directly in equity													
Issuance of Additional Tier 1 securities *(note 26)*	—	—	—	—	—	—	—	—	—	—	—	—	—
Buyback of Additional Tier 1 securities *(note 26)*	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends paid on ordinary shares *(note 33)*	—	—	—	—	—	—	—	—	(166)	—	(166)	—	(166)
Distributions paid to other equity interests	—	—	—	—	—	—	—	—	(65)	—	(65)	—	(65)
Buyback of ordinary shares *(note 25)*	(34)	—	—	—	34	—	—	—	(215)	—	(215)	—	(215)
Other movements	—	—	—	—	—	(1)	—	—	1	—	—	—	—
Total transactions with owners	(34)	—	—	—	34	(1)	—	—	(445)	—	(446)	—	(446)
At 31 December 2023	1,637	1,115	1,133	(3,622)	73	12	(77)	(288)	15,618	(526)	15,075	(6)	15,069

Condensed Consolidated Statement of Cash Flows (unaudited)

for the half-year ended 30 June 2024

	Note	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Cash flows from operating activities			
Profit before taxation for the period		**1,293**	987
Adjustments for:			
– Non-cash and other items	30	**478**	437
– Change in operating assets	30	**(2,046)**	(2,955)
– Change in operating liabilities	30	**1,222**	(78)
– Taxation paid		**(27)**	(22)
Net cash flow from operating activities[1]		**920**	(1,631)
Cash flows from investing activities			
Purchase of investment securities	16	**(2,415)**	(1,897)
Proceeds from sales, redemptions and maturity of investment securities	16	**1,576**	1,815
Additions to property, plant and equipment		**(7)**	(7)
Disposal of property, plant and equipment		**—**	2
Additions to intangible assets		**(85)**	(74)
Investments accounted for using the equity method	17	**(6)**	(53)
Dividends received from associated undertakings	17	**25**	—
Net cash flow from investing activities		**(912)**	(214)
Cash flows from financing activities			
Proceeds on issue of other equity interests	26	**620**	—
Repurchase of other equity interests	26	**(337)**	—
Proceeds on issue of debt securities[2]	22	**923**	750
Maturity of debt securities[2]	22	**(1,680)**	(253)
Proceeds on issue of subordinated liabilities	24	**650**	—
Repurchase of subordinated liabilities	24	**(406)**	—
Dividends paid on ordinary shares	33	**(696)**	(166)
Buyback of ordinary shares	25	**(1,000)**	(215)
Distributions paid to other equity interests		**(34)**	(33)
Repayment of lease liabilities		**(17)**	(15)
Interest paid on debt securities[2]		**(151)**	(96)
Interest paid on subordinated liabilities and other capital instruments		**(33)**	(29)
Net cash flow from financing activities		**(2,161)**	(57)
Change in cash and cash equivalents		**(2,153)**	(1,902)
Opening cash and cash equivalents		**39,041**	39,316
Effect of exchange translation adjustments		**114**	156
Closing cash and cash equivalents	29	**37,002**	37,570

1. Net cash flow from operating activities, including the impact of related cash flow hedges, includes interest received of € 2,700 million (30 June 2023: € 2,135 million) and interest paid of € 214 million (2023: € 58 million).
2. Relates to debt securities classified at origination as MREL.

Notes to the Condensed Consolidated Interim Financial Statements

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 2024 ('Half-Year Financial Report') comprise the parent company and its subsidiary undertakings, collectively referred to as 'AIB Group' or 'the 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 2023 ('the Annual Financial Report 2023') are available upon request from the Group Company Secretary or at www.aib.ie.

Going concern
The financial statements for the six months to 30 June 2024 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 that take account of geopolitical risks, the impacts of inflation, increased interest rates and related impacts on unemployment and property prices. The period of assessment used by the Directors is at least 12 months from the date of approval of these condensed consolidated interim financial statements.

Basis of preparation
The condensed consolidated interim financial statements for the six months to 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union ('EU'). These financial statements should be read in conjunction with the Annual Financial Report 2023, which was prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively 'IFRSs') as adopted by the 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. The Half-Year Financial Report includes the information that is described as being an integral part of the condensed consolidated interim financial statements contained in the credit risk and liquidity and funding risk sections of the Risk Management Report.

Change in presentation for certain items in the primary statements
In the Group's Annual Financial Report 2023, the Group disclosed a change in presentation for certain line items in the primary financial statements. See page 218 in the Annual Financial Report 2023 for further details.

(i) Dividend income
Dividend income was previously presented on the face of the consolidated income statement but is now reported within 'other operating income'. The Group has re-presented the comparative amount for 2023 by € 1 million.

(ii) Interest income and expense for certain derivatives
Interest income and expense on economic hedging derivatives was presented within net trading income but the interest income and expense on those derivatives is now reported within the applicable components of net interest income with all other fair value movements recognised in net trading income.

The Group has re-presented the comparative amounts for interest and similar expense by € 19 million and net trading income by € 19 million.

Change in presentation for certain notes to the condensed consolidated interim financial statements
The Group has changed the presentation of certain notes to the condensed consolidated interim financial statements.

(i) Segmental information
The Group has changed the presentation in note 2 'Segmental information' following the introduction of the new Climate Capital segment. For further information, please refer to page 78.

(ii) Net fee and commission income
The Group changed the description of certain line items in the 'Net fee and commission income' table in note 2 'Segmental information' to more appropriately reflect the nature of the fee and commission income and expenses. 'Foreign exchange fees' was changed to 'customer related foreign exchange', 'credit related fees' was changed to 'lending related fees', 'specialised payment services fees' was changed to 'specialised payment services fees (Payzone)' and 'specialised payment services expenses' was changed to 'specialised payment services expenses (Payzone)'.

(iii) Provisions for liabilities and commitments
The Group has presented legal claims, customer redress and other provisions as separate classes of provisions in 2024. Belfry related provisions, the FSPO provision and other individually immaterial customer redress provisions (which were previously presented within other provisions) are now all presented as customer redress provisions. This disclosure provides reliable and more relevant information as the FSPO provision is no longer material and these provisions are considered sufficiently similar in nature. The related comparatives for 2023 have been re-presented. The Group has also changed the description of the related line item in the operating expenses note from 'restitution and associated costs' to 'customer redress'.

Accounting policies
The accounting policies described on pages 217 to 234 of the Annual Financial Report 2023 have been applied in this Half-Year Financial Report, except as set out below, as the Group commenced macro (portfolio) fair value hedging to hedge on-demand deposits and current accounts with low/zero fixed interest rates in 2024.

Adoption of 'macro fair value hedge' accounting policy
The Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement*, as adopted by the EU, for its portfolio hedges of interest rate risk.

Changes in fair value of derivatives that qualify and are designated as macro fair value hedges are recorded in the income statement, together with changes in the fair value of the portfolio of hedged items that are attributable to the hedged risk. The aggregated fair value changes in the portfolio of hedged items are recognised in a single separate line item within liabilities when the hedged portfolio consists of liabilities, or within assets when the hedged portfolio consists of assets.

If the macro hedge no longer meets the criteria for hedge accounting, the fair value hedging adjustment relating to the portfolio of hedged items, for items carried at amortised cost, is amortised over the period to maturity of the previously designated hedge relationship using the straight-line method. When a hedged portfolio, held at amortised cost, that is included in a repricing time-period of a portfolio hedge is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

New and amended standards and interpretations
There have been no new standards, or amendments to standards, adopted by the Group for the six months to 30 June 2024 which have had a material impact on the Group.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

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

Critical accounting judgements and estimates

The preparation of the condensed consolidated 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's judgement may involve making estimates concerning the likelihood of future events, the actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The judgements that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year relate to deferred tax; impairment of financial assets; provisions for liabilities and commitments; and retirement benefit obligations.

Critical accounting judgements and estimates adopted by the Group are set out on pages 235 to 237 of the Annual Financial Report 2023 and, while they remain appropriate, additional details and disclosures, taking account of developments in the six months to 30 June 2024, are as follows:

Impairment of financial assets

- 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 38 and 39.
- The updated macroeconomic scenarios and weightings used in models to calculate the expected credit loss ('ECL') allowance are set out on pages 33 to 36.

Prospective accounting changes

Information on prospective accounting changes is set out on page 234 of the Annual Financial Report 2023. There are no issued 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 2024 are unaudited but have been reviewed by the Group's independent auditor, PricewaterhouseCoopers, whose report is set out on page 108. The financial information presented herein does not amount to statutory financial statements within the meaning of the Companies Act 2014. The Half-Year Financial Report is a requirement of the Transparency (Directive 2004/109/EC) Regulations 2007.

The financial statements for the financial year ended 31 December 2023 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 Group's independent auditor, PricewaterhouseCoopers, 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 2023 financial statements are not annexed to these condensed consolidated interim financial statements. The financial statements for the financial year ended 31 December 2023 will be filed in the Companies Registration Office on or before 30 September 2024.

2 Segmental information

Segment overview

The Group has identified reportable segments on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ('CODM') in order to allocate resources to the segment and assess its performance. Based on this identification, the reportable segments are the operating segments within the Group, the head of each being a member of the Executive Committee. The Executive Committee is the CODM and it relies primarily on the management accounts to assess performance of the reportable segments and when making resource allocation decisions.

Transactions between operating segments are on normal commercial terms and conditions, with internal charges and transfer pricing adjustments reflected in the performance of each operating segment. Revenue sharing agreements are used to allocate external customer revenues to an operating segment on a reasonable basis. The geographical distribution of total revenue is based primarily on the location of the office recording the transaction.

In 2024 the Group introduced a new customer facing segment, 'Climate Capital', focused on Core Renewable Project Finance and Infrastructure lending across Ireland, the UK, Europe and North America, increasing the Group's reportable segments from four to five. The Group's financial performance was reported across the Retail Banking, AIB Capital Markets ('Capital Markets'), Climate Capital, AIB UK and Group segments, and was used by the CODM to assess performance of the reportable segments and when making resource allocation decisions. Segment performance excludes exceptional items. Comparative segment information for 2023 has been re-presented where necessary.

Segment allocations

Under the Group's cost allocation methodology, substantially all of the costs of the Group's control, support and Treasury functions are allocated to Retail Banking, Capital Markets, Climate Capital and AIB UK. In addition, certain bank levies and regulatory fees, such as the Irish bank levy, are allocated to the Retail Banking, Capital Markets and Climate Capital segments.

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 € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	Total € m	Exceptional items[1] € m	Half-year 30 June 2024 Total € m
Operations by business segment								
Net interest income	1,324	456	51	191	53	2,075	—	2,075
Net fee and commission income*	231	79	6	18	2	336	15 [2]	351
Other	9	38	—	2	10	59	(5) [3]	54
Other income	240	117	6	20	12	395	10	405
Total operating income	1,564	573	57	211	65	2,470	10	2,480
Other operating expenses	(652)	(179)	(20)	(89)	(7)	(947)	(65)	(1,012)
Of which: Personnel expenses	*(301)*	*(116)*	*(12)*	*(46)*	*(3)*	*(478)*	—	*(478)*
General and administrative expenses	*(237)*	*(44)*	*(5)*	*(32)*	*(2)*	*(320)*	*(65)* [4,5]	*(385)*
Depreciation, impairment and amortisation	*(114)*	*(19)*	*(3)*	*(11)*	*(2)*	*(149)*	—	*(149)*
Bank levies and regulatory fees	(101)	(16)	—	—	(11)	(128)	—	(128)
Total operating expenses	(753)	(195)	(20)	(89)	(18)	(1,075)	(65)	(1,140)
Operating profit/(loss) before impairment losses	811	378	37	122	47	1,395	(55)	1,340
Net credit impairment charge	(21)	(15)	(4)	(21)	—	(61)	—	(61)
Operating profit/(loss)	790	363	33	101	47	1,334	(55)	1,279
Income from equity accounted investments	13	—	—	3	—	16	—	16
Loss on disposal of business	—	—	—	—	(2)	(2)	—	(2)
Profit/(loss) before taxation	803	363	33	104	45	1,348	(55)	1,293

1. Exceptional items are shown separately above. These are items that Management view as distorting comparability of performance year-on-year. Exceptional items are set out in 2 to 5 below.
2. Run-off fee receivable on exit of a servicing arrangement.
3. Loss on disposal of loan portfolios.
4. Customer redress costs.
5. Inorganic transaction costs.

***Net fee and commission income**	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	Total € m	Exceptional items[1] € m	Half-year 30 June 2024 Total € m
Customer accounts	107	13	1	6	—	127	—	127
Card income	81	4	—	6	—	91	—	91
Customer related foreign exchange[2]	25	18	—	3	1	47	—	47
Lending related fees[2]	4	14	5	5	—	28	—	28
Specialised payment services fees (Payzone)[2,3]	64	—	—	—	—	64	—	64
Stockbroking client fees and commissions	—	28	—	—	—	28	—	28
Other fees and commissions	22	4	—	—	3	29	15 [4]	44
Fee and commission income	303	81	6	20	4	414	15	429
Specialised payment services expenses (Payzone)[2,3]	(54)	—	—	—	—	(54)	—	(54)
Card expenses	(15)	—	—	(2)	—	(17)	—	(17)
Other fee and commission expenses	(3)	(2)	—	—	(2)	(7)	—	(7)
Fee and commission expense	(72)	(2)	—	(2)	(2)	(78)	—	(78)
Total net fee and commission income	231	79	6	18	2	336	15	351

1. Exceptional items are shown separately above. These are items that Management view as distorting comparability of performance year-on-year.
2. Refer to note 1 for further information about the change in presentation for certain notes to the condensed consolidated interim financial statements.
3. Specialised payment services (Payzone): fee income and fee expenses in respect of services and prepaid credits for cellular phone and utilities sold to third parties.
4. Run-off fee receivable on exit of a servicing arrangement.

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).

Notes to the Condensed Consolidated Interim Financial Statements *continued*

2 Segmental information *continued*

	Retail Banking	Capital Markets	Climate Capital	AIB UK	Group	Total	Exceptional items[1]	Half-year 30 June 2023 Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Operations by business segment								
Net interest income	1,082	380	39	185	67	1,753	—	1,753
Net fee and commission income*	211	70	5	18	2	306	—	306
Other	134	25	—	3	(12)	150	(12)[2,5]	138
Other income	345	95	5	21	(10)	456	(12)	444
Total operating income	1,427	475	44	206	57	2,209	(12)	2,197
Other operating expenses	(621)	(174)	(16)	(79)	(7)	(897)	(118)	(1,015)
Of which: Personnel expenses	*(273)*	*(106)*	*(10)*	*(42)*	*(3)*	*(434)*	*(2)*[3]	*(436)*
General and administrative expenses	*(236)*	*(47)*	*(4)*	*(26)*	*(3)*	*(316)*	*(116)*[4-6]	*(432)*
Depreciation, impairment and amortisation	*(112)*	*(21)*	*(2)*	*(11)*	*(1)*	*(147)*	—	*(147)*
Bank levies and regulatory fees	(9)	(4)	—	—	(94)	(107)	—	(107)
Total operating expenses	(630)	(178)	(16)	(79)	(101)	(1,004)	(118)	(1,122)
Operating profit/(loss) before impairment losses	797	297	28	127	(44)	1,205	(130)	1,075
Net credit impairment charge	(46)	(27)	3	(7)	(14)	(91)	—	(91)
Operating profit/(loss)	751	270	31	120	(58)	1,114	(130)	984
Income from equity accounted investments	1	—	—	2	—	3	—	3
Profit/(loss) before taxation	752	270	31	122	(58)	1,117	(130)	987

1. Exceptional items are shown separately above. These are items that Management view as distorting comparability of performance year-on-year. Exceptional items are set out in 2 to 6 below.
2. Loss on disposal of loan portfolios.
3. Termination benefits.
4. Customer redress costs.
5. Restructuring costs.
6. Inorganic transaction costs.

***Net fee and commission income**	Retail Banking	Capital Markets	Climate Capital	AIB UK	Group	Total	Exceptional items	Half-year 30 June 2023 Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Customer accounts	100	13	—	6	—	119	—	119
Card income	81	4	—	6	—	91	—	91
Customer related foreign exchange[1]	22	14	—	3	1	40	—	40
Lending related fees[1]	4	13	4	5	—	26	—	26
Specialised payment services fees (Payzone)[1,2]	67	—	—	—	—	67	—	67
Stockbroking client fees and commissions	—	23	—	—	—	23	—	23
Asset management and advisory fees	—	2	—	—	—	2	—	2
Other fees and commissions	17	4	1	—	3	25	—	25
Fee and commission income	291	73	5	20	4	393	—	393
Specialised payment services expenses (Payzone)[1,2]	(58)	—	—	—	—	(58)	—	(58)
Card expenses	(19)	(1)	—	(2)	—	(22)	—	(22)
Other fee and commission expenses	(3)	(2)	—	—	(2)	(7)	—	(7)
Fee and commission expense	(80)	(3)	—	(2)	(2)	(87)	—	(87)
Total net fee and commission income	211	70	5	18	2	306	—	306

1. Refer to note 1 for further information about the change in presentation for certain notes to the condensed consolidated interim financial statements.
2. Specialised payment services (Payzone): fee income and fee expenses in respect of services and prepaid credits for cellular phone and utilities sold to third parties.

2 Segmental information *continued*

Other amounts – statement of financial position	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	30 June 2024 Total € m
Loans and advances to customers:						
– measured at amortised cost	39,778	17,152	4,690	5,649	39	67,308
– measured at FVTPL	—	58	—	—	—	58
Total loans and advances to customers	39,778	17,210	4,690	5,649	39	67,366
Customer accounts	82,354	15,012	382	8,095	1,137	106,980

Other amounts – statement of financial position	Retail Banking € m	Capital Markets € m	Climate Capital € m	AIB UK € m	Group € m	31 December 2023 Total € m
Loans and advances to customers:						
– measured at amortised cost	39,227	16,666	4,091	5,437	28	65,449
– measured at FVTPL	—	42	—	—	—	42
Total loans and advances to customers	39,227	16,708	4,091	5,437	28	65,491
Customer accounts	80,454	14,856	342	7,977	1,153	104,782

Geographic information[1]	Ireland € m	United Kingdom € m	Rest of the World € m	Half-year 30 June 2024 Total € m
Gross external revenue	2,241	215	24	2,480
Inter-geographical segment revenue	(17)	40	(23)	—
Total revenue	2,224	255	1	2,480

Geographic information[1]	Ireland € m	United Kingdom € m	Rest of the World € m	Half-year 30 June 2023 Total € m
Gross external revenue	1,982	197	18	2,197
Inter-geographical segment revenue	(36)	53	(17)	—
Total revenue	1,946	250	1	2,197

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'.

Geographic Information	Ireland € m	United Kingdom € m	Rest of the World € m	30 June 2024 Total € m
Non-current assets[2]	1,369	55	1	1,425

Geographic Information	Ireland € m	United Kingdom € m	Rest of the World € m	31 December 2023 Total € m
Non-current assets[2]	1,429	53	1	1,483

1. For details of significant geographic concentrations, see the 'Risk management' section.
2. Non-current assets comprise intangible assets, goodwill and property, plant and equipment.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

3 Interest and similar income	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Interest on loans and advances to customers at amortised cost[1]	1,294	1,069
Interest on loans and advances to banks at amortised cost	757	546
Interest on securities financing at amortised cost	142	114
Interest on investment securities	434	304
Interest income calculated using the effective interest rate method	**2,627**	2,033
Interest income on finance leases and hire purchase contracts	46	38
Interest income on financial assets at FVTPL	4	9
Other interest income and similar income	**50**	47
Total interest and similar income	**2,677**	2,080

1. Includes a charge of € 366 million (Half-Year 30 June 2023: a charge of € 223 million) transferred from other comprehensive income in respect of cash flow hedges.

4 Interest and similar expense	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Interest on customer accounts[1]	200	55
Interest on deposits by central banks and banks	22	8
Interest on securities financing	17	8
Interest on debt securities in issue	280	186
Interest on lease liabilities	4	5
Interest on subordinated liabilities and other capital instruments	55	45
Interest expense on financial liabilities	**578**	307
Negative interest on financial assets[2]	1	1
Interest expense calculated using the effective interest rate method	**579**	308
Non-trading derivatives (not in hedge accounting relationships – economic hedges)[3]	23	19
Other interest and similar expense	**23**	19
Total interest and similar expense	**602**	327

1. Includes a credit of € 27 million (Half-Year 30 June 2023: a credit of € 18 million) transferred from other comprehensive income in respect of cash flow hedges.
2. The Group presents interest resulting from negative effective interest rates on financial assets as interest expense rather than as offset against interest income.
3. Refer to note 1 for further information about the change in presentation for certain line items in the primary statements.

5 Net trading income	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Foreign exchange contracts[1]	5	1
Interest rate contracts and debt securities[2]	8	(1)
Credit derivative contracts	—	(1)
Equity investments, index contracts and warrants	2	(8)
Forward contracts to acquire loans[3]	(3)	138
Virtual corporate power purchase agreement	(3)	—
Total net trading income	**9**	129

1. Refer to note 1 for further information about the change in presentation for certain line items in the primary statements.
2. Includes a charge of € 4 million (Half-Year 30 June 2023 : Nil) relating to hedging ineffectiveness on cash flow hedges.
3. Includes a loss of € 3 million (Half-Year 30 June 2023: gain of € 126 million) relating to the forward contract to acquire Ulster Bank tracker (and linked) mortgages and Nil (Half-Year 30 June 2023: gain of € 12 million) relating to the forward contract to acquire Ulster Bank corporate and commercial loans. See note 28 for further information.

6 Other operating income	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Loss on disposal of investment securities at FVOCI – debt	(34)	(5)
Gain/(loss) on termination of hedging swaps[1]	23	(4)
Dividend income[2]	1	1
Miscellaneous operating income	25	10
Total other operating income	**15**	2

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 30 June 2024, Nil was transferred from other comprehensive income in respect of cash flow hedges (Half-Year 30 June 2023: charge of € 8 million).
2. Refer to note 1 for further information about the change in presentation of certain line items in the primary statements.

7 Operating expenses	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Personnel expenses:		
Wages and salaries	380	346
Termination benefits[1]	4	2
Retirement benefits[2]	55	51
Social security costs	41	37
Other personnel expenses	14	11
	494	447
Less: staff costs capitalised to intangible assets	(16)	(11)
Total personnel expenses	**478**	436
General and administrative expenses	338	369
Customer redress[3]	47	63
	385	432
Bank levies and regulatory fees	128	107
Total operating expenses	**991**	975

1. Includes charges for voluntary severance programmes of € 4 million (Half-Year 30 June 2023: € 2 million).
2. Comprises a defined contribution charge of € 47 million (Half-Year 30 June 2023: a charge of € 43 million), a defined benefit expense charge of € 2 million (Half-Year 30 June 2023: a charge of € 2 million), and a long-term disability payments/death in service benefit charge of € 6 million (Half-Year 30 June 2023: a charge of € 6 million). For details of retirement benefits, see note 19.
3. The Group recognised a net charge of € 47 million for customer redress and associated costs in respect of legacy matters. Refer to note 1 for further information about the change in presentation for certain notes to the condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

8 Net credit impairment charge

	Half-year 30 June 2024			Half-year 30 June 2023		
	Measured at amortised cost	Measured at FVOCI	Total	Measured at amortised cost	Measured at FVOCI	Total
Credit impairment charge on financial instruments	€ m	€ m	€ m	€ m	€ m	€ m
Net re-measurement of ECL allowance						
Loans and advances to banks	—	—	—	(2)	—	(2)
Loans and advances to customers	(77)	—	(77)	(107)	—	(107)
Securities financing	—	—	—	(3)	—	(3)
Loan commitments	(3)	—	(3)	11	—	11
Financial guarantee contracts	3	—	3	3	—	3
Investment securities – debt	2	—	2	—	(9)	(9)
Credit impairment charge	(75)	—	(75)	(98)	(9)	(107)
Recoveries of amounts previously written-off	14	—	14	16	—	16
Net credit impairment charge	(61)	—	(61)	(82)	(9)	(91)

9 Loss on disposal of business	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Loss on disposal of business	2	—
Total loss on disposal of business	2	—

The loss on disposal of business relates to a foreign subsidiary of the Group that was dissolved and the reclassification of the related cumulative exchange differences from the foreign currency translation reserve to the income statement.

10 Taxation	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Current tax		
Corporation tax in Ireland		
Current tax on income for the period	(4)	(3)
Adjustments in respect of prior periods	—	—
	(4)	(3)
Foreign tax		
Current tax on income for the period	(33)	(35)
Adjustments in respect of prior periods	—	—
	(33)	(35)
Current tax charge for the period	(37)	(38)
Deferred taxation		
Origination and reversal of temporary differences	2	1
Adjustments in respect of prior periods	—	1
Recognition of deferred tax assets in respect of current period losses	—	—
Reduction in carrying value of deferred tax assets in respect of carried forward losses	(150)	(97)
Deferred tax charge for the period	(148)	(95)
Total tax charge for the period	(185)	(133)
Effective tax rate	14.3 %	13.5 %

The Group is within the scope of the global minimum top-up tax under Pillar Two tax legislation from 1 January 2024; however, the Group is not liable to any additional top-up tax expense for the period in Ireland or any of the other jurisdictions in which it operates. This is because the Pillar Two effective tax rate in each of those jurisdictions is above 15% or transitional exemptions apply.

10 Taxation *continued*

Analysis of selected other comprehensive income			Half-year 30 June 2024			Half-year 30 June 2023
	Gross € m	Tax € m	Net € m	Gross € m	Tax € m	Net € m
Retirement benefit schemes						
Remeasurement of defined benefit assets/(liabilities)	(15)	3	(12)	—	—	—
Total	(15)	3	(12)	—	—	—
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 losses on net investment hedges*	(38)	5	(33)	(46)	6	(40)
– *net exchange differences on translation of foreign operations*	69	—	69	87	—	87
Total	31	5	36	41	6	47
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*	339	(42)	297	213	(27)	186
Hedging losses recognised in other comprehensive income	(889)	115	(774)	(185)	36	(149)
Total	(550)	73	(477)	28	9	37
Investment debt securities at FVOCI reserves						
Fair value losses transferred to income statement	34	(4)	30	5	(1)	4
Fair value losses recognised in other comprehensive income	(32)	4	(28)	(2)	—	(2)
Total	2	—	2	3	(1)	2

Notes to the Condensed Consolidated Interim Financial Statements *continued*

11 Derivative financial instruments

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

	30 June 2024			31 December 2023		
	Notional principal amount	Fair values		Notional principal amount	Fair values	
		Assets	Liabilities		Assets	Liabilities
	€ m	€ m	€ m	€ m	€ m	€ m
Derivatives held for trading						
Interest rate contracts	14,772	422	(411)	14,072	433	(418)
Exchange rate contracts	4,774	12	(28)	4,783	12	(26)
Equity contracts	89	3	—	92	—	(1)
Credit derivatives	83	—	(2)	83	—	(3)
Forward contracts to acquire loans[1]	970	9	—	1,047	12	—
Virtual corporate power purchase agreement	2	—	(3)	—	—	—
Total derivatives held for trading	20,690	446	(444)	20,077	457	(448)
Derivatives held for hedging						
Derivatives designated as cash flow hedges	43,080	249	(1,244)	48,390	681	(1,109)
Derivatives designated as fair value hedges	27,384	1,267	(281)	24,437	1,237	(342)
Derivatives designated as net investment hedges	1,429	—	(26)	1,504	2	(3)
Total derivatives held for hedging	71,893	1,516	(1,551)	74,331	1,920	(1,454)
Total derivative financial instruments	92,583	1,962	(1,995)	94,408	2,377	(1,902)

1. Relates to the forward contract to acquire tracker (and linked) mortgages from Ulster Bank. See note 28 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 policies and control framework as described in the 'Risk management' section of the Annual Financial Report 2023.

For further details on the Group's derivative activity, see note 17 of the Annual Financial Report 2023.

12 Loans and advances to banks	30 June 2024 € m	31 December 2023 € m
At amortised cost		
Funds placed with central banks	236	259
Funds placed with other banks	1,062	1,070
	1,298	1,329
ECL allowance	—	—
Total loans and advances to banks	1,298	1,329

Loans and advances to banks include cash collateral of € 685 million (31 December 2023: € 741 million) placed with derivative counterparties in relation to net derivative positions and placed with repurchase agreement counterparties.

The Group is required by law to maintain reserve balances with the Bank of England. At 30 June 2024, these amounted to € 236 million (31 December 2023: € 259 million).

13 Loans and advances to customers	30 June 2024 € m	31 December 2023 € m
At amortised cost		
Loans and advances to customers	67,143	65,320
Amounts receivable under finance leases and hire purchase contracts	1,739	1,649
	68,882	66,969
ECL allowance	(1,574)	(1,520)
	67,308	65,449
Mandatorily at fair value through profit or loss		
Loans and advances to customers	58	42
Total loans and advances to customers	67,366	65,491
Additional information:		
Amounts which are repayable on demand	2,597	2,145
Amounts due from equity accounted investments[1]	53	45
Cash collateral placed with derivative counterparties	38	21

1. Undrawn commitments amount to € 213 million and are for less than one year (31 December 2023: € 225 million).

14 Securities financing			30 June 2024			31 December 2023
	Banks € m	Customers € m	Total € m	Banks € m	Customers € m	Total € m
Assets						
Reverse repurchase agreements	3,807	197	4,004	3,628	171	3,799
Securities borrowing transactions	1,547	1,133	2,680	1,541	1,126	2,667
Total[1]	5,354	1,330	6,684	5,169	1,297	6,466
Liabilities						
Securities sold under agreements to repurchase	358	—	358	575	—	575
Total	358	—	358	575	—	575

1. Classified as ECL Stage 1 and have an ECL of € 1 million at 30 June 2024 (31 December 2023: € 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 2024, the total fair value of the collateral received was € 6,684 million (31 December 2023: € 6,466 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 2024, in relation to securities sold under agreements to repurchase, the Group had pledged collateral with a fair value of € 358 million (31 December 2023: € 575 million). These transactions were conducted under terms that are usual and customary to standard securities sold under repurchase agreements.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

15 ECL allowance on financial assets

The following table shows the movements on the ECL allowance on financial assets. Further information is disclosed in the Gross Loans and ECL movements tables in the 'Risk management' section of this report. See pages 48 to 52.

	30 June 2024 € m	31 December 2023 € m
At 1 January	**1,525**	1,623
Exchange translation adjustments	**8**	4
Net re-measurement of ECL allowance – investment securities – debt	**(2)**	—
Net re-measurement of ECL allowance – banks	**—**	—
Net re-measurement of ECL allowance – customers	**77**	216
Net re-measurement of ECL allowance – securities financing	**—**	—
Changes in ECL allowance due to write-offs	**(42)**	(125)
Changes in ECL allowance due to disposals	**(7)**	(200)
Other	**18**	7
At end of period	**1,577**	1,525
Amounts included in financial assets measured at amortised cost:		
Investment securities – debt	**1**	3
Loans and advances to banks	**—**	—
Loans and advances to customers	**1,574**	1,520
Securities financing	**1**	1
Other assets – stockbroking client debtors	**1**	1
At end of period	**1,577**	1,525

16 Investment securities

	30 June 2024 € m	31 December 2023 € m
Debt securities		
Debt securities at FVOCI[1]	**13,205**	12,488
Debt securities at amortised cost	**4,641**	4,510
Total debt securities	**17,846**	16,998
Total of which provided as collateral	**3,808**	4,955
Equity securities		
Equity investments at FVTPL	**382**	355
Total equity securities	**382**	355
Total investment securities	**18,228**	17,353

The following table analyses the carrying amount of debt securities by ECL stage:

Gross amount		
Stage 1	**17,847**	16,991
Stage 2	**—**	10
Total debt securities	**17,847**	17,001
ECL[2]	**(1)**	(3)
Carrying value	**17,846**	16,998

1. The cumulative ECL of € 2 million (31 December 2023: € 2 million) on debt securities at FVOCI does not reduce the carrying amount, but an amount equal to the allowance is recognised in other comprehensive income as an accumulated impairment amount, with corresponding impairment gains or losses recognised in the income statement.
2. Relates to debt securities at amortised cost.

17 Investments accounted for using the equity method

	30 June 2024			31 December 2023		
	Associates	**Joint venture**	**Total**	Associates	Joint venture	Total
	€ m	**€ m**	**€ m**	€ m	€ m	€ m
Share of net assets including goodwill						
At 1 January	**208**	**102**	**310**	159	14	173
Investment during the year	**1**	**5**	**6**	18	107	125
Dividends received	**(25)**	**—**	**(25)**	—	—	—
Share of results of equity accounted investments (after tax)	**19**	**(3)**	**16**	31	(19)	12
At end of period	**203**	**104**	**307**	208	102	310

Details of the Group's associates and joint venture
Investments in associates comprises the Group's investment in AIB Merchant Services, Clearpay DAC, First Homes Scheme DAC and Autolease Fleet Management Ltd. Investment in joint venture comprises the Group's investment in AIB life, being the Group's joint venture with Great-West Lifeco Inc.

18 Deferred taxation

Analysis of movements in deferred taxation	**30 June 2024 € m**	31 December 2023 € m
At 1 January	**2,558**	3,002
Exchange translation and other adjustments	**5**	(11)
Deferred tax through other comprehensive income *(note 10)*	**81**	(174)
Income statement *(note 10)*	**(148)**	(259)
At end of period	**2,496**	2,558
Analysed as to:		
Deferred tax assets	**2,583**	2,615
Deferred tax liabilities	**(87)**	(57)
	2,496	2,558
Represented on the statement of financial position:		
Deferred tax assets	**2,515**	2,581
Deferred tax liabilities	**(19)**	(23)
Total deferred taxation	**2,496**	2,558

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 page 235 of the Annual Financial Report 2023.

With regard to the Group's deferred tax asset for unutilised losses, during the period the Group recognised a charge to the income statement of € 150 million (31 December 2023: € 262 million) and an increase in the carrying value of € 8 million (31 December 2023: decrease of € 8 million) in relation to exchange translations and other adjustments. As a result, the amount of recognised deferred tax assets arising from unutilised tax losses amounted to € 2,332 million (31 December 2023: € 2,474 million), of which € 2,142 million (31 December 2023: € 2,289 million) relates to Irish tax losses and € 190 million (31 December 2023: € 185 million) relates to UK tax losses.

Net deferred tax assets at 30 June 2024 of € 2,287 million (31 December 2023: € 2,361 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 2024 of € 161 million (31 December 2023: € 161 million); overseas tax (UK and USA) on unused tax losses of € 3,095 million (31 December 2023: € 3,058 million); and foreign tax credits for Irish tax purposes of € 10 million (31 December 2023: € 12 million). Of these tax losses, totalling € 3,256 million, for which no deferred tax is recognised: € 7 million expires in 2032; € 41 million expires in 2033; € 27 million in 2034; and € 5 million in 2035.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

19 Retirement benefits

The Group's accounting policy for retirement benefit obligations is set out on pages 223 and 224 of the Annual Financial Report 2023. 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 scheme.

Defined contribution schemes

The total cost in respect of defined contribution schemes for the half-year ended 30 June 2024 was € 47 million (Half-year 30 June 2023: € 43 million).

Defined benefit schemes

(i) 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 2024 and the year ended 31 December 2023. The assumptions have been set based upon the advice of the Group's actuary.

Financial assumptions	30 June 2024 %	31 December 2023 %
Irish scheme		
Rate of increase of pensions in payment	**2.20**	2.05
Discount rate	**3.83**	3.55
Inflation assumptions[1]	**2.20**	2.15
UK scheme		
Rate of increase of pensions in payment	**3.10**	3.00
Discount rate	**5.30**	4.80
Inflation assumptions (RPI)	**3.10**	3.00

1. The inflation assumption applies to the revaluation of deferred members' benefits up to their retirement date.

Rate of increase of pensions in payment – Irish scheme

As described in note 28 of the Annual Financial Report 2023, 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 2023 and February 2024 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 3.40% in 2024. 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 2.20% (31 December 2023: 2.05%) for the long-term assumption for future discretionary increases in pensions in payment (which is the lower of the surplus available to the Trustee to distribute or the long-term inflation assumption). This increased the scheme liabilities by € 890 million at 30 June 2024 (31 December 2023: € 822 million).

(ii) Demographic assumptions

The demographic assumptions for retirement benefit obligations are set out in note 28 of the Annual Financial Report 2023.

(iii) Contributions

Contributions of £ 9.25 million (31 December 2023: £ 18.5 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 28 of the Annual Financial Report 2023.

(iv) Valuation of defined benefit obligation

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 as at 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 as at 31 December 2023, with the results expected to be agreed by 31 March 2025.

19 Retirement benefits *continued*

(v) 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 2024				31 December 2023			
	Defined benefit obligation € m	Fair value of scheme assets € m	Asset ceiling/ minimum funding[1] € m	Net defined benefit (liabilities) assets € m	Defined benefit obligation € m	Fair value of scheme assets € m	Asset ceiling/ minimum funding[1] € m	Net defined benefit (liabilities) assets € m
At 1 January	**(5,023)**	**5,690**	**(650)**	**17**	(4,850)	5,454	(607)	(3)
Included in profit or loss								
Past service cost	**(1)**	**—**	**—**	**(1)**	(2)	—	—	(2)
Interest (cost)/income	**(92)**	**105**	**(12)**	**1**	(205)	232	(26)	1
Administration costs	**—**	**(2)**	**—**	**(2)**	—	(4)	—	(4)
	(93)	**103**	**(12)**	**(2)**	(207)	228	(26)	(5)
Included in other comprehensive income								
Remeasurements loss:								
– Actuarial gain/(loss) arising from:								
– Changes in financial assumptions	**79**	**—**	**—**	**79**	(95)	—	—	(95)
– Experience adjustments	**(53)**	**—**	**—**	**(53)** [2]	(96)	—	—	(96) [2]
– Changes in demographic assumptions	**—**	**—**	**—**	**—**	17	—	—	17
– Return on scheme assets excluding interest income	**—**	**(150)**	**—**	**(150)**	—	189	—	189
– Asset ceiling/minimum funding adjustments	**—**	**—**	**109**	**109**	—	—	(17)	(17)
Total remeasurement loss				**(15)** [3]				(2) [3]
Translation adjustment on non-Euro schemes	**(20)**	**20**	**—**	**—**	(12)	15	—	3
	6	**(130)**	**109**	**(15)**	(186)	204	(17)	1
Other								
Contributions by employer	**—**	**13**	**—**	**13**	—	24	—	24
Benefits paid	**124**	**(124)**	**—**	**—**	220	(220)	—	—
	124	**(111)**	**—**	**13**	220	(196)	—	24
At end of period	**(4,986)**	**5,552**	**(553)**	**13**	(5,023)	5,690	(650)	17

	30 June 2024 € m	31 December 2023 € m
Recognised on the statement of financial position as:		
Retirement benefit assets		
UK scheme	**16**	21
Other schemes	**11**	10
Total retirement benefit assets	**27**	31
Retirement benefit liabilities		
Irish scheme	**—**	—
EBS scheme	**—**	—
Other schemes	**(14)**	(14)
Total retirement benefit liabilities	**(14)**	(14)
Net pension surplus	**13**	17

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. Experience adjustments comprise the difference between previous actuarial assumptions and what has actually occurred.
3. After tax € 12 million (31 December 2023: € 2 million), see note 10.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

20 Deposits by central banks and banks	30 June 2024 € m	31 December 2023 € m
Central Bank Borrowings – secured	—	288
Central Bank Borrowings – unsecured	—	452
	—	740
Other Bank Borrowings – unsecured	526	1,040
Total deposits by central banks and banks	**526**	1,780

Deposits by central banks and banks include cash collateral at 30 June 2024 of € 499 million (31 December 2023: € 1,018 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 2024			31 December 2023		
	Central banks € m	Banks € m	Total € m	Central banks € m	Banks € m	Total € m
Total carrying value of financial assets pledged	82	—	82	436	18	454
Of which:						
Government securities	—	—	—	—	18	18
Other securities[1]	82	—	82	436	—	436

1. Securities pledged as collateral comprise third party securities held by the Group and covered bonds secured on pools of residential mortgages that have been issued by and are held by the Group.

21 Customer accounts	30 June 2024 € m	31 December 2023 € m
Current accounts	61,998	62,928
Demand deposits	31,452	32,083
Time deposits	13,530	9,771
	106,980	104,782
Of which:		
Non-interest bearing current accounts	57,881	58,643
Interest bearing deposits, current accounts and short-term borrowings	49,099	46,139
Total customer accounts	**106,980**	104,782
Amounts include:		
Due to equity accounted investments	338	303

Customer accounts include cash collateral of € 76 million (31 December 2023: € 94 million) received from derivative counterparties in relation to net derivative positions.

At 30 June 2024, the Group's five largest customer deposits amounted to 1% (31 December 2023: 1%) of total customer accounts.

22 Debt securities in issue	30 June 2024 € m	31 December 2023 € m
Issued by AIB Group plc		
Euro Medium Term Note Programme	5,113	5,901
Global Medium Term Note Programme	2,550	2,495
	7,663	8,396
Issued by subsidiaries		
Bonds and medium term notes:		
Bonds and other medium term notes	26	27
Commercial paper	483	—
	509	27
Total debt securities in issue	8,172	8,423

Analysis of movements in debt securities in issue

	30 June 2024 € m	31 December 2023 € m
At 1 January	8,423	7,203
Issued during the period	1,902	2,431
Repurchased	—	—
Matured	(2,184)	(1,382)
Other[1]	31	171
At end of period	8,172	8,423

1. Includes a negative fair value hedge adjustment of € 61 million (31 December 2023: positive € 254 million) and positive foreign exchange movements of € 87 million (31 December 2023: negative € 83 million).

On 28 March 2024, AIB Group plc issued $ 1 billion Senior Unsecured 5.871% Notes maturing on 28 March 2035. The notes bear interest on the outstanding nominal amount, payable semi-annually in arrears on 28 March and 28 September each year, commencing on 30 September 2024 up to and including the maturity date.

The remainder of the issuances during 2024 are by Allied Irish Banks, p.l.c. and relate to a short-term commercial paper programme. This programme is used as an additional liquidity mechanism whereby short-term debt, with maturities of typically less than six months, is issued in EUR, GBP and USD.

All the issuances by AIB Group plc are initially eligible to meet the Group’s MREL requirements. These instruments are redeemable for tax or for regulatory reasons, subject to the permission of the relevant regulation authority.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

23 Provisions for liabilities and commitments

30 June 2024	Legal claims € m	Customer redress € m	Other provisions € m	Total € m
Provisions (excluding loan commitments and financial guarantee contracts)				
At 1 January 2024	**23**	**82**	**33**	**138**
Charged to income statement	**2**	**58**	**1**	**61** [1]
Released to income statement	**(1)**	**(11)**	**(1)**	**(13)** [1]
Provisions utilised	**(2)**	**(23)**	**(4)**	**(29)**
Exchange translation adjustments	**—**	**—**	**—**	**—**
At 30 June 2024	**22**	**106**	**29**	**157** [2]
Loan commitments and financial guarantee contracts				
At 1 January 2024				**59**
Net writeback to the income statement				**—** [3]
Disposals				**—**
Exchange translation adjustments				**1**
At 30 June 2024				**60**
Total provisions for liabilities and loan commitments				**217** [4]

31 December 2023	Legal claims € m	Customer redress € m	Other provisions € m	Total € m
Provisions (excluding loan commitments and financial guarantee contracts)				
At 1 January 2023	29	167	66	262
Charged to income statement	11	92	6	109 [1]
Released to income statement	(4)	(32)	(5)	(41) [1]
Provisions utilised	(13)	(145)	(35)	(193)
Exchange translation adjustments	—	—	1	1
At 31 December 2023	23	82	33	138 [2]
Loan commitments and financial guarantee contracts				
At 1 January 2023				78
Net charge to the income statement				(17) [3]
Disposals				(1)
Exchange translation adjustments				(1)
At 31 December 2023				59
Total provisions for liabilities and loan commitments				197 [4]

1. Included in note 7 'Operating expenses'.
2. Amounts expected to be settled within one year amount to € 113 million (31 December 2023: € 92 million). Amounts expected to be settled outside of one year amount to € 44 million (31 December 2023: € 46 million).
3. Included in note 8 'Net credit impairment charge'.
4. Refer to note 1 for further information about the change in presentation for certain notes to the condensed consolidated interim financial statements.

Legal claims
In the ordinary course of business, legal claims (claims which have resulted in legal cases commencing in the Courts) are frequently served on the Group. There is always a level of uncertainty with legal claims given the range of potential outcomes. The Group considers many factors, including the background facts of the legal claim, legal advice and the stage of the legal claim to determine the appropriate provision. The Group has recorded a provision of € 22 million at 30 June 2024 (31 December 2023: € 23 million) in relation to ongoing legal claims against the Group.

Customer redress
Customer redress relates to remediation payments to customers and associated costs for certain legacy matters such as investment property funds; the 2020 Financial Services and Pensions Ombudsman decision; and other customer redress provisions. The provision represents the Group's best estimate of the costs of remediation of any remaining impacted customers, addressing customer appeals and closing out other related matters. Due to the complex nature of these legacy matters, they can take some time to resolve. In 2024 the provision was further reassessed, primarily as a result of additional information that was obtained during the period, and as a result the Group recognised a net income statement charge of € 47 million.

Other provisions
Other provisions, none of which are individually material, include provisions for right-of-use commitments, onerous contracts and other miscellaneous provisions.

24 Subordinated liabilities and other capital instruments	30 June 2024 € m	31 December 2023 € m
Dated loan capital – European Medium Term Note Programme:		
Issued by AIB Group plc		
€ 500 million Subordinated Tier 2 Notes due 2029, Callable 2024	92	484
€ 1 billion Subordinated Tier 2 Notes due 2031, Callable 2026	933	928
€ 650 million Subordinated Tier 2 Notes due 2035, Callable 2030	642	—
	1,667	1,412
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 Subordinated Liabilities Order)	13	13
£ 368m 12.5% Subordinated Notes due June 2019		
– nominal value £ 79 million (maturity extended to 2035 as a result of the Subordinated Liabilities Order)	50	47
£ 500m Callable Fixed/Floating Rate Notes due March 2025		
– nominal value £ 1 million (maturity extended to 2035 as a result of the Subordinated Liabilities Order)	1	1
	64	61
Total subordinated liabilities and capital instruments	1,731	1,473

Maturity of dated loan capital	30 June 2024 € m	31 December 2023 € m
Dated loan capital outstanding is repayable as follows:		
5 years or more	1,731	1,473

On 20 May 2024, AIB Group plc issued € 650 million Subordinated Tier 2 Notes due 2035, Callable 2030. These notes mature on 20 May 2035 but may be redeemed in whole, but not in part, at the option of the Group on the optional redemption date on 20 May 2030, subject to the approval of the regulatory authorities, with approval being conditional on meeting the requirements of the EU Capital Requirements Regulation. The notes bear interest on the outstanding nominal amount at a fixed rate of 4.625%, payable annually in arrears on 20 May each year.

Following a tender offer in 2024 to holders of € 500 million Subordinated Tier 2 Notes maturing in 2029, notes with a nominal value of € 406 million were repurchased.

For further details of subordinated liabilities and other capital instruments, see note 35 of the Annual Financial Report 2023.

25 Share capital

The following table shows the authorised and fully paid issued share capital:

	30 June 2024		31 December 2023	
	Number of shares m	€ m	Number of shares m	€ m
Authorised				
Ordinary share capital				
Ordinary shares of € 0.625 each	4,000.0	2,500	4,000.0	2,500
Issued and fully paid				
Ordinary share capital				
Ordinary shares of € 0.625 each	2,420.5	1,513	2,618.7	1,637

All AIB Group plc ordinary shares in issue confer identical rights, including in respect of capital, dividends and voting.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

25 Share capital *continued*

Movement in ordinary shares
The following table shows the movement in the number of ordinary shares:

	30 June 2024 Number of shares m	31 December 2023 Number of shares m
At 1 January	**2,618.7**	2,673.4
Repurchase and cancellation of shares[1]	**(198.2)**	(54.7)
At end of period	**2,420.5**	2,618.7

1. In May 2024, AIB Group plc completed a directed share buyback. This buyback resulted in the repurchase of 198,233,951 ordinary shares with a nominal value of € 0.625 each for a total consideration of € 999 million. The Group incurred costs of € 1 million in relation to the directed share buyback. Following repurchase, these shares were cancelled and € 124 million, which represents the nominal value of the acquired shares, was transferred from share capital to capital redemption reserves.

For further details on the structure of the Company's share capital, see note 36 of the Annual Financial Report 2023.

Warrants
In 2017, AIB issued warrants to the Minister for Finance to subscribe for 271,166,685 ordinary shares of AIB Group plc representing 9.99% of the issued share capital at the time (30 June 2024: 11.2%). In accordance with the terms of the Warrant Agreement, no cash consideration was payable by the Minister to AIB Group plc in respect of the issue of the warrants. The exercise price for the warrants was set at 200% of the Offer Price of € 4.40 per ordinary share, the Offer Price being the price in Euro per ordinary share which was payable under the IPO. This price has been adjusted in accordance with the terms of the Warrant Instrument and, following the most recent share buyback, the exercise price has been adjusted to € 7.767 per share. The Warrants are capable of exercise by the holder of the warrants until 27 June 2027.

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

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.

There was no difference in the weighted average number of shares used for basic and diluted earnings per share for 30 June 2024 and 2023. Warrants issued to the Minister of Finance were not included in calculating the diluted earnings per share, as they were antidilutive.

The following table shows the basic and diluted earnings per share:

Basic and diluted earnings per share	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Profit attributable to equity holders of the parent	**1,110**	856
Distributions on other equity interests	**(34)**	(33)
Profit attributable to ordinary shareholders of the parent	**1,076**	823
Weighted average number of ordinary shares in issue during the year (millions)	**2,560**	2,653
Basic and diluted earnings per share (cent)	**EUR 42.0 c**	EUR 31.0 c

26 Other equity interests	30 June 2024 € m	31 December 2023 € m
Issued by AIB Group plc		
€ 500 million Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities issued 2019	**162**	496
€ 625 million Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities issued 2020[1]	**619**	619
€ 625 million Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities issued 2024[1]	**620**	—
Total other equity interests	**1,401**	1,115

1. Included in the Group's capital base.

In 2024, AIB Group plc issued € 625 million nominal value of Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities.

– Interest on these securities, at a fixed rate of 7.125% per annum, is payable semi-annually in arrears on 30 April and 30 October, commencing on 30 October 2024. On the first reset date on 30 April 2030, in the event that the securities are not redeemed, interest will be reset to the relevant five year fixed rate plus a margin of 438.7 bps per annum. The interest payment is fully discretionary and non-cumulative, and conditional upon AIB Group plc being solvent at the time of payment, having sufficient distributable reserves and not being required by the regulatory authorities to cancel an interest payment.
– These securities are perpetual securities with no fixed redemption date. AIB Group plc may, at its sole and full discretion, subject to regulatory approval, redeem all (but not some only) of the securities on any day falling in the period commencing on (and including) 30 October 2029 and ending on (and including) the first reset date or on any interest payment date thereafter at the prevailing principal amount together with accrued but unpaid interest. In addition, the securities are redeemable at the option of AIB Group plc for certain regulatory or tax reasons, subject to regulatory approval.

Following a tender offer in 2024 to holders of the € 500 million Additional Tier 1 Perpetual Contingent Temporary Write Down Securities issued in 2019, securities with a nominal value of € 337 million were repurchased.

For further details on these securities, see note 37 of the Annual Financial Report 2023.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

27 Contingent liabilities and commitments

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

	Contract amount	
	30 June 2024 € m	31 December 2023 € m
Contingent liabilities[1] – credit related		
Guarantees and assets pledged as collateral security:		
Guarantees and irrevocable letters of credit	1,008	829
Other contingent liabilities	27	28
	1,035	857
Commitments[2]		
Documentary credits and short-term trade-related transactions	246	208
Undrawn formal standby facilities, credit lines and other commitments to lend:		
Less than 1 year	10,259	9,827
1 year and over	5,792	6,101
	16,297	16,136
Total contingent liabilities and commitments	17,332	16,993

1. Contingent liabilities are off-balance sheet products and include guarantees, irrevocable letters of credit and other contingent liability products.
2. A commitment is an off-balance sheet product where there is an agreement to provide an undrawn credit facility.

For details of the internal credit ratings and geographic concentration of contingent liabilities and commitments, see pages 51 and 42 in the 'Risk management' section of this report.

Provisions for ECLs on loan commitments and financial guarantee contracts are set out in note 23.

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.

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.

28 Fair value of financial instruments

The table below sets out the carrying amount and fair value of financial instruments across the three levels of the fair value hierarchy at 30 June 2024 and 31 December 2023:

	30 June 2024					31 December 2023				
	Carrying amount	Fair value hierarchy			Fair value	Carrying amount	Fair value hierarchy			Fair value
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Financial assets measured at fair value										
Trading portfolio financial assets	308	308	—	—	308	93	93	—	—	93
Derivative financial instruments:										
Interest rate derivatives[1]	1,938	—	1,858	80	1,938	2,351	—	2,234	117	2,351
Exchange rate derivatives	12	—	12	—	12	14	—	14	—	14
Equity derivatives	3	—	3	—	3	—	—	—	—	—
Forward contracts to acquire loans[2]	9	—	—	9	9	12	—	—	12	12
Loans and advances to customers at FVTPL	58	—	—	58	58	42	—	—	42	42
Investment debt securities at FVOCI	13,205	13,115	90	—	13,205	12,488	12,411	77	—	12,488
Equity investments at FVTPL	382	13	—	369	382	355	15	—	340	355
	15,915	13,436	1,963	516	15,915	15,355	12,519	2,325	511	15,355
Financial assets not measured at fair value										
Cash and balances at central banks	35,988	464 [3]	35,524	—	35,988	38,018	598 [3]	37,420	—	38,018
Loans and advances to banks	1,298	—	236	1,062	1,298	1,329	—	259	1,070	1,329
Loans and advances to customers:										
Mortgages[4]	34,845	—	—	33,530	33,530	34,472	—	—	33,459	33,459
Non-mortgages	32,463	—	—	32,420	32,420	30,977	—	—	30,909	30,909
Securities financing	6,684	—	—	6,684	6,684	6,466	—	—	6,466	6,466
Investment debt securities measured at amortised cost	4,641	2,543	—	2,100	4,643	4,510	2,566	—	1,971	4,537
Other financial assets	722	—	—	722	722	688	—	—	688	688
	116,641	3,007	35,760	76,518	115,285	116,460	3,164	37,679	74,563	115,406
Financial liabilities measured at fair value										
Trading portfolio financial liabilities	279	279	—	—	279	139	139	—	—	139
Derivative financial instruments:										
Interest rate derivatives[1]	1,936	—	1,604	332	1,936	1,869	—	1,563	306	1,869
Exchange rate derivatives	54	—	54	—	54	29	—	28	1	29
Equity derivatives	—	—	—	—	—	1	—	1	—	1
Credit derivatives	2	—	2	—	2	3	—	3	—	3
Virtual corporate power purchase agreement	3	—	—	3	3	—	—	—	—	—
	2,274	279	1,660	335	2,274	2,041	139	1,595	307	2,041
Financial liabilities not measured at fair value										
Deposits by central banks and banks	526	—	—	526	526	1,780	—	740	1,040	1,780
Customer accounts:										
Current accounts	61,998	—	—	61,998	61,998	62,928	—	—	62,928	62,928
Demand deposits	31,452	—	—	31,452	31,452	32,083	—	—	32,083	32,083
Time deposits	13,530	—	—	13,496	13,496	9,771	—	—	9,755	9,755
Securities financing	358	—	—	358	358	575	—	—	575	575
Debt securities in issue	8,172	7,870	482	27	8,379	8,423	8,573	—	28	8,601
Subordinated liabilities and other capital instruments	1,731	1,761	—	13	1,774	1,473	1,497	—	13	1,510
Other financial liabilities	2,037	—	—	2,037	2,037	1,571	—	—	1,571	1,571
Loan commitments and other credit related commitments	46	—	—	46	46	43	—	—	43	43
Financial guarantees	14	—	—	14	14	16	—	—	16	16
	119,864	9,631	482	109,967	120,080	118,663	10,070	740	108,052	118,862

1. Includes € 33 million (31 December 2023: € 84 million) derivative assets and € 287 million (31 December 2023: € 262 million) derivative liabilities categorised as level 3 where a not insignificant component of the XVA valuation is derived from unobservable inputs.
2. Relates to the forward contract to acquire Ulster Bank tracker (and linked) mortgages. See 'Ulster Bank forward contract – tracker (and linked) mortgages' below for further information.
3. Comprises cash on hand.
4. Includes residential and commercial mortgages.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

28 Fair value of financial instruments *continued*

Details of the methodologies used for calculating fair value and the definition of terms are set out in note 44 of the Annual Financial Report 2023.

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.

Reconciliation of balances in Level 3 of the fair value hierarchy

The following table shows (i) a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy and (ii) total unrealised gains or losses included in profit or loss that are attributable to the assets and liabilities categorised as Level 3 in the fair value hierarchy at the end of the period.

						30 June 2024
	Financial assets				Financial liabilities	
	Derivatives	Loans and advances at FVTPL	Equities at FVTPL	Total	Derivatives	Total
	€ m	€ m	€ m	€ m	€ m	€ m
Movement in level 3 assets and liabilities						
At 1 January 2024	129	42	340	511	307	307
Transfers into/out of level 3[1]	—	—	—	—	—	—
Total gains or (losses) in:						
Profit or loss:						
Net trading income	(40)	—	—	(40)	28	28
Net change in FVTPL	—	5	27	32	—	—
	(40)	5	27	(8)	28	28
Other comprehensive income:						
Net change in fair value of investment securities	—	—	—	—	—	—
Net change in fair value of cash flow hedges	—	—	—	—	—	—
Purchases/additions	—	18	21	39	—	—
Sales/disposals/redemptions	—	—	(19)	(19)	—	—
Cash received:						
Principal	—	(7)	—	(7)	—	—
At 30 June 2024	89	58	369	516	335	335
Total unrealised gains or losses included in profit or loss for assets and liabilities classified as level 3 at the end of the period						
Net trading income – losses	(18)	—	—	(18)	(44)	(44)
Gains on equity investments at FVTPL	—	—	21	21	—	—
Losses on loans and advances at FVTPL	—	(1)	—	(1)	—	—
	(18)	(1)	21	2	(44)	(44)

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

28 Fair value of financial instruments *continued*

Reconciliation of balances in Level 3 of the fair value hierarchy

31 December 2023

	Financial assets				Financial liabilities	
	Derivatives	Loans and advances at FVTPL	Equities at FVTPL	Total	Derivatives	Total
	€ m	€ m	€ m	€ m	€ m	€ m
Movement in level 3 assets and liabilities						
At 1 January 2023	88	249	284	621	432	432
Transfers into/out of level 3[1]	—	—	—	—	—	—
Total gains or (losses) in:						
Profit or loss:						
Net trading income	41	—	—	41	(125)	(125)
Net change in FVTPL	—	3	30	33	—	—
	41	3	30	74	(125)	(125)
Other comprehensive income:						
Net change in fair value of investment securities	—	—	—	—	—	—
Net change in fair value of cash flow hedges	—	—	—	—	—	—
Purchases/additions	—	20	35	55	—	—
Sales/disposals/redemptions	—	(135)	(9)	(144)	—	—
Cash received:						
Principal	—	(95)	—	(95)	—	—
At 31 December 2023	129	42	340	511	307	307
Total unrealised gains or losses included in profit or loss for assets and liabilities classified as level 3 at the end of the year						
Net trading income – income	71	—	—	71	76	76
Gains on equity investments at FVTPL	—	—	27	27	—	—
Losses on loans and advances at FVTPL	—	(15)	—	(15)	—	—
	71	(15)	27	83	76	76

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

Notes to the Condensed Consolidated Interim Financial Statements *continued*

28 Fair value of financial instruments *continued*

Significant unobservable inputs

The table below sets out information for financial instruments, categorised as Level 3 in the fair value hierarchy, where changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly.

		Fair value				Range of estimates	
Financial instrument		**30 June 2024 € m**	31 December 2023 € m	**Valuation technique**	**Significant unobservable input**	**30 June 2024**	31 December 2023
Uncollateralised customer derivatives	Asset	**80**	117	CVA	LGD	**40% - 58%**	41% - 59%
	Liability	**332**	307			**(Base 48%)**	(Base 49%)
					PD	**0.3% - 1.4%**	0.4% - 1.9%
						(Base 0.7% 1-year PD)	(Base 0.9% 1-year PD)
				FVA	Funding spreads	**(0.2%) - 0.1%**	(0.1%) - 0.3%
Ulster Bank forward contract – tracker (and linked) mortgages	Asset	**9**	12	Discounted Expected Future Cash flows	PD	**(0.25%) - 0.25%**	(0.25%) - 0.25%
					Discount Yield	**(0.1%) - 0.1%**	(0.1%) - 0.1%
Virtual corporate power purchase agreement	Liability	**3**	—	Discounted Expected Future Cash Flows	Irish electricity prices	**(20%) - 10%**	n/a
Visa Inc. Series B Preferred Stock[1]	Asset	**43**	41	Quoted market price (to which a discount has been applied)	Final conversion rate	**0% - 90%**	0% - 90%

1. Sensitivity information has not been provided for other equities as the portfolio comprises several investments, none of which is individually material.

Uncollateralised customer derivatives

Derivatives (assets and liabilities) include negative XVA valuation adjustments amounting to net € 9 million (31 December 2023: € 12 million). The sensitivity to unobservable inputs for this XVA valuation adjustment at 30 June 2024 ranges from (i) negative € 5 million to positive € 3 million for CVA (31 December 2023: negative € 9 million to positive € 4 million) and (ii) negative € 1 million to positive € 1 million for FVA (31 December 2023: negative € 2 million to positive € 1 million).

A number of derivatives are subject to other 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.

Ulster Bank forward contract – tracker (and linked) mortgages

The Group entered into an agreement in 2022 with NatWest Group plc and Ulster Bank Ireland DAC for the acquisition of the Ulster Bank tracker (and linked) mortgage portfolio, which was subject to regulatory approval. Following the receipt of regulatory authority approval in 2023, the contract to acquire the loans (which is not considered a regular way transaction) is a forward contract which recognises the change in fair value from the date of agreed transfer of beneficial ownership (1 September 2022) to the earlier of the reporting date or the acquisition date for a loan. The notional value of the forward contract at 30 June 2024 represents the principal amount of loans to be acquired at a later date.

The following are key considerations in determining the fair value of the forward contract at 30 June 2024:

- **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 calculated value for the loans, compared with the agreed transaction price, determines 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 € 4.2 million to positive € 5 million for PDs at 30 June 2024 (31 December 2023: negative € 4.8 million to positive € 5.4 million), and negative € 2.8 million to positive of € 2.8 million for discount yield (31 December 2023: negative € 3.2 million to positive € 3.2 million).

Virtual corporate power purchase agreement

The Group entered into a Virtual Corporate Power Purchase Agreement with NTR to construct two solar farms in Co. Wexford to supply electricity to the Group. This agreement meets the definition of a derivative and had a negative fair value of € 3 million at 30 June 2024 (31 December 2023: Nil). Its valuation is subject to valuation methodologies which use unobservable inputs. The most significant unobservable input is forward Irish electricity solar capture prices. The fair value sensitivity to this input ranges from negative € 5 million to positive € 2.5 million.

28 Fair value of financial instruments *continued*

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 partial conversions having occurred in 2020 and 2022. 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. 51.6% haircut (31 December 2023: 56%). 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.

The fair value measurement sensitivity to unobservable discount rates ranges from positive € 16 million to positive € 29 million at 30 June 2024 (31 December 2023: range from negative € 31 million to positive of € 23 million). This range considers the additional value of Class A common shares, over the carrying value at 30 June 2024, that will be received by the Group following the conversion adjustments announced by Visa Inc. in July 2024.

Loans and advances to customers measured at FVTPL

For loans and advances to customers measured at FVTPL of € 58 million (31 December 2023: € 42 million), categorised within Level 3 of the fair value hierarchy in 2023 and 2024, the Group does not believe that a reasonably possible change to alternative assumptions would change fair value significantly and therefore has not disclosed those amounts in the table above or provided the related disclosures.

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.

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.

29 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 2024 € m	30 June 2023 € m
Cash and balances at central banks	35,988	36,088
Loans and advances to banks[1,2]	1,014	1,482
Total cash and cash equivalents	**37,002**	37,570

1. Includes € 6 million (30 June 2023: € 5 million) relating to restricted balances held in trust in respect of certain payables which are included in ‘Other liabilities’.
2. Includes € 120 million (30 June 2023: € 80 million) of restricted cash balances that are held to meet certain requirements under the Asset Covered Securities Act 2001.

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

	30 June 2024 € m	31 December 2023 € m
Central Bank of Ireland	31,977	33,282
Bank of England	3,297	3,869
Federal Reserve Bank of New York	250	269
Other (cash on hand)	464	598
Total cash and balances at central banks	**35,988**	38,018

Notes to the Condensed Consolidated Interim Financial Statements *continued*

30 Statement of cash flows

Non-cash and other items included in profit before taxation

Non-cash items	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Loss on disposal of business	2	—
Net (gain)/loss on derecognition of financial assets measured at amortised cost	(1)	11
Dividends received from equity investments	(1)	(1)
Investments accounted for using the equity method	(16)	(3)
Net credit impairment charge	75	107
Change in provisions	48	64
Retirement benefits – defined benefit expense	2	2
Depreciation, amortisation and impairment	149	147
Interest on subordinated liabilities and other capital instruments	23	21
Interest on debt securities[1]	176	123
Loss on disposal of investment securities	34	5
Loss/(gain) on termination of hedging swaps	(23)	4
Amortisation of premiums and discounts	12	19
Net gain on equity investments at FVTPL	(23)	(12)
Net loss on loans and advances to customers at FVTPL	1	2
Change in prepayments and accrued income	(5)	(31)
Change in accruals and deferred income	73	68
Effect of exchange translation and other adjustments[2]	(36)	(78)
Total non-cash items	**490**	448
Contributions to defined benefit pension schemes	(13)	(12)
Dividends received on equity investments	1	1
Total other items	**(12)**	(11)
Non-cash and other items for the period	**478**	437

Change in operating assets[2]	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Change in trading portfolio financial assets	(215)	(79)
Change in net derivative financial instruments	41	—
Change in loans and advances to banks	31	(22)
Change in loans and advances to customers	(1,614)	(1,420)
Change in securities financing	(198)	(1,361)
Change in other assets	(91)	(73)
Total change in operating assets	**(2,046)**	(2,955)

Change in operating liabilities[2]	Half-year 30 June 2024 € m	Half-year 30 June 2023 € m
Change in deposits by central banks and banks	(1,277)	(104)
Change in customer accounts	1,901	1,035
Change in securities financing	(231)	(96)
Change in trading portfolio financial liabilities	140	49
Change in debt securities in issue	475	(1,000)
Change in notes in circulation	—	(3)
Change in other liabilities	214	41
Total change in operating liabilities	**1,222**	(78)

1. Relates to debt securities classified at origination as MREL.
2. 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.

31 Related party transactions

Other than as outlined below, there have been no related party transactions or changes therein since 31 December 2023 (as set out in note 47 of the Annual Financial Report 2023) that have materially affected the Group's financial position or performance in the six months to 30 June 2024.

Relationship with the Irish Government

The Irish Government is recognised as a related party under IAS 24 *Related Party Disclosures* ('IAS 24') as it is in a position to exercise significant influence over the Group.

Government shareholding

At 31 December 2023, the Irish Government held 40.77% of the total ordinary shares in AIB Group plc (1,067,638,190 ordinary shares). At 30 June 2024, the Irish Government's shareholding has reduced to 25.5% (617,151,217 ordinary shares) following a directed share buyback, the sell down of shares and disposals as part of a pre-arranged trading plan.

Irish bank levy

Following a change in the relevant legislation, the 2024 bank levy of € 102 million (30 June 2023: Nil) was accrued for in the period when the obligating event under the legislation occurred. The obligating event under the immediately preceding legislation took place in October of each year.

Other transactions with the Irish Government and entities under its control

In addition to the Irish bank levy and the share buyback, the Group also enters into other banking transactions in the ordinary course of banking business on normal terms and conditions with the Irish Government, its agencies and entities under its control. This includes transactions with (i) Irish Government and related entities (ii) local government and commercial semi-state bodies and (iii) financial institutions under Irish Government control/significant influence.

(i) Irish Government and related entities

The following table outlines the amounts outstanding at 30 June 2024 and 31 December 2023 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 2024 € m	31 December 2023 € m
Assets		
Cash and balances at central banks[1]	**31,977**	33,282
Trading portfolio financial assets	**266**	54
Investment securities[2]	**3,916**	4,356
Liabilities		
Trading portfolio financial liabilities	**271**	134
Customer accounts	**565**	466

1. Cash and balances at central banks represent the placements which the Group holds with the Central Bank.
2. Investment securities at 30 June 2024 comprise € 3,916 million (31 December 2023: € 4,356 million) in Irish Government securities held in the normal course of business.

(ii) Local government and Commercial semi-state bodies

The category 'local government' 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 while '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.

Banking transactions entered into with local government bodies and semi-state bodies include the granting of loans and the acceptance of deposits, as well as derivative and clearing transactions.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

31 Related party transactions *continued*

(iii) Financial institutions under Irish Government control/significant influence

The Irish Government has a controlling interest in Permanent TSB plc and controls the Irish Bank Resolution Corporation Limited (In Special Liquidation). Due to the Group's related party relationship with the Irish Government, balances between these financial institutions and the Group are considered related party transactions in accordance with IAS 24. 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 2024 and 31 December 2023:

	30 June 2024 € m	31 December 2023 € m
Assets		
Trading portfolio financial assets	**5**	—
Securities financing	**42**	—

32 Financial and other information	**Half-year 30 June 2024 %**	Half-year 30 June 2023 %
Operating ratios		
Operating expenses/operating income	**46.0**	51.1
Other income/operating income	**16.3**	20.2

Rates of exchange	**Half-year 30 June 2024**	Half-year 30 June 2023	31 December 2023
€/$*			
Closing	**1.0705**	1.0866	1.1050
Average	**1.0811**	1.0804	1.0811
€/£*			
Closing	**0.8464**	0.8583	0.8691
Average	**0.8546**	0.8763	0.8698

*Throughout this report, US Dollar is denoted by $ and Pound Sterling is denoted by £.

33 Dividends

A final dividend for the year ended 31 December 2023 of 26.6 cent per ordinary share, amounting to € 696 million (for the year ended 31 December 2022: € 166 million), was approved at the Annual General Meeting on 2 May 2024 and subsequently paid on 10 May 2024. Final dividends are not accounted for until they have been approved at the Annual General Meeting of shareholders.

34 Non-adjusting events after the reporting period

No significant non-adjusting events have taken place since 30 June 2024.

35 Approval of Half-Year Financial Report

The Half-Year Financial Report was approved by the Board of Directors on 1 August 2024.

Statement of Directors' Responsibilities

for the half-year ended 30 June 2024

The Directors are responsible for preparing the Group Half-Year Financial Report in accordance with IAS 34 *Interim Financial Reporting* ('IAS 34') 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-Year 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

Donal Galvin
Chief Financial Officer

1 August 2024

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

Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed AIB Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half-Year Financial Report of AIB Group plc for the six month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019.

The interim financial statements comprise:
– the Condensed Consolidated Statement of Financial Position as at 30 June 2024;
– the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
– the Condensed Consolidated Statement of Cash Flows for the period then ended;
– the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
– the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-Year Financial Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

A review is substantially less in scope 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.

We have read the other information contained in the Half-Year Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

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

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review
Our responsibilities and those of the directors
The Half-Year Financial Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-Year Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019.

In preparing the Half-Year Financial Report including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half-Year Financial Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019 and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers
Chartered Accountants
Dublin

1 August 2024

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 27 to 30 of the Annual Financial Report 2023 and updated on page 32 of this Half-Year Financial Report. In addition to matters relating to the Group's business, future performance will be impacted by (i) the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, (ii) the impacts of inflation and (iii) Irish, UK and wider European and global economic and financial market considerations. Future performance could also be impacted by the direct and indirect consequences of conflicts in the Middle East and Ukraine. 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 27 to 30 of the Annual Financial Report 2023 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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