2024

The Governor and Company of the Bank of Ireland
Interim Report
(for the six months ended 30 June 2024)

Bank of Ireland

Inside this report

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These are the consolidated results of The Governor and Company of the Bank of Ireland (the 'Bank') and its subsidiaries (together the 'Group')

Business review

Operating and Financial Review

Basis of presentation

The operating and financial review (OFR) is presented using IFRS and non-IFRS measures / alternative performance measures (APMs) to analyse the Group's performance. APMs include 'underlying', which excludes non-core items the Group believes obscure the underlying performance trends in the business. Further information on measures referred to in the OFR are found in APMs on page 92. The income statements are presented for the six months ended 30 June 2024 (H124) compared to the six months ended 30 June 2023 (H123). The balance sheets are presented for 30 June 2024 compared to 31 December 2023. Percentages presented throughout this document are calculated on the absolute underlying figures and so may differ from the percentage variances calculated on the rounded numbers presented. Where the percentages are not measured this is indicated by n/m.

Summary consolidated income statement on an underlying basis

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Net interest income[1]	1,788	1,789
Net other income[1]	393	399
Operating income	**2,181**	**2,188**
Operating expenses (before levies and regulatory charges)[1]	(961)	(906)
Levies and regulatory charges	(111)	(110)
Operating profit before net impairment losses on financial instruments	**1,109**	**1,172**
Net impairment losses on financial instruments[1]	(50)	(158)
Share of results of associates and joint ventures (after tax)	17	11
Underlying profit before tax	**1,076**	**1,025**
Non-core items[1]	(11)	(12)
Profit before tax	**1,065**	**1,013**
Tax charge	(201)	(170)
Profit for the period	**864**	**843**
Return on assets (bps) (annualised)	109	109

[1] Performance is reported on an underlying basis and has been adjusted to exclude non-core items that the Group believes obscure the underlying performance trends in the business and is considered an APM. A reconciliation between the IFRS and summary consolidated income statement on an underlying basis is set out on page 7. For further information on APMs see page 92.

Profit before tax of €1,065 million was reported by the Group for H124 (H123: €1,013 million).

Underlying profit before tax of €1,076 million was €51 million higher than H123.

Net interest income remained stable compared to H123, due to higher lending income and volumes, increased liquid asset income, supported by our Irish deposit franchise, offset by the impact of higher wholesale funding and deposit costs from the pass through of higher interest rates and the impact of UK personal loans recognised as non-core in H223. Net interest income was up c.2% on a like for like basis.

Net other income decreased by €6 million or 2% due to negative impacts from valuation items / other expenses of €23 million, offset by a €17 million increase in business income.

Operating expenses (before levies and regulatory charges) were up 6%, reflecting inflation and investment (including elevated investment to drive future benefits), offset by efficiencies.

Levies and regulatory charges increased by €1 million or 1% in H124.

Net impairment losses on financial instruments decreased by €108 million, reflecting actual loan loss experience in the period, movement in management adjustments, impact on IFRS9 models of Forward-Looking Information (FLI) from the Group's latest macroeconomic outlook and impairment model changes.

Share of results of associates and joint ventures (after tax) increased by €6 million primarily due to recognition of gains on investments during the period.

Non-core items were broadly unchanged compared to H123.

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

The tax charge for H124 of €201 million (H123: €170 million) reflected an effective statutory taxation rate of 19% (H123: 17%) for the Group. On an underlying basis, the effective taxation rate for H124 was 17% (H123: 15%). The effective tax rate was influenced by changes in the jurisdictional mix of profits and the higher rate for H124 also reflected that the increased Irish bank levy continued to be non-deductible for tax purposes.

Non-core items

Non-core items	**6 months ended 30 June 2024 €m**	**6 months ended 30 June 2023 €m**	**Change %**
Transformation programme (costs) / credit	(25)	7	n/m
Cost of restructuring programme	*(25)*	*(12)*	*n/m*
Other transformation refund	*–*	*19*	*(100%)*
Portfolio divestments (net)	25	–	n/m
Acquisition costs	(19)	(33)	(42%)
Gross-up for policyholder tax in the Wealth and Insurance business	14	14	–
Liability management exercises	(4)	–	n/m
Investment losses on treasury shares held for policyholders	(2)	–	n/m
Total non-core items	**(11)**	**(12)**	**(8%)**

Transformation programme

During H124, the Group recognised net transformation programme costs of €25 million (H123: €7 million credit), which included:

- Restructuring charges of €25 million (H123: €12 million) were incurred and relate to the implementation of the Group's property strategy, voluntary redundancy scheme and external programme management costs; and
- No other transformation costs were recognised in H124. In H123, a €19 million refund was recognised, in relation to previous projects, as part of the strategic review of the Retail UK operations that did not proceed.

Portfolio divestments

In 2023, in line with the Group's transformation strategy in the UK, the Group announced the cessation of the provision of unsecured personal loan products under the Bank of Ireland (UK) plc and UK Post Office brand, and the UK personal loans business was moved to non-core items.

As a result, included within the portfolio divestment net gain of €25 million (H123: €nil) was interest income of €30 million (H123: €nil), expenditure of €6 million (H123: €nil) and an impairment gain of €1 million (H123: €nil) relating to this business.

Acquisition costs

The Group acquired Davy in 2022 as a business combination in line with IFRS 3. In H124, €19 million (H123: €27 million) of costs associated with the acquisition were expensed to the income statement:

- deferred remuneration expense of €12 million (H123: €13 million) was accrued and includes the incurred portion of deferred remuneration, as well as remuneration related to a Special Incentive and Retention Plan (SIRP). The costs are payable to some Davy employees on the fulfilment of certain conditions;
- integration costs of €4 million (H123: €11 million) include external costs relating to project management, professional advice and support; and internal integration costs related to an internal dedicated team to deliver the acquisition and integration of Davy; and
- amortisation of €3 million (H123: €3 million) related to the acquired intangible assets (customer relationships and brand).

The Group completed the KBC Bank Ireland (KBCI) portfolio acquisition on 3 February 2023. There were no non-core costs related to the acquisition in H124 (H123: €6 million).

Gross-up for policyholder tax in the Wealth and Insurance business

IFRS requires that the income statement be grossed up for the total tax payable by Wealth and Insurance, comprising both policyholder and shareholder tax. In H124, this was a non-core gain of €14 million (H123: €14 million).

Liability management exercises

In H124, a loss of €4 million (H123: €nil) on liability management exercises was recognised, reflecting the repurchase of certain Group perpetual non-call instruments.

Investment losses on treasury shares held for policyholders

The Group income statement excludes the impact of the change in value of Bank of Ireland Group plc ('BOIG plc') shares held by Wealth and Insurance for policyholders. In H124, this was a loss €2 million (H123: €nil). At 30 June 2024, there were 0.7 million shares (H123: 1.1 million shares) held for the benefit of policyholders.

Summary consolidated balance sheet

Summary consolidated balance sheet	30 June 2024 €bn	31 December 2023 €bn
Assets		
Loans and advances to customers	81	80
Liquid assets	44	44
Wealth and Insurance assets	27	25
Other assets	7	7
Total assets	**159**	**156**
Liabilities		
Customer deposits	101	100
Wholesale funding	12	12
Wealth and Insurance liabilities	26	24
Other liabilities	6	6
Subordinated liabilities	2	2
Total liabilities	**147**	**144**
Stockholders' equity	11	11
Other equity instruments - Additional tier 1	1	1
Total liabilities and stockholders' equity	**159**	**156**

The Group's **loans and advances to customers (after impairment loss allowances and including held for sale)** of €81.5 billion were €1.8 billion higher than 31 December 2023, primarily driven by higher volumes in the RoI and UK mortgage portfolios. On a constant currency basis, the loan book increased by €1.0 billion reflecting positive net new lending in the period.

The Group's portfolio of **liquid assets** at 30 June 2024 of €44.4 billion increased by €0.8 billion from 31 December 2023, primarily due an increase in Tier 2 volumes €0.5 billion, higher wholesale funding volumes of €0.4 billion, higher deposit volumes of €0.3 billion (constant currency basis), FX movements on liquid assets of €0.1 billion and other items (includes retained earnings) of €0.5 billion, partially offset by higher lending volumes €1.0 billion (constant currency basis).

The Group's **asset quality** continued to improve in H124. Non-performing exposures (NPEs) reduced by €0.1 billion to €2.4 billion, representing 2.9% of gross loans at 30 June 2024 (31 December 2023: 3.1%). Reduction in NPEs reflected execution of resolution strategies, partly offset by the emergence of new defaults for case specific reasons primarily in corporate portfolios.

At 30 June 2024, Group **customer deposit** volumes of €101.2 billion were €0.8 billion higher than 31 December 2023, predominantly driven by higher Retail UK volumes of €1.2 billion and higher Retail Ireland volumes of €0.9 billion, partially offset by lower Corporate and Commercial (formerly Corporate and Markets) volumes of €1.3 billion.

Wholesale funding balances of €12.2 billion at 30 June 2024 were €0.4 billion higher than 31 December 2023. This is primarily due to minimum requirement for own funds and eligible liabilities (MREL) senior bond issuance of €0.9 billion, partially offset by part repayment of Bank of England Term Funding Scheme for Small and Medium-sized Enterprises (TFSME) funding of c.€0.2 billion and lower interbank deposits of c.€0.3 billion.

Key ratios	30 June 2024	31 December 2023
Credit-impaired loans (€bn)	2.4	2.5
NPEs (€bn)	2.4	2.5
NPEs ratio (%)	2.9	3.1
Liquidity Coverage Ratio (%)	199	196
Net Stable Funding Ratio (%)	153	157
Loan to Deposit Ratio (%)	80	79

Summary consolidated balance sheet *(continued)*

Capital

The Group's proforma fully loaded CET1 ratio with inclusion of the H1 unaudited profits was 15.4% at 30 June 2024 (31 December 2023: 14.3%). The increase of c.110 basis points is primarily due to net organic capital generation (c.+170 basis points), the reduction in risk weighted assets (RWAs) (c.+10 basis points), offset by a foreseeable dividend deduction (c.-70 basis points). The Group's fully loaded CET1 ratio (excluding the H1 unaudited profits) was 14.4%[2].

CRD IV - 31 December 2023			CRD IV - 30 June 2024[1]	
Regulatory	Fully loaded		Regulatory	Fully loaded
		Capital ratios[2]		
14.5%	14.3%	Common equity tier 1	14.4%	14.4%
16.4%	16.2%	Tier 1	16.3%	16.3%
19.2%	19.0%	Total capital	20.1%	20.1%
6.4%	6.3%	Leverage ratio	6.3%	6.3%

[1] *The capital ratios are calculated under the prudential scope of consolidation of the BOIG plc Group. Further details on the capital position of BOIG plc Group and The Governor and Company of the Bank of Ireland can be found in BOIG plc's Pillar 3 disclosure.*
[2] *In accordance with ECB guidance and EBA Q&A 2023_6887, no interim profits have been recognised under Article 26(2) of the Capital Requirements Regulation. The interim capital ratios for June 2024 have therefore been presented excluding the benefit of H1 interim profits. Inclusion of H1 interim profits results in a CET1 Ratio of 15.4% and a total capital ratio of 21.1%.*

Income statement - Operating segments

In the tables below, "underlying" excludes the impact of non-core items (page 4). The tables below provide a reconciliation of the income statement on an underlying basis to the Group statutory profit / loss before tax.

6 months ended 30 June 2024	Net interest income / (expense)[1] €m	Net other income: Insurance service result €m	Net other income: Insurance investment & finance result €m	Net other income: Other income / (expense)[1] €m	Total operating income / (expense) €m	Operating expenses[1] €m	Operating profit / (loss) before net impairment losses on financial instruments €m	Net impairment (losses) / gains on financial instruments[1] €m	Share of results of associates and joint ventures (after tax) €m	Profit / (loss) before taxation €m
Divisional underlying contribution										
Retail Ireland	735	–	–	74	809	(265)	544	(4)	–	540
Wealth and Insurance	(3)	22	(25)	170	164	(117)	47	–	–	47
Retail UK	282	–	–	5	287	(140)	147	36	12	195
Corporate and Commercial	786	–	–	156	942	(252)	690	(82)	5	613
Group Centre	2	–	(1)	(11)	(10)	(301)	(311)	–	–	(311)
Other reconciling items	–	–	–	4	4	3	7	–	–	7
BOIG Group plc - underlying	**1,802**	**22**	**(26)**	**398**	**2,196**	**(1,072)**	**1,124**	**(50)**	**17**	**1,091**
Less:										
Attributable to BOIG plc	(14)	–	–	(1)	(15)	–	(15)	–	–	(15)
Group underlying	**1,788**	**22**	**(26)**	**397**	**2,181**	**(1,072)**	**1,109**	**(50)**	**17**	**1,076**
Total non-core items										
Transformation programme costs	–	–	–	–	–	(25)	(25)	–	–	(25)
Portfolio divestments	30	–	–	–	30	(6)	24	1	–	25
Acquisition costs	–	–	–	3	3	(22)	(19)	–	–	(19)
Gross-up for policyholder tax in the Wealth and Insurance business	–	–	–	14	14	–	14	–	–	14
Liability management exercises	–	–	–	(4)	(4)	–	(4)	–	–	(4)
Investment losses on treasury stock held for policyholders	–	–	–	(2)	(2)	–	(2)	–	–	(2)
Group total	**1,818**	**22**	**(26)**	**408**	**2,222**	**(1,125)**	**1,097**	**(49)**	**17**	**1,065**

[1] *Performance is reported on an underlying basis and has been adjusted to exclude non-core items that the Group believes obscure the underlying performance trends in the business and is considered an APM. For further information on APMs see page 92.*

Income statement - Operating segments *(continued)*

Restated[1] **6 months ended 30 June 2023**	**Net interest income / (expense) €m**	**Net other income** **Insurance service result €m**	**Insurance investment & finance result €m**	**Other income / (expense)**[2] **€m**	**Total operating income / (expense) €m**	**Operating expenses**[2] **€m**	**Operating profit / (loss) before net impairment (losses) on financial instruments €m**	**Net impairment (losses) on financial instruments €m**	**Share of results of associates and joint ventures (after tax) €m**	**Profit / (loss) before taxation €m**
Divisional underlying contribution										
Retail Ireland	656	–	–	73	729	(251)	478	(64)	–	414
Wealth and Insurance	(4)	26	76	86	184	(107)	77	–	–	77
Retail UK	327	–	–	(1)	326	(142)	184	(63)	12	133
Corporate and Commercial	821	–	–	147	968	(235)	733	(31)	(1)	701
Group Centre	2	–	(4)	(10)	(12)	(284)	(296)	–	–	(296)
Other reconciling items	–	–	–	6	6	2	8	–	–	8
BOIG Group plc - underlying	**1,802**	**26**	**72**	**301**	**2,201**	**(1,017)**	**1,184**	**(158)**	**11**	**1,037**
Less:										
Attributable to BOIG plc	(13)	–	–	–	(13)	1	(12)	–	–	(12)
Group underlying	**1,789**	**26**	**72**	**301**	**2,188**	**(1,016)**	**1,172**	**(158)**	**11**	**1,025**
Total non-core items										
Transformation programme costs	–	–	–	–	–	7	7	–	–	7
Portfolio divestments	–	–	–	–	–	–	–	–	–	–
Acquisition costs	–	–	–	–	–	(33)	(33)	–	–	(33)
Gross-up for policyholder tax in the Wealth and Insurance business	–	–	–	14	14	–	14	–	–	14
Liability management exercises	–	–	–	–	–	–	–	–	–	–
Investment losses on treasury stock held for policyholders	–	–		–	–	–	–	–	–	–
Group total	**1,789**	**26**	**72**	**315**	**2,202**	**(1,042)**	**1,160**	**(158)**	**11**	**1,013**

[1] *Comparative figures have been restated to reflect the reallocation of intangible assets and related amortisation from Group Centre to the division deriving the economic benefits, as a result operating expenses have decreased by €25 million in Group Centre, with a corresponding increase of €25 million in Retail Ireland.*
[2] *Performance is reported on an underlying basis and has been adjusted to exclude non-core items that the Group believes obscure the underlying performance trends in the business and is considered an APM. For further information on APMs see page 92.*

Principal Risks and Uncertainties

Principal risks and uncertainties facing the Group for the remaining six months of 2024 are set out below. This summary should not be regarded as a complete and comprehensive statement of all potential risks as other factors not yet identified, or not currently material, may adversely affect the Group. ESG factors (including climate related risks) represent a common risk driver across the Group's Principal Risk types. The ESG Risk Management Framework sets out the approach to the management of ESG risk factors in the Group. For further detail on risks facing the Group, see pages 10 to 18 of The Governor and Company of the Bank of Ireland's 2023 Annual Report.

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

- macroeconomic conditions and geopolitical uncertainties. Whilst inflation has abated, interest rates remain elevated, and there has been an escalation in geopolitical tensions. The potential impacts of these macroeconomic and geopolitical dynamics represent a risk to the Group in its markets and may manifest in adverse impacts to pricing, customer confidence and credit demand, collateral values and customers' ability to meet their financial obligations;
- the risk attached to the implementation of the Group Strategic Plan;
- changing business model for the Group including the evolving competitive landscape, accelerated digitisation, and changing consumer and business behaviours; and
- challenges and risks to the Group's strategy to transform, as well as customer considerations. Failure to transform successfully, or respond to the other risks above, could prevent the Group from realising its strategic priorities.

Capital adequacy risk is the risk that the Group has insufficient capital to support its normal business activities, meet its regulatory capital requirements or absorb losses should unexpected events occur. While principal risks impact on the Group's capital adequacy to some extent, capital adequacy is primarily impacted by significant increases in credit risk or risk weighted assets (RWAs), materially worse than expected financial performance and changes to minimum regulatory requirements.

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

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

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

Life insurance risk is the risk of unexpected variation in the amount and timing of claims associated with insurance benefits. This variation, arising from changing customer mortality, life expectancy, health, or behavioural characteristics, may be short or long-term in nature.

Market risk is the risk of loss arising from movements in interest rates, FX rates, equity, credit spreads, or other market prices. Market risk arises from the structure of the balance sheet, the Group's business mix and includes discretionary risk taking. The Group permits discretionary risk taking activity in Davy and it can arise through market-making, whereby positions can be held to facilitate client orders. Market risk can also arise through the conduct of customer business, particularly in respect to fixed-rate lending and the execution of derivatives and FX business. The nature of the business mix and the Group's balance sheet profile can create interest rate risk in the banking book exposures which result in economic value of equity and net interest income sensitivities. Earnings for NIAC are directly exposed to movements in market prices as a sizeable portion of shareholder surplus is invested in high yield funds. In addition, NIAC's earnings are also indirectly exposed to changes in equity and property markets through fee income generated on unit-linked customer investments.

Operational risk is the risk of loss resulting from suboptimal or failed internal processes, systems, human factors, or from external events. These risks may arise from failure to effectively manage change, third parties, IT, talent recruitment and retention, data, models, reporting or complying with legal, tax, or regulatory requirements and expectations. In addition, risks can materialise through cybersecurity incidents as the frequency, sophistication, and severity of attacks continues to increase. The Group also continues to improve its operational resilience capabilities to effectively identify, prepare for, respond, recover, and learn from an operational disruption, irrespective of the cause and whether it is internal or due to a third party failure.

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

Statement of Directors' responsibilities

for the six months ended 30 June 2024

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

In preparing the consolidated condensed set of financial statements included within the interim financial report, the Directors are required to:

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

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

We confirm that to the best of our knowledge:

The consolidated condensed set of financial statements included within the interim financial report of The Governor and Company of the Bank of Ireland for the six months ended 30 June 2024 (the 'interim financial information') which comprises the consolidated condensed income statement, consolidated condensed statement of comprehensive income, consolidated condensed balance sheet, consolidated condensed statement of changes in equity, consolidated condensed cash flow statement and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.

The interim financial information presented, as required by the Transparency Directive, includes:

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

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

Signed on behalf of the Court by

30 July 2024

Patrick Kennedy	**Richard Goulding**	**Myles O'Grady**
Governor	*Deputy Governor*	*Group Chief Executive Officer*

Executive Directors: Myles O'Grady (Group Chief Executive Officer), Mark Spain (Group Chief Financial Officer).
Non-Executive Directors: Patrick Kennedy (Governor), Richard Goulding (Deputy Governor), Giles Andrews, Akshaya Bhargava, Evelyn Bourke, Ian Buchanan, Eileen Fitzpatrick, Michele Greene, Steve Pateman, Margaret Sweeney.

Independent review report

to the members of The Governor and Company of the Bank of Ireland

Conclusion

We have been engaged by The Governor and Company of the Bank of Ireland (the 'Bank') to review the Bank's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the consolidated condensed income statement, consolidated condensed statement of comprehensive income, consolidated condensed balance sheet, consolidated condensed statement of changes in equity, consolidated condensed cash flow statement, a summary of material accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects in accordance with International Accounting Standard 34 Interim Financial Reporting ('IAS 34') as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ('Transparency Directive'), and the Central Bank (Investment Market Conduct) Rules 2019 ('Transparency Rules of the Central Bank of Ireland').

Basis for conclusion

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

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

Conclusions relating to going concern

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

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

Directors' responsibilities

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

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

As disclosed in note 1, the annual financial statements of the Bank for the year ended 31 December 2023 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the Directors are responsible for assessing the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Bank a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

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

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

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

KPMG

KPMG
Chartered Accountants,
1 Harbourmaster Place, IFSC
Dublin 1, D01 F6F5
Ireland

30 July 2024

Consolidated interim financial statements and notes *(unaudited)*

Consolidated condensed income statement

(for the six months ended 30 June 2024) (unaudited)

	Note	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Interest income calculated using the effective interest method	4	2,963	2,470
Other interest income	4	514	420
Interest income		**3,477**	**2,890**
Interest expense	5	(1,659)	(1,101)
Net interest income		**1,818**	**1,789**
Insurance service result	6	22	26
Insurance revenue		*267*	*247*
Insurance service expense		*(236)*	*(216)*
Net expense from reinsurance contracts held		*(9)*	*(5)*
Insurance investment and finance result	6	(26)	72
Total investment gains		*815*	*619*
Finance expense from insurance contracts issued		*(819)*	*(563)*
Finance (expense) / income from reinsurance contracts held		*(22)*	*16*
Fee and commission income	7	353	327
Fee and commission expense	7	(105)	(110)
Net trading income	8	107	39
Other leasing income	9	53	44
Other leasing expense	9	(42)	(29)
Other operating income	10	42	44
Total operating income		**2,222**	**2,202**
Operating expenses	11	(1,100)	(1,030)
Cost of restructuring programme	12	(25)	(12)
Operating profit before impairment losses on financial instruments		**1,097**	**1,160**
Net impairment losses on financial instruments	13	(49)	(158)
Operating profit		**1,048**	**1,002**
Share of results of associates and joint ventures (after tax)	14	17	11
Profit before tax		**1,065**	**1,013**
Taxation charge	15	(201)	(170)
Profit for the period		**864**	**843**
Attributable to stockholders		864	843
Attributable to non-controlling interests		–	–
Profit for the period		**864**	**843**

Consolidated condensed statement of comprehensive income

(for the six months ended 30 June 2024) (unaudited)

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Profit for the period	**864**	**843**
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss in subsequent periods:		
Debt instruments at fair value through other comprehensive income, net of tax	8	1
Cash flow hedge reserve, net of tax	8	(3)
Foreign exchange reserve	74	63
Total items that may be reclassified to profit or loss in subsequent periods	**90**	**61**
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of the net defined benefit pension asset, net of tax	95	148
Net change in liability credit reserve, net of tax	(2)	(17)
Total items that will not be reclassified to profit or loss in subsequent periods	**93**	**131**
Other comprehensive income for the period, net of tax	**183**	**192**
Total comprehensive income for the period, net of tax	**1,047**	**1,035**
Total comprehensive income attributable to equity stockholders	1,047	1,035
Total comprehensive income attributable to non-controlling interests	–	–
Total comprehensive income for the period, net of tax	**1,047**	**1,035**

The effect of tax on these items is shown in note 15.

Consolidated condensed balance sheet

(at 30 June 2024) (unaudited)

	Note	30 June 2024 €m	31 December 2023 €m
Assets			
Cash and balances at central banks		32,144	31,843
Items in the course of collection from other banks		143	126
Trading securities		164	72
Derivative financial instruments		3,678	4,341
Fair value changes due to interest rate risk of the hedged items in portfolio hedges		(297)	(124)
Other financial assets at FVTPL		22,478	20,905
Loans and advances to banks		2,259	1,907
Debt securities at amortised cost		5,989	5,715
Financial assets at FVOCI		3,702	3,968
Assets classified as held for sale	16	31	–
Loans and advances to customers	17	81,431	79,729
Interest in associates		108	108
Interest in joint ventures		94	79
Intangible assets and goodwill		1,493	1,408
Investment properties		765	793
Property, plant and equipment		813	800
Current tax assets		6	3
Deferred tax assets	20	665	808
Other assets		1,255	1,134
Reinsurance contract assets	6	1,419	1,414
Retirement benefit assets	25	798	692
Total assets		**159,138**	**155,721**
Equity and liabilities			
Deposits from banks	21	2,618	3,095
Customer accounts	22	101,219	100,385
Items in the course of transmission to other banks		564	322
Derivative financial instruments		4,552	4,490
Fair value changes due to interest rate risk of the hedged items in portfolio hedges		(1,636)	(1,115)
Debt securities in issue	23	9,617	8,681
Liabilities to customers under investment contracts		8,387	7,692
Insurance contract liabilities	6	16,058	15,113
Other liabilities		2,906	2,537
Leasing liabilities		382	404
Current tax liabilities		29	24
Provisions		56	58
Allowance provision on loan commitments and financial guarantees		64	61
Deferred tax liabilities		60	61
Retirement benefit obligations	25	3	10
Subordinated liabilities	26	2,104	1,604
Total liabilities		**146,983**	**143,422**
Equity			
Capital stock		1,621	1,621
Stock premium account		571	571
Retained earnings		8,133	8,387
Other reserves		853	743
Stockholders' equity		**11,178**	**11,322**
Other equity instruments - Additional Tier 1		975	975
Total equity excluding non-controlling interests		**12,153**	**12,297**
Non-controlling interests		2	2
Total equity		**12,155**	**12,299**
Total equity and liabilities		**159,138**	**155,721**

Consolidated condensed statement of changes in equity

(for the six months ended 30 June 2024) (unaudited)

				Other reserves									
	Capital stock €m	Stock premium account €m	Retained earnings €m	Debt instruments at FVOCI reserve €m	Cash flow hedge reserve €m	Foreign exchange reserve €m	Capital reserve €m	Other reserves[1] €m	Own shares held by Group subsidiaries €m	Attributable to equity holders of Parent €m	Other equity instruments €m	Non-controlling interests €m	Total €m
Balance at 1 January 2024	**1,621**	**571**	**8,387**	**(22)**	**(43)**	**(757)**	**1,552**	**13**	**–**	**11,322**	**975**	**2**	**12,299**
Profit for the period	–	–	864	–	–	–	–	–	–	864	–	–	864
Other comprehensive income	–	–	95	8	8	74	–	(2)	–	183	–	–	183
Total comprehensive income for the period	**–**	**–**	**959**	**8**	**8**	**74**	**–**	**(2)**	**–**	**1,047**	**–**	**–**	**1,047**
Transactions with owners													
Contributions by and distributions to owners of the Group													
Dividends on ordinary capital stock[2]	–	–	(1,154)	–	–	–	–	–	–	(1,154)	–	–	(1,154)
Distribution on other equity instruments - AT1 Coupon	–	–	(36)	–	–	–	–	–	–	(36)	–	–	(36)
Dividends on preference equity interests paid in cash	–	–	(1)	–	–	–	–	–	–	(1)	–	–	(1)
Redemption of preference stock	–	–	–	–	–	–	–	–	–	–	–	–	–
Changes in amount and value of own shares held	–	–	–	–	–	–	–	–	–	–	–	–	–
Total transactions with owners	**–**	**–**	**(1,191)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,191)**	**–**	**–**	**(1,191)**
Transfer from retained earnings to capital reserve	–	–	(22)	–	–	–	22	–	–	–	–	–	–
Balance at 30 June 2024	**1,621**	**571**	**8,133**	**(14)**	**(35)**	**(683)**	**1,574**	**11**	**–**	**11,178**	**975**	**2**	**12,155**

[1] Other reserves includes the amalgamation of the revaluation reserve €18 million and liability credit reserve (€7 million).
[2] In respect of the 2023 financial year, the Bank paid a dividend of €1,154 million, equivalent to c.4 cents per unit of ordinary stock, payable to its parent, BOIG plc.

Consolidated condensed statement of changes in equity *(continued)*

(for the six months ended 30 June 2023) (unaudited)

				Other reserves									
	Capital stock €m	Stock premium account €m	Retained earnings €m	Debt instruments at FVOCI reserve €m	Cash flow hedge reserve €m	Foreign exchange reserve €m	Capital reserve €m	Other reserves[1] €m	Own shares held by Group subsidiaries €m	Attributable to equity holders of Parent €m	Other equity instruments €m	Non-controlling interests €m	Total €m
Balance at 1 January 2023	**1,625**	**571**	**7,024**	**(17)**	**(31)**	**(786)**	**1,495**	**33**	**(1)**	**9,913**	**975**	**2**	**10,890**
Profit for the period	–	–	843	–	–	–	–	–	–	843	–	–	843
Other comprehensive income	–	–	148	1	(3)	63	–	(17)	–	192	–	–	192
Total comprehensive income for the period	**–**	**–**	**991**	**1**	**(3)**	**63**	**–**	**(17)**	**–**	**1,035**	**–**	**–**	**1,035**
Transactions with owners													
Contributions by and distributions to owners of the Group													
Dividends on ordinary capital stock	–	–	–	–	–	–	–	–	–	–	–	–	–
Distribution on other equity instruments - AT1 Coupon	–	–	(36)	–	–	–	–	–	–	(36)	–	–	(36)
Dividends on preference equity interests paid in cash	–	–	(4)	–	–	–	–	–	–	(4)	–	–	(4)
Redemption of preference stock	–	–	–	–	–	–	–		–	–	–	–	–
Changes in amount and value of own shares held	–	–	–	–	–	–	–	–	1	1	–	–	1
Total transactions with owners	**–**	**–**	**(40)**	**–**	**–**	**–**	**–**	**–**	**1**	**(39)**	**–**	**–**	**(39)**
Transfer from retained earnings to capital reserve	–	–	(53)	–	–	–	53	–	–	–	–	–	–
Balance at 30 June 2023	**1,625**	**571**	**7,922**	**(16)**	**(34)**	**(723)**	**1,548**	**16**	**–**	**10,909**	**975**	**2**	**11,886**

[1] Other reserves includes the amalgamation of the revaluation reserve €24 million and liability credit reserve (€8 million).

Consolidated condensed statement of changes in equity *(continued)*

(for the year ended 31 December 2023)

	Capital stock €m	Stock premium account €m	Retained earnings €m	Other reserves: Debt instruments at FVOCI reserve €m	Other reserves: Cash flow hedge reserve €m	Other reserves: Foreign exchange reserve €m	Other reserves: Capital reserve €m	Other reserves: Other reserves[1] €m	Own shares held by Group subsidiaries €m	Attributable to equity holders of Parent €m	Other equity instruments €m	Non-controlling interests €m	Total €m
Balance at 1 January 2023	**1,625**	**571**	**7,024**	**(17)**	**(31)**	**(786)**	**1,495**	**33**	**(1)**	**9,913**	**975**	**2**	**10,890**
Profit for the period	–	–	1,581	–	–	–	–	–	–	1,581	–	–	1,581
Other comprehensive income	–	–	(28)	(5)	(12)	29	–	(20)	–	(36)	–	–	(36)
Total comprehensive income for the period	**–**	**–**	**1,553**	**(5)**	**(12)**	**29**	**–**	**(20)**	**–**	**1,545**	**–**	**–**	**1,545**
Transactions with owners													
Contributions by and distributions to owners of the Group													
Dividends on ordinary capital stock	–	–	–	–	–	–	–	–	–	–	–	–	–
Distribution on other equity instruments - AT1 Coupon	–	–	(72)	–	–	–	–	–	–	(72)	–	–	(72)
Dividends on preference equity interests paid in cash	–	–	(6)	–	–	–	–	–	–	(6)	–	–	(6)
Redemption of preference stock	(4)		(59)				4		1	(58)			(58)
Changes in amount and value of own shares held	–	–	–	–	–	–	–	–	–	–	–	–	–
Total transactions with owners	**(4)**	**–**	**(137)**	**–**	**–**	**–**	**4**	**–**	**1**	**(136)**	**–**	**–**	**(136)**
Transfer from retained earnings to capital reserve	–	–	(53)	–	–	–	53	–	–	–	–	–	–
Balance at 31 December 2023	**1,621**	**571**	**8,387**	**(22)**	**(43)**	**(757)**	**1,552**	**13**	**–**	**11,322**	**975**	**2**	**12,299**

[1] *Other reserves includes the amalgamation of the revaluation reserve €18 million and liability credit reserve (€5 million).*

Consolidated condensed cash flow statement

(for the six months ended 30 June 2024) (unaudited)

	Note	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Cash flows from operating activities			
Profit before tax		1,065	1,013
Share of results of associates and joint ventures	14	(17)	(11)
Depreciation and amortisation	6,9,11	156	128
Net impairment losses on financial instruments, excluding cash recoveries	13	76	167
Revaluation of investment property		20	39
Interest expense on subordinated liabilities		44	60
Interest expense on lease liabilities	5	5	5
Charge for pension and similar obligations		15	12
Net change in accruals and interest payable		67	111
Net change in prepayments and interest receivable		6	(46)
Charge for provisions		17	3
Non-cash and other items		13	8
Cash flows from operating activities before changes in operating assets and liabilities		**1,467**	**1,489**
Net change in items in the course of collection from other banks		225	334
Net change in trading securities		(92)	(6)
Net change in derivative financial instruments		765	(273)
Net change in fair value changes of hedged items in portfolio hedge of interest rate risk		(348)	85
Net change in other financial assets at FVTPL		(1,573)	(1,348)
Net change in loans and advances to banks		109	26
Net change in loans and advances to customers including held for sale assets		(1,222)	(8,227)
Net change in other assets		(136)	(146)
Net change in deposits from banks		(541)	89
Net change in customer accounts		458	1,728
Net change in debt securities in issue		976	687
Net change in liabilities to customers under investment contracts		695	326
Net change in insurance and reinsurance contracts		940	866
Net change in other operating liabilities		240	(59)
Net cash flow from operating assets and liabilities		**496**	**(5,918)**
Net cash flow from operating activities before tax		**1,963**	**(4,429)**
Tax paid		(59)	(36)
Net cash flow from operating activities		**1,904**	**(4,465)**
Investing activities (section a below)		(322)	(749)
Financing activities (section b below)		(783)	(77)
Effect of exchange translation and other adjustments		(37)	(70)
Net change in cash and cash equivalents		**762**	**(5,361)**
Opening cash and cash equivalents		33,641	39,842
Closing cash and cash equivalents		**34,403**	**34,481**

Consolidated condensed cash flow statement *(continued)*

(for the six months ended 30 June 2024) (unaudited)

	Note	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
(a) Investing activities			
Additions to debt securities at amortised cost		(410)	(941)
Disposal / redemption of financial assets at FVOCI		254	337
Additions to property, plant and equipment, intangible assets and investment property		(251)	(209)
Disposal / redemption of debt securities at amortised cost		60	88
Proceeds from disposal of property, plant and equipment		20	18
Net change in interest in associates		5	(6)
Additions to financial assets at FVOCI		–	(36)
Cash flows from investing activities		**(322)**	**(749)**
(b) Financing activities			
Dividends paid on ordinary capital stock		(1,154)	–
Net proceeds from issue of subordinated liabilities	26	500	–
Interest paid on subordinated liabilities		(53)	(14)
Distribution on other equity instruments - AT1 coupon		(36)	(36)
Payment of lease liabilities		(34)	(18)
Interest paid on lease liabilities		(5)	(5)
Dividends paid on other preference equity interests		(1)	(4)
Cash flows from financing activities		**(783)**	**(77)**

Net cash flows from operating activities in H124 includes interest received of €3,595 million (H123: €2,885 million) and interest paid of €1,368 million (H123: €938 million).

Notes to the consolidated financial statements *(unaudited)*

1 Group accounting policies

Basis of preparation

The interim financial statements of The Governor and Company of the Bank of Ireland (the 'Bank') and its subsidiaries (collectively the 'Group') for the six months ended 30 June 2024 (H124) have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board and as adopted by the European Union. These interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2023, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS and with the European Union (Credit Institutions: Financial Statements) Regulations 2015.

Statutory financial statements

These interim financial statements do not comprise statutory financial statements within the meaning of the Companies Act 2014. The statutory financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 23 February 2024, contained an unqualified audit report and did not include a reference to any matters to which the statutory auditor drew attention by way of emphasis. The statutory financial statements were filed with the Companies Registration Office on 21 June 2024.

Interim financial statements

The interim financial statements comprise the consolidated condensed income statement, consolidated condensed statement of comprehensive income, consolidated condensed balance sheet, consolidated condensed statement of changes in equity, consolidated condensed cash flow statement and the notes to the consolidated interim financial statements.

Going concern

The time period that the Directors have considered in evaluating the appropriateness of the going concern basis in preparing the interim financial statements for H124 is a period of 12 months from the date of approval of these interim financial statements (the 'period of assessment').

In making this assessment, the Directors considered the Group's business, profitability projections, funding and capital plans, together with a range of other factors such as the outlook for the Irish economy, and the current global macroeconomic and geopolitical environment. The matters of primary consideration by the Directors are set out below:

Capital

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

Funding and liquidity

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

Conclusion

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

Comparatives

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

Accounting Policies

The accounting policies and methods of computation and presentation applied by the Group in the preparation of these interim financial statements are consistent with those set out on pages 87 to 104 of The Governor and Company of the Bank of Ireland's 2023 Annual Report, except for the application of the amendments to IAS 1 'Presentation of Financial Statements - Classification of liabilities as current or non-current' and IFRS 16 'Leases - Lease liability in a Sale and Leaseback', with an effective date of 1 January 2024, neither of which had a material impact on the Group.

There have been no other standards, or amendments to standards, adopted by the Group during the six months ended 30 June 2024 which had a material impact on the Group.

2 Critical accounting estimates and judgements

The preparation of interim financial statements requires the Group to make estimates and judgements that impact the reported amounts of assets, liabilities, income and expense. Other than as set out below, there have been no significant changes to the Group's approach to, and methods of, making critical accounting estimates and judgments compared to those applied at 31 December 2023, as set out on pages 105 to 115 of The Governor and Company of the Bank of Ireland's 2023 Annual Report.

Impairment loss allowance on financial assets

The Group's credit risk methodologies are set out on pages 183 to 188 of The Governor and Company of the Bank of Ireland's 2023 Annual Report.

Changes in estimates - Forward-looking Information

FLI refers to probability weighted future macroeconomic scenarios approved semi-annually by the Executive Risk Committee and used in the assessment of 'significant increase in credit risk' and in the measurement of impairment loss allowances under IFRS 9. The Group has used four RoI FLI scenarios and four UK FLI scenarios at 30 June 2024, comprising a central scenario, an upside scenario, and two downside scenarios, all extending over a five year forecast period, with reversion to long run averages for property for years beyond the forecast period. The Group keeps under review the number of FLI scenarios and the need to produce projections for other jurisdictions.

The central FLI scenario for the period ending 30 June 2024 was based on internal and external information and management judgement and follows the same process as used in prior periods.

The alternative scenarios, comprised one upside and two downside scenarios, are narrative driven and have been constructed incorporating available reasonable and supportable information. This was the same approach as used in prior periods.

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

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

The probability weightings attached to the scenarios are a function of their relative position on the distribution, with a lower probability weighting attached to the scenarios that were assessed to be more distant from the centre of the distribution. The final set of probability weightings used in expected credit losses (ECL) estimates are less weighted to the downside scenarios than at 31 December 2023 however continue to reflect the application of management judgement to the initial modelled probability weightings with increased weight assigned to the central scenario with an offsetting decrease in the upside scenario weight. External forward-looking information (e.g. external forecasts and equity market indicators) informed the application of this management judgement, and reflected ongoing economic uncertainty at 30 June 2024 associated with a combination of factors including the potential impact of geopolitical risk, elevated interest rates and the expected gradual and uneven path back to lower inflation in the Group's key economies. The estimated ECL impact of this judgement was a c.€6 million increase in reported impairment loss allowance.

The table below shows the mean average forecast values for the key macroeconomic variables under each scenario for the forecast period 2024 to 2028, together with the scenario weightings for both the RoI and the UK.

	Republic of Ireland				United Kingdom			
			Downside				Downside	
30 June 2024	Central scenario	Upside scenario	Scenario 1	Scenario 2	Central scenario	Upside scenario	Scenario 1	Scenario 2
Scenario probability weighting	**45%**	**25%**	**20%**	**10%**	**45%**	**25%**	**20%**	**10%**
Modified Domestic Demand - annual growth rate	2.6%	3.2%	1.7%	0.5%	n/a	n/a	n/a	n/a
Gross Domestic Product - annual growth rate	2.9%	3.6%	2.1%	0.8%	1.3%	1.9%	0.5%	(0.5%)
Gross National Product - annual growth rate	2.8%	3.4%	1.8%	0.5%	n/a	n/a	n/a	n/a
Unemployment - average yearly rate	4.6%	3.9%	6.6%	9.2%	4.4%	3.7%	6.3%	8.0%
Residential property price growth - year end figures	2.6%	4.5%	(1.2%)	(3.4%)	2.0%	3.9%	(2.2%)	(4.4%)
Commercial property price growth - year end figures	(0.1%)	2.0%	(3.2%)	(5.3%)	0.4%	2.3%	(2.5%)	(4.8%)

Modified Domestic Demand (MDD) was included for the first time in the HY24 FLI, as the working group concluded that it was required due to the volatility of using Gross Domestic Product (GDP) as a standalone metric. MDD as a measure records spending by consumers, government spending on goods and services and modified investment (removing research and development, traded intellectual property and leased aircraft).

2 Critical accounting estimates and judgements *(continued)*

31 December 2023	Republic of Ireland Central scenario	Republic of Ireland Upside scenario	Republic of Ireland Downside Scenario 1	Republic of Ireland Downside Scenario 2	United Kingdom Central scenario	United Kingdom Upside scenario	United Kingdom Downside Scenario 1	United Kingdom Downside Scenario 2
Scenario probability weighting	**45%**	**20%**	**25%**	**10%**	**45%**	**20%**	**25%**	**10%**
Modified Domestic Demand - annual growth rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gross Domestic Product - annual growth rate	3.6%	4.2%	2.8%	1.8%	1.3%	1.8%	0.5%	(0.3%)
Gross National Product - annual growth rate	3.8%	4.2%	2.8%	1.7%	n/a	n/a	n/a	n/a
Unemployment - average yearly rate	4.4%	3.8%	6.2%	8.3%	4.6%	3.8%	6.2%	7.9%
Residential property price growth - year end figures	1.0%	2.4%	(2.8%)	(4.8%)	0.6%	1.8%	(2.6%)	(4.6%)
Commercial property price growth - year end figures	(1.2%)	1.6%	(4.3%)	(6.4%)	(0.8%)	1.4%	(4.1%)	(6.0%)

The tables below set out the forecast values for 2024 and 2025 and the average forecast values for the period 2026 to 2028 for the key macroeconomic variables which underpin the mean average values for the period of 2024 to 2028.

	Republic of Ireland 2024	Republic of Ireland 2025	Republic of Ireland 2026-2028	United Kingdom 2024	United Kingdom 2025	United Kingdom 2026-2028
Central scenario - 45% weighting						
Modified Domestic Demand - annual growth rate	2.0%	2.4%	2.8%	n/a	n/a	n/a
Gross Domestic Product - annual growth rate	1.7%	3.2%	3.2%	0.6%	1.3%	1.5%
Gross National Product - annual growth rate	2.1%	2.9%	3.1%	n/a	n/a	n/a
Unemployment - average yearly rate	4.5%	4.5%	4.7%	4.4%	4.5%	4.4%
Residential property price growth - year end figures	3.5%	3.0%	2.2%	1.0%	1.5%	2.5%
Commercial property price growth - year end figures	(7.0%)	(1.0%)	2.5%	(5.0%)	(0.5%)	2.5%
Upside scenario - 25% weighting						
Modified Domestic Demand - annual growth rate	3.1%	3.2%	3.2%	n/a	n/a	n/a
Gross Domestic Product - annual growth rate	3.2%	3.6%	3.7%	1.5%	2.0%	2.1%
Gross National Product - annual growth rate	3.0%	3.4%	3.5%	n/a	n/a	n/a
Unemployment - average yearly rate	4.1%	3.9%	3.8%	3.9%	3.8%	3.6%
Residential property price growth - year end figures	5.5%	5.0%	4.0%	3.0%	3.5%	4.3%
Commercial property price growth - year end figures	(2.5%)	2.5%	3.3%	(0.5%)	2.5%	3.2%
Downside scenario 1 - 20% weighting						
Modified Domestic Demand - annual growth rate	0.7%	1.0%	2.3%	n/a	n/a	n/a
Gross Domestic Product - annual growth rate	0.7%	1.8%	2.7%	(0.5%)	(0.3%)	1.1%
Gross National Product - annual growth rate	0.4%	1.5%	2.4%	n/a	n/a	n/a
Unemployment - average yearly rate	5.6%	6.3%	7.0%	5.1%	6.1%	6.7%
Residential property price growth - year end figures	(2.0%)	(5.0%)	0.3%	(6.0%)	(7.0%)	0.7%
Commercial property price growth - year end figures	(12.0%)	(5.0%)	0.3%	(9.5%)	(4.5%)	0.5%
Downside scenario 2 - 10% weighting						
Modified Domestic Demand - annual growth rate	(1.4%)	(1.0%)	1.6%	n/a	n/a	n/a
Gross Domestic Product - annual growth rate	(1.2%)	(0.6%)	2.0%	(2.7%)	(2.3%)	0.8%
Gross National Product - annual growth rate	(1.5%)	(0.9%)	1.7%	n/a	n/a	n/a
Unemployment - average yearly rate	6.6%	8.6%	10.2%	6.1%	8.0%	8.7%
Residential property price growth - year end figures	(5.0%)	(9.0%)	(1.0%)	(10.0%)	(11.0%)	(0.3%)
Commercial property price growth - year end figures	(17.0%)	(9.0%)	(0.2%)	(15.5%)	(8.0%)	(0.2%)

2 Critical accounting estimates and judgements *(continued)*

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

Central scenario

RoI

Following a GDP decline in 2023, primarily due to what are likely to be temporary factors which negatively impacted multinational corporation (MNC) exports, growth is expected to return to positive territory in 2024, albeit at a low rate of growth before picking up towards trend in the 2025-2028 period as export growth rebounds. MDD growth was also subdued last year, mainly as a result of a decline in investment by Multinational Companies, though unlike GDP it remained in positive territory. MDD growth is expected to pick up in 2024 and 2025, as a reduction in inflation pressures supports household real income growth and consumer demand - growth should further strengthen over 2026-2028 as investment, including house building, strengthens. Employment growth is expected to remain solid over the forecast horizon, though at lower rates than the past few years, while unemployment is expected to tick up slightly, though remaining low in a historical context.

Key features – Solid growth, declining inflation, low unemployment

UK

Growth was weak in the UK in 2023, with GDP essentially flat on an annual basis, as economic activity was weighed down by high inflation, tight monetary policy and the negative effect of Brexit on trade. The labour market proved resilient though, with unemployment remaining low. Growth is expected to pick up somewhat this year as inflation declines on foot of lower energy and traded goods prices and in turn the Bank of England begins to ease monetary policy. This should boost household spending power and lead to reduced cost pressures for businesses, boosting consumer spending and investment. The rebound is expected to strengthen next year as growth returns to a trend like rate of close to 1.5% and inflation approaches the Bank of England target of 2%. Employment growth is expected to pick-up over the forecast horizon, while the unemployment rate is expected to remain fairly low.

Key features – Solid growth, declining inflation, low unemployment

Upside scenario

In the Upside Scenario, geopolitical tensions ease, leading to a decline in global energy and other commodity prices. This contributes to a more pronounced fall in inflation in Ireland and the UK in the near term, boosting household real (i.e. inflation adjusted) incomes, leading to stronger consumer confidence and spending. The main central banks, including the European Central Bank (ECB) and Bank of England (BoE), initially ease monetary policy to a greater extent than in the Central Scenario, boosting investment and leading to a pickup in global growth and supporting stronger Irish and UK export growth. In addition new technologies such as AI boost productivity growth. Stronger growth in Ireland and the UK pushes unemployment down in both economies and it remains low throughout the forecast period. Stronger growth and lower unemployment eventually leads to a pick-up in inflation pressures in both countries and as a result the monetary easing by the ECB and Bank of England is reversed, with interest rates higher than the Central Scenario later in the forecast period.

Key features – Reducing geopolitical tensions, stronger growth, low unemployment

Downside scenario 1

In Downside Scenario 1, the Russia-Ukraine war intensifies while geopolitical tensions in the Middle-East escalate further, resulting in a rise in global energy and other commodity prices. This, along with a rise in uncertainty due to elections in the UK, the US and elsewhere, leads to a slowdown in world GDP growth. Higher inflation and uncertainty weighs on consumer and business confidence in Ireland and the UK. Monetary and financial conditions tighten as the ECB and Bank of England both respond to higher inflation by delaying monetary easing, and strains in financial markets emerge in response to weaker growth. These factors depress consumer and business spending, while weak global growth is a headwind for exports. As a result GDP (and MDD in Ireland) and employment growth are weaker than in the Central Scenario, particularly in the first few years of the forecast period, leading to a rise in the unemployment rate in both economies. Later in the forecast period inflation falls back as the energy shock fades and the ECB and BoE cut interest rates – as a result growth picks up and unemployment levels off before starting to decline gradually, while the property market stabilises before starting to rebound.

Key features – Escalating geopolitical tensions, higher inflation, weak economic activity, rising unemployment

Downside scenario 2

In Downside Scenario 2, geopolitical tensions escalate significantly, with the Russia-Ukraine war intensifying, a deteriorating situation in the Middle-East resulting in widespread conflict, and also a sharp rise in tensions between the US and China. This leads to a significant rise in global energy and other commodity prices and disrupts global supply chains, pushing up inflation and leading to a decline in global trade. In addition a rise in uncertainty related to elections in the UK, the US and elsewhere weighs on economic activity, while an increase in climate stress leads to a rise in the price of carbon, amplifying inflationary pressures. Central banks, including the ECB and Bank of England, initially keep interest rates high in response to rising inflation. Significant strains in global financial markets emerge and global GDP growth slows sharply. Amid heightened uncertainty, a collapse in consumer and business confidence, tighter monetary, financial and credit conditions, and significantly weaker global demand, which weighs on exports, the Irish and UK economies go into multi-year recessions, with both GDP (and in Ireland's case MDD as well) contracting. The situation is compounded in Ireland due to falling corporate tax revenues and FDI inflows, and in the UK as business investment deteriorates sharply. Unemployment increases sharply in both countries and remains high over the entire forecast period. Eventually the geopolitical situation improves and inflation falls back, allowing the ECB and BoE to cut interest rates significantly. As a result output growth returns to positive territory, picking up towards the end of the forecast horizon, while the property market stabilises before commencing a recovery.

Key features – Severe geopolitical tensions, climate stress, high inflation, recession, elevated unemployment

2 Critical accounting estimates and judgements *(continued)*

Property price growth, all scenarios

In the central scenario, having experienced growth later in 2023, RoI house prices are expected to continue to rise with growth of 3.5% in 2024 followed by continued but reducing positive growth in 2024 to 2028, down to 2% by 2027 and 2028. UK house prices saw reduced levels of decline in the latter parts of 2023 due to the recovery of the economy from a technical recession. Growth is expected to return in 2024 with a 1% increase in prices, and this growth will rise to reach 2.5% per annum in 2026 to 2028. Commercial prices in both jurisdictions are expected to see improved negative growth in 2024 and 2025, and after reaching troughs at the end of 2025, growth will return to a level of 3% by 2028. This is driven by a balancing out of supply and demand, new interest in the market in some sectors and greater optimism in sectors like the office sector than in 2023.

In the upside scenario, Irish residential property shows price growth of 5.5% in 2024 before settling down to 4% per annum from 2026 to 2028. In the UK, prices are expected to grow by 3% in 2024, rising over the forecast period until growth of 4.5% is seen in 2027 and 2028. Commercial prices in both jurisdictions will still see initial declines in 2024 before returning to growth in 2025 and remaining positive for the forecast period, both reaching 4% by 2028.

In the downside scenario 1, residential prices are expected to remain negative in 2024-2026 for both RoI and UK with a trough point of -9% and -15% respectively. In downside 2 the declines are more severe with total troughs of -18% for RoI and -25% for UK. For Commercial Real Estate (CRE), Downside 1 will see total value declines over 2024-2026 of -17.5% in RoI and -14.5% in the UK, while for Downside 2 the falls are more severe at -28.5% and -26% respectively over 2024-2027. Following these troughs, Downside 1 returns to low level growth in 2027, and Downside 2 in 2028 in both jurisdictions.

The quantum of impairment loss allowance is impacted by the application of four probability weighted future macroeconomic scenarios. The following table indicates the approximate extent to which the impairment loss allowance at 30 June 2024, excluding post-model management adjustments to impairment loss allowances, was increased by virtue of applying multiple scenarios rather than only a central scenario. This analysis excludes post-model management adjustments, as such adjustments to impairment loss allowance are applied using management judgement outside of the macroeconomic conditioned ECL model framework (refer to the Management judgement in Impairment Measurement section below).

The scenarios outlined in the following tables are based on the FLI weightings outlined on page 23. Changes in the figures at 30 June 2024 compared to 31 December 2023 reflect a number of inter-related dynamics including changes in forward-looking scenarios and associated probability weights; impairment model methodology updates since 31 December 2023; and the composition of the underlying portfolios at the respective reporting dates.

	Additional impairment loss allowance							
	Stage 1		Stage 2		Stage 3		Total	
30 June 2024 **Impact of applying multiple scenarios rather than only central scenario**	**Impact €m**	**Impact %**	**Impact €m**	**Impact %**	**Impact €m**	**Impact %**	**Impact €m**	**Impact %**
Residential mortgages	4	13%	15	112%	7	5%	26	15%
Retail Ireland	*1*	*4%*	*9*	*215%*	*3*	*3%*	*13*	*12%*
Retail UK	*3*	*32%*	*6*	*61%*	*4*	*10%*	*13*	*21%*
Non-property SME and corporate	3	5%	28	23%	2	–	33	6%
Property and construction	–	3%	17	35%	2	2%	19	10%
Consumer	3	5%	5	10%	–	–	8	4%
Total	**10**	**6%**	**65**	**28%**	**11**	**2%**	**86**	**8%**

	Additional impairment loss allowance							
	Stage 1		Stage 2		Stage 3		Total	
31 December 2023 **Impact of applying multiple scenarios rather than only central scenario**	**Impact €m**	**Impact %**	**Impact €m**	**Impact %**	**Impact €m**	**Impact %**	**Impact €m**	**Impact %**
Residential mortgages	4	14%	20	70%	11	8%	35	18%
Retail Ireland	*2*	*11%*	*12*	*85%*	*6*	*6%*	*20*	*16%*
Retail UK	*2*	*21%*	*8*	*55%*	*5*	*10%*	*15*	*21%*
Non-property SME and corporate	5	8%	28	22%	2	1%	35	7%
Property and construction	3	24%	25	30%	2	3%	30	17%
Consumer	3	6%	4	7%	–	–	7	4%
Total	**15**	**10%**	**77**	**26%**	**15**	**3%**	**107**	**10%**

2 Critical accounting estimates and judgements *(continued)*

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

30 June 2024 Impact of applying only a central, upside or downside scenarios rather than multiple probability weighted scenarios	**Multiple scenarios**	**Central scenario**		**Upside scenario**		**Downside scenario 1**		**Downside scenario 2**	
	Impairment loss allowance €m	**Impairment loss allowance €m**	**Impact %**	**Impairment loss allowance €m**	**Impact %**	**Impairment loss allowance €m**	**Impact %**	**Impairment loss allowance €m**	**Impact %**
Residential mortgages	201	(26)	(15%)	(40)	(20%)	207	103%	444	221%
Retail Ireland	*127*	*(13)*	*(12%)*	*(22)*	*(17%)*	*107*	*84%*	*221*	*174%*
Retail UK	*74*	*(13)*	*(21%)*	*(18)*	*(24%)*	*100*	*135%*	*223*	*303%*
Non-property SME and corporate	572	(33)	(6%)	(85)	(14%)	97	16%	306	52%
Property and construction	211	(19)	(10%)	(38)	(18%)	39	18%	144	68%
Consumer	185	(8)	(4%)	(22)	(12%)	21	11%	55	30%
Total	**1,169**	**(86)**	**(8%)**	**(185)**	**(16%)**	**364**	**31%**	**949**	**80%**

31 December 2023 Impact of applying only a central, upside or downside scenarios rather than multiple probability weighted scenarios	**Multiple scenarios**	**Central scenario**		**Upside scenario**		**Downside scenario 1**		**Downside scenario 2**	
	Impairment loss allowance €m	**Impairment loss allowance €m**	**Impact %**	**Impairment loss allowance €m**	**Impact %**	**Impairment loss allowance €m**	**Impact %**	**Impairment loss allowance €m**	**Impact %**
Residential mortgages	233	(35)	(18%)	(50)	(22%)	158	68%	289	124%
Retail Ireland	*145*	*(20)*	*(16%)*	*(28)*	*(19%)*	*84*	*58%*	*159*	*110%*
Retail UK	*88*	*(15)*	*(21%)*	*(22)*	*(25%)*	*74*	*86%*	*130*	*149%*
Non-property SME and corporate	535	(35)	(7%)	(84)	(16%)	80	15%	290	54%
Property and construction	200	(30)	(17%)	(63)	(31%)	58	29%	191	95%
Consumer	169	(7)	(4%)	(22)	(13%)	15	9%	51	30%
Total	**1,137**	**(107)**	**(10%)**	**(219)**	**(19%)**	**311**	**27%**	**821**	**72%**

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

30 June 2024 Impact of an immediate change in residential property prices compared to central scenario impairment loss allowances	**Impairment loss allowance- central scenario €m**	**Residential property price reduction of 10%**		**Residential property price reduction of 5%**		**Residential property price increase of 5%**		**Residential property price increase of 10%**	
		Impact €m	**Impact %**	**Impact €m**	**Impact %**	**Impact €m**	**Impact %**	**Impact €m**	**Impact %**
Residential mortgages	175	32	18%	15	8%	(13)	(7%)	(24)	(14%)
Retail Ireland	*114*	*15*	*13%*	*7*	*6%*	*(6)*	*(6%)*	*(12)*	*(10%)*
Retail UK	*61*	*17*	*27%*	*8*	*12%*	*(7)*	*(11%)*	*(12)*	*(19%)*

2 Critical accounting estimates and judgements *(continued)*

31 December 2023 Impact of an immediate change in residential property prices compared to central scenario impairment loss allowances	Impairment loss allowance-central scenario €m	Residential property price reduction of 10%		Residential property price reduction of 5%		Residential property price increase of 5%		Residential property price increase of 10%	
		Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %
Residential mortgages	198	39	20%	18	9%	(13)	(7%)	(26)	(13%)
Retail Ireland	*126*	*19*	*15%*	*8*	*6%*	*(7)*	*(6%)*	*(13)*	*(11%)*
Retail UK	*72*	*20*	*28%*	*10*	*14%*	*(6)*	*(9%)*	*(13)*	*(18%)*

The sensitivity of impairment loss allowances to Stage allocation is such that, based on the respective impairment cover ratios, a transfer of 1% of Stage 1 balances at 30 June 2024 to Stage 2 would increase the Group's impairment loss allowance by c.€16 million excluding post-model management adjustments.

Management judgement in impairment measurement

Management judgement has been incorporated into the Group's impairment measurement process for H124. Management judgement can be described with reference to:
- credit risk assessment for significant increase in credit risk;
- management judgement in impairment model parameters; and
- post-model management adjustments to impairment loss allowance and staging classification.

Credit risk assessment for significant increase in credit risk

As outlined on page 186 of The Governor and Company of the Bank of Ireland's 2023 Annual Report, the Group considers other reasonable and supportable information that would not otherwise be taken into account that would indicate that a significant increase in credit risk had occurred. In this regard, at 30 June 2024, the Group has assessed the impact of elevated inflation and interest rates on asset quality.

Credit risk assessments on the impact of elevated inflation rates and interest rates on debt affordability continued to be implemented across the residential mortgage and consumer portfolios.

Where appropriate, outputs have been utilised to identify significant increases in credit risk and the classification of assets in Stage 2. See note 18 for further detail.

The credit risk assessments, which leveraged qualitative information not already captured in impairment models, resulted in a management decision to classify c.€2.0 billion of assets as Stage 2 at the reporting date, with an associated €15 million increase in impairment loss allowance.

Management judgement in impairment model parameters

The calibration of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) components within the model utilised for the Commercial Finance segment of the SME portfolio were enhanced to address model weaknesses, primarily related to LGD estimation and back-testing, identified as part of the Group's internal model validation process. The updates resulted in a c.€8 million increase in impairment loss allowance.

Assessment of the relationship between macroeconomic model factors and default rates during 2020 and 2021 considered default experience to be unrepresentative in certain retail portfolios due to Covid related supports and payment breaks available to borrowers during this period. As a result data points from the 2020 and 2021 period were excluded from the residential mortgage and Commercial Finance PD macro regression models.

2 Critical accounting estimates and judgements *(continued)*

Post-model management adjustment (PMAs)

To ensure that the measurement of impairment reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions, the need for a PMA to the outputs of the Group's staging and impairment measurement methodologies is considered at each reporting date in arriving at the final impairment loss allowance. Such a need may arise, for example, due to a model / data limitation or a late breaking event.

At 30 June 2024, the Group's stock of impairment loss allowance of €1.3 billion (31 December 2023: €1.2 billion) included an €88 million total PMA (31 December 2023: €85 million). Details of the components of the PMAs, are outlined below with a table providing an overview of Group PMAs.

		Post-model Group management adjustment						
30 June 2024	**Impairment loss allowance-before PMAs €m**	**Investment Property €m**	**NPEs €m**	**Retail Ireland Residential Mortgage LGD €m**	**KBCI potential affordability risk assessment €m**	**Commercial Finance €m**	**Total post-model adjustments €m**	**Total impairment loss allowance €m**
Residential mortgages	201	–	1	9	4	–	14	215
Retail Ireland	*127*	–	*1*	*9*	*4*	–	*14*	*141*
Retail UK	*74*	–	–	–	–	–	–	*74*
Non-property SME and corporate	572	–	11	–	–	2	13	585
Property and construction	211	48	1	–	–	–	49	260
Consumer	185	–	12	–	–	–	12	197
Total loans and advances to customers	**1,169**	**48**	**25**	**9**	**4**	**2**	**88**	**1,257**
Other financial instruments	71	–	–	–	–	–	–	71
Total financial assets	**1,240**	**48**	**25**	**9**	**4**	**2**	**88**	**1,328**

		Post-model Group management adjustment						
31 December 2023	**Impairment loss allowance-before PMAs €m**	**Investment Property €m**	**NPEs €m**	**Retail Ireland Residential Mortgage LGD €m**	**KBCI potential affordability risk assessment €m**	**Commercial Finance €m**	**Total post-model adjustments €m**	**Total impairment loss allowance €m**
Residential mortgages	233	–	–	9	4	–	13	246
Retail Ireland	*145*	–	–	*9*	*4*	–	*13*	*158*
Retail UK	*88*	–	–	–	–	–	–	*88*
Non-property SME and corporate	535	–	14	–	–	–	14	549
Property and construction	200	48	1	–	–	–	49	249
Consumer	169	–	9	–	–	–	9	178
Total loans and advances to customers	**1,137**	**48**	**24**	**9**	**4**	**–**	**85**	**1,222**
Other financial instruments	69	–	–	–	–	–	–	69
Total financial assets	**1,206**	**48**	**24**	**9**	**4**	**–**	**85**	**1,291**

2 Critical accounting estimates and judgements *(continued)*

Post-model management adjustment for Investment Property

The impact of elevated interest rates on property loans has been separately considered within individual credit assessments in relationship-managed commercial portfolios with the Group taking additional action by maintaining PD downgrades on all US CRE Office property exposures.

Notwithstanding the downgrade of US CRE Office exposures, a PMA to the Group's impairment loss allowance of €48 million has been retained at 30 June 2024 (31 December 2023: €48 million) to reflect ongoing latent risk within certain cohorts of the wider Investment Property portfolio, including prevailing interest rates. The PMA also reflects the estimated impact of planned model enhancements to Investment Property impairment models in 2025.

All of this PMA was recognised in the property and construction portfolio at 30 June 2024 and was allocated to Stage 1 (€7 million) and Stage 2 (€41 million) assets (31 December 2023: Stage 1 (€7 million) and Stage 2 (€41 million) assets respectively.

Post-model management adjustment for NPE

The impairment loss allowance for Stage 3 assets at 30 June 2024 included a €25 million PMA to reflect the potential for the Group to utilise portfolio sales and / or securitisations in its resolution strategies for NPEs in the RoI mortgage, RoI SME (including property and construction) and RoI consumer portfolios (31 December 2023: €24 million).

The Group has identified cohorts of loans with certain characteristics within these portfolios that will likely form part of future portfolio sales and/ or securitisations resulting in derecognition. The quantum of the PMA was calculated with reference to independent external benchmarking, internal impairment cover for these cohorts and an assessment of the likelihood of the completion of future asset sales / securitisations.

The requirement for PMA reflects the fact that individually assessed impairment loss allowances for larger RoI SME assets are determined on a case-specific assessment and do not take account of discounts that may apply for a portfolio sale / securitisation. Similarly modelled LGD parameters for retail and micro-SME portfolios are calibrated based on historical resolution strategies, which were more heavily reliant on case-by-case resolution (e.g. forbearance arrangements, voluntary sales or legal recovery processes).

Almost all of the post-model adjustment was applied to Stage 3 assets. €12 million was recognised in the consumer portfolio (31 December 2023: €9 million); €11 million was related to the RoI SME portfolio (31 December 2023: €14 million), €1 million was related to the property and construction portfolio (31 December 2023: €1 million) and €1 million was related to the RoI mortgage portfolio (31 December 2023: €nil).

Post-model management adjustment for Loss Given Default in Retail Ireland Residential Mortgage portfolio

A €9 million PMA has been recognised to reflect the estimated impact of enhancements to the Retail Ireland residential mortgage impairment models planned in H224 (31 December 2023: €9 million).

Accordingly, the Group considered that it was appropriate to recognise the estimated impact of these enhancements at 30 June 2024. The adjustment was allocated to the Retail Ireland residential mortgage portfolio. The requirement for this adjustment is expected to expire upon implementation of impairment model updates in H224.

Post-model management adjustment for potential affordability risk assessment on acquired KBCI exposures

Credit risk assessments in relation to the impact of elevated inflation and interest rates continue to be implemented across the residential mortgage and consumer portfolios with outputs utilised to identify significant increases in credit risk and reclassify Stage 1 assets to Stage 2.

The KBCI mortgage portfolio acquired by the Group in 2023 has been included in the credit risk assessment at 30 June 2024. Due to lack of historic data on KBCI acquired RoI Mortgage exposures, exposure level identification of cases to transfer to Stage 2 has not been possible. This limitation necessitates that the impact of affordability risk on this acquired cohort is quantified at a portfolio level and applied via a PMA.

Accordingly, the Group considered that it was appropriate to recognise a €4 million PMA which has been applied to Stage 1 assets in the Retail Ireland residential mortgage portfolio (31 December 2023: €4 million). The requirement for this adjustment will be assessed with reference to prevailing economic conditions and assessment of affordability risk in H224.

Post-model management adjustment for Commercial Finance

A new €2 million post-model adjustment has been recognised to reflect the estimated impact of further planned enhancements to the Commercial Finance impairment models within the SME portfolio in H224.

Accordingly, the Group considered that it was appropriate to recognise the estimated impact of these enhancements at 30 June 2024. The adjustment was allocated to the SME portfolio. The requirement for this adjustment is expected to expire upon completion of impairment model updates in H224.

3 Operating segments

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

Retail Ireland

Retail Ireland serves its customers delivering day-to-day services, products, propositions and a financial wellbeing programme tailored to meet customers' individual needs. Customers use their preferred channels to request and fulfil their banking requirements. These channels include our branches, 24/7 ATMs, digital, contact centre and our post office partnership for day-to-day banking services.

Wealth and Insurance

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

Retail UK

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

Corporate and Commercial

The Corporate and Commercial division provides a full range of lending, banking and treasury risk management services to the Group's national and international Corporate and Business customers, many of which are at the heart of the Irish economy. Our relationship teams are based in offices in Ireland and the UK with niche international businesses across Europe and in the US. Teams have a wealth of experience across a broad range of segments and sectors, including corporate and business banking, commercial real estate, acquisition finance, foreign direct investment and treasury solutions.

Group Centre

Group Centre incorporates the Group's central support and control functions. Core responsibilities of the function include overseeing the Group wide Customer Strategy, establishing clear governance and control frameworks with appropriate oversight, providing management services to the Group, and managing the key process and IT delivery platforms for the trading divisions.

Other reconciling items

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

Basis of preparation of segmental information

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

The measures of segmental assets and liabilities provided to the chief operating decision maker are not adjusted for transfer pricing adjustments or revenue sharing agreements as the impact on the measures of segmental assets and liabilities is not significant. They also do not include adjustments for the impact of the assets and liabilities of BoIG plc, the Bank's holding company.

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

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

External revenue comprises interest income, insurance revenue, net income / (expense) from reinsurance contracts held, insurance investment and finance result, fee and commission income, net trading income / (expense), other operating income, other leasing income and share of results of associates and joint ventures.

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

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as 'Underlying profit or loss' in its internal management reporting systems. Underlying profit or loss excludes the impact of non-core items outlined below:

- transformation programme (costs) / credit;
- portfolio divestments (net);
- acquisition costs;
- gross-up for policyholder tax in the Wealth and Insurance business;
- liability management exercises; and
- investment return on treasury shares held for policyholders.

Underlying profit or loss excludes any operating profit or loss attributable to BoIG plc.

3 Operating segments *(continued)*

6 months ended 30 June 2024	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Commercial €m	Group Centre €m	Other reconciling items €m	BoIG plc Group €m	BoIG plc €m	Group €m
Net interest income	**735**	**(3)**	**282**	**786**	**2**	**–**	**1,802**	**(14)**	**1,788**
Other income	74	167	5	156	(12)	4	394	(1)	393
Total operating income	**809**	**164**	**287**	**942**	**(10)**	**4**	**2,196**	**(15)**	**2,181**
Other operating expenses	(208)	(105)	(127)	(244)	(266)	4	(946)	–	(946)
Other operating expenses (before levies and regulatory charges)	*(208)*	*(103)*	*(125)*	*(244)*	*(159)*	*4*	*(835)*	–	*(835)*
Levies and regulatory charges	–	*(2)*	*(2)*	–	*(107)*	–	*(111)*	–	*(111)*
Depreciation and amortisation	(57)	(12)	(13)	(8)	(35)	(1)	(126)	–	(126)
Total operating expenses	**(265)**	**(117)**	**(140)**	**(252)**	**(301)**	**3**	**(1,072)**	**–**	**(1,072)**
Underlying operating profit / (loss) before impairment charges on financial instruments	**544**	**47**	**147**	**690**	**(311)**	**7**	**1,124**	**(15)**	**1,109**
Net impairment (losses) / gains on financial instruments	(4)	–	36	(82)	–	–	(50)	–	(50)
Share of results of associates and joint ventures (after tax)	–	–	12	5	–	–	17	–	17
Underlying profit / (loss) before tax	**540**	**47**	**195**	**613**	**(311)**	**7**	**1,091**	**(15)**	**1,076**

30 June 2024 **Reconciliation of underlying profit before tax to profit before tax**	**Group €m**
Underlying profit before tax	1,076
Transformation programme (costs) / credit	(25)
Portfolio divestments (net)	25
Acquisition costs	(19)
Gross-up for policyholder tax in the Wealth and Insurance business	14
Liability management exercises	(4)
Investment losses on treasury shares held for policyholders	(2)
Profit before tax	**1,065**

3 Operating segments *(continued)*

Restated[1] **6 months ended 30 June 2023**	**Retail Ireland €m**[1]	**Wealth and Insurance €m**	**Retail UK €m**	**Corporate and Commercial €m**	**Group Centre €m**[1]	**Other reconciling items €m**	**BoIG plc Group €m**	**BoIG plc €m**	**Group €m**
Net interest income	**656**	**(4)**	**327**	**821**	**2**	**–**	**1,802**	**(13)**	**1,789**
Other income	73	188	(1)	147	(14)	6	399	–	399
Total operating income	**729**	**184**	**326**	**968**	**(12)**	**6**	**2,201**	**(13)**	**2,188**
Other operating expenses	(201)	(98)	(132)	(232)	(248)	3	(908)	1	(907)
Other operating expenses (before levies and regulatory charges)	*(201)*	*(98)*	*(130)*	*(232)*	*(140)*	*3*	*(798)*	*1*	*(797)*
Levies and regulatory charges	–	–	*(2)*	–	*(108)*	–	*(110)*	–	*(110)*
Depreciation and amortisation[1]	(50)	(9)	(10)	(3)	(36)	(1)	(109)	–	(109)
Total operating expenses	**(251)**	**(107)**	**(142)**	**(235)**	**(284)**	**2**	**(1,017)**	**1**	**(1,016)**
Underlying operating profit / (loss) before impairment charges on financial instruments	**478**	**77**	**184**	**733**	**(296)**	**8**	**1,184**	**(12)**	**1,172**
Net impairment (losses) / gains on financial instruments	(64)	–	(63)	(31)	–	–	(158)	–	(158)
Share of results of associates and joint ventures (after tax)	–	–	12	(1)	–	–	11	–	11
Underlying profit / (loss) before tax	**414**	**77**	**133**	**701**	**(296)**	**8**	**1,037**	**(12)**	**1,025**

[1] *Comparative figures have been restated to reflect the reallocation of intangible assets and related amortisation from Group Centre to the division deriving the economic benefits, as a result operating expenses have decreased by €25 million in Group Centre, with a corresponding increase of €25 million in Retail Ireland.*

30 June 2023 **Reconciliation of underlying profit before tax to profit before tax**	**Group €m**
Underlying profit before tax	1,025
Transformation programme (costs) / credit	7
Portfolio divestments (net)	–
Acquisition costs	(33)
Gross-up for policyholder tax in the Wealth and Insurance business	14
Liability management exercises	–
Investment losses on treasury shares held for policyholders	–
Profit before tax	**1,013**

3 Operating segments *(continued)*

6 months ended 30 June 2024 Income statement analysis by operating segment	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Commercial €m	Group Centre €m	Other reconciling items €m	BoIG plc Group €m	BoIG plc €m	Group €m
Gross external revenue	733	392	744	1,900	526	(13)	4,282	(1)	4,281
Inter segment revenues	564	55	35	3,242	844	(4,740)	–	–	–
Total revenue	**1,297**	**447**	**779**	**5,142**	**1,370**	**(4,753)**	**4,282**	**(1)**	**4,281**
Capital expenditure	**20**	**7**	**69**	**34**	**123**	**–**	**253**	**–**	**253**

6 months ended 30 June 2023 Income statement analysis by operating segment	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Commercial €m	Group Centre €m	Other reconciling items €m	BoIG plc Group €m	BoIG plc €m	Group €m
Gross external revenue	659	453	545	1,654	331	27	3,669	–	3,669
Inter segment revenues	290	(21)	122	2,248	540	(3,179)	–	–	–
Total revenue	**949**	**432**	**667**	**3,902**	**871**	**(3,152)**	**3,669**	**–**	**3,669**
Capital expenditure	**15**	**13**	**64**	**28**	**90**	**–**	**210**	**–**	**210**

30 June 2024 Balance sheet analysis by operating segment	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Commercial €m	Group Centre €m	Other reconciling items €m	BoIG plc Group €m	Other Bank assets and liabilities €m	Group €m
Total assets	**117,624**	**26,673**	**26,808**	**253,438**	**94,928**	**(360,337)**	**159,134**	4	**159,138**
Total liabilities	**114,335**	**25,534**	**24,429**	**253,301**	**89,237**	**(360,311)**	**146,525**	458	**146,983**
Investment in associates and joint ventures	28	–	92	80	2	–	202	–	202

31 December 2023 Balance sheet analysis by operating segment	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Commercial €m	Group Centre €m	Other reconciling items €m	BoIG plc Group €m	Other Bank assets and liabilities €m	Group €m
Total assets	**112,262**	**24,683**	**26,215**	**248,207**	**91,921**	**(347,580)**	**155,708**	**13**	**155,721**
Total liabilities	**107,260**	**23,583**	**24,094**	**248,711**	**87,064**	**(347,565)**	**143,147**	**275**	**143,422**
Investment in associates and joint ventures	29	–	77	79	2	–	187	–	187

4 Interest income

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Financial assets measured at amortised cost		
Loans and advances to customers	2,098	1,822
Loans and advances to banks	645	502
Debt securities at amortised cost	129	76
Interest income on financial assets measured at amortised cost	**2,872**	**2,400**
Financial assets at fair value through other comprehensive income		
Debt securities at fair value through other comprehensive income	91	70
Interest income on financial assets at fair value through other comprehensive income	**91**	**70**
Interest income calculated using the effective interest method	**2,963**	**2,470**
Other interest income		
Non-trading derivatives (not in hedge accounting relationships - economic hedges)	368	312
Finance leases and hire purchase receivables	140	103
Loans and advances to customers at FVTPL	4	4
Other financial assets at FVTPL	2	1
Other interest income	**514**	**420**
Interest income	**3,477**	**2,890**

Interest income on loans and advances to customers

In H124, interest income of €53 million was recognised (H123: €62 million) and €57 million was received (H123: €51 million) on credit-impaired loans and advances to customers.

For H124 interest income was reduced by €39 million (H123 €39 million) relating to movements in the acquisition date fair value of derivative financial instruments which economically hedge the performing mortgage book of KBCI acquired by the Group. This partly offsets interest income earned and recognised on these derivative financial instruments.

Interest income recognised on non-trading derivatives

Interest income on non-trading derivatives was earned principally on pay fixed, receive floating interest rate swaps which are held with hedging intent, but for which hedge accounting is not applied. The period on period movement is caused by an increase in interest rates.

5 Interest expense

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Financial liabilities measured at amortised cost		
Customer accounts	832	380
Debt securities in issue	299	229
Subordinated liabilities	70	60
Deposits from banks	68	64
Lease liabilities	5	5
Interest expense calculated using the effective interest method	**1,274**	**738**
Other interest expense		
Non-trading derivatives (not in hedge accounting relationships - economic hedges)	379	359
Customer accounts at FVTPL	6	4
Other interest expense	**385**	**363**
Interest expense	**1,659**	**1,101**

Interest expense recognised on customer accounts

Interest expense on customer accounts included interest expense of €579 million (H123: €284 million) arising on related derivatives which are in a hedge relationship with the relevant liability. The period on period movement was caused by an increase in interest rates.

Interest expense recognised on non-trading derivatives

Interest expense on non-trading derivatives was earned principally on receive fixed, pay floating interest rate swaps which are held with hedging intent, but for which hedge accounting is not applied. The period on period movement was caused by an increase in interest rates.

6 Insurance contracts

Under IFRS 17, there are three financial statement line items within insurance service result in the income statement which comprises insurance revenue, insurance service expense and net expense from reinsurance contracts held. The insurance finance income or expense is presented separately for both insurance and reinsurance in the notes to the financial statements, and aggregated together with total investment gains as insurance investment and finance result in the income statement. Disclosure is provided for both insurance contracts issued and reinsurance contracts held.

Insurance investment and finance result

The table on the following page comprises the investment gains and losses, realised gains and losses and unrealised gains and losses which accrue to the Group on all investment assets held by the Wealth and Insurance division (excluding Davy), other than those held for the benefit of policyholders whose contracts are considered to be investment contracts.

These instruments are mandatorily measured at fair value through profit or loss (FVTPL).

Total investment gains of €815 million in H124 (H123: gains of €619 million) were consistent with positive investment market performance during the period. The gains on the assets held on behalf of the insurance policyholders were consistent with the increase in the insurance contract liabilities.

6 Insurance contracts *(continued)*

Insurance investment and finance result	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Gains on other financial assets held on behalf of Wealth and Insurance policyholders	815	627
Losses on investment property held on behalf of Wealth and Insurance policyholders	–	(8)
Total investment gains	**815**	**619**
Finance expense from insurance contracts issued	(819)	(563)
Finance (expense) / income from reinsurance contracts held	(22)	16
Net insurance and reinsurance finance result	**(841)**	**(547)**
Total insurance investment and finance result	**(26)**	**72**

Insurance contract liabilities

The reconciliation below has been provided at a total insurance contract liability level. The liability for remaining coverage (LRC) which includes contractual service margin (CSM) makes up c.96% of this balance, with the liability for incurred claims (LIC) making up the remainder. Included in the total insurance service result is an allocation of depreciation expense of €3 million (H123: €4 million; H223: €7 million) attributable to insurance contracts. Comparative figures are presented for the twelve months ended 31 December 2023.

Insurance contract liabilities	30 June 2024 €m	31 December 2023 €m
Opening liabilities	**(15,113)**	**(13,410)**
Insurance revenue	**267**	**518**
Expected incurred claims and other expenses	*206*	*394*
CSM recognised in income statement for services	*40*	*76*
Recovery of insurance acquisition cash flows	*14*	*23*
Change in risk adjustment for non-financial risk expired	*7*	*10*
Premium variance	*–*	*15*
Insurance service expense	**(236)**	**(428)**
Incurred claims and other insurance service expenses	*(232)*	*(417)*
Changes that relate to past service - adjustment to the LIC	*18*	*14*
Insurance acquisition cash flows amortisation	*(14)*	*(23)*
Changes that relate to future service - losses on onerous groups of contracts and reversal of such losses	*(8)*	*(2)*
Total insurance service result	**31**	**90**
Finance expense from insurance contracts issued	(819)	(1,182)
Total amounts recognised in comprehensive income	**(788)**	**(1,092)**
Cash flows		
Premiums received	(963)	(2,239)
Claims and other directly attributable expenses	776	1,559
Insurance acquisition cash flows	30	69
Total cash flows	**(157)**	**(611)**
Closing liabilities	**(16,058)**	**(15,113)**

6 Insurance contracts *(continued)*

Reinsurance contract assets

The reconciliation below has been provided at a total reinsurance contract asset level. The remaining coverage component which includes CSM makes up c.83% of this balance, with the incurred claims component making up the remainder. Comparative figures are presented for the twelve months ended 31 December 2023.

Reinsurance contract assets	30 June 2024 €m	31 December 2023 €m
Opening assets	**1,414**	**1,352**
Net (expense) / income from reinsurance contracts held		
Reinsurance expenses	(11)	(20)
Changes in recoveries of losses on onerous underlying contracts	3	(2)
Claims recovered and other directly attributable expenses	(3)	(12)
Changes relating to past service - adjustments to incurred claims	2	(5)
Total net expense from reinsurance contracts held	**(9)**	**(39)**
Finance (expense) / income from reinsurance contracts held	(22)	94
Total amounts recognised in comprehensive income	**(31)**	**55**
Cash flows		
Premiums paid net of ceding commissions and other deferred acquisition costs paid	112	162
Recoveries from reinsurance	(76)	(155)
Total cash flows	**36**	**7**
Closing assets	**1,419**	**1,414**

Insurance revenue and CSM by transition approach

Under the fair value approach, the CSM or loss component is calculated as the difference between the fair value of a group of insurance contracts, applying IFRS 13 (income approach), and the present value of the fulfilment cash flows (best estimate plus risk adjustment), applying IFRS 17, at the transition date. Comparative figures are presented for the twelve months ended 31 December 2023.

Insurance revenue and CSM by transition approach	30 June 2024 €m	31 December 2023 €m
Insurance contracts issued		
Insurance revenue		
Contracts measured using the fair value approach	155	308
New business and all other contracts	112	210
Total insurance revenue	**267**	**518**
CSM at period end		
Contracts measured using the fair value approach	(626)	(639)
New business and all other contracts	(132)	(110)
Total CSM at period end	**(758)**	**(749)**
Reinsurance contracts held		
CSM underlying at period end		
Underlying contracts measured using the fair value approach	180	182
New business and all other underlying contracts	(22)	(22)
Total CSM underlying at period end	**158**	**160**

6 Insurance contracts *(continued)*

Insurance CSM

The reconciliation below gives a total view of the movement of the insurance contractual service margin. Comparative figures are presented for the twelve months ended 31 December 2023.

Insurance contractual service margin	30 June 2024 €m	31 December 2023 €m
Opening insurance contract CSM	(749)	(690)
CSM recognised for services provided	40	76
Changes in estimates that adjust the CSM	(39)	(110)
Contracts initially recognised in the period	(9)	(25)
Finance income from insurance contracts issued	(1)	–
Closing insurance contract CSM	**(758)**	**(749)**

Reinsurance CSM

The reconciliation below gives a total view of the movement of the reinsurance contractual service margin. Comparative figures are presented for the twelve months ended 31 December 2023.

Reinsurance contractual service margin	30 June 2024 €m	31 December 2023 €m
Opening reinsurance contract CSM	160	137
CSM recognised for services provided	(8)	(14)
Changes in estimates that adjust the CSM	7	49
Contracts initially recognised in the period	(4)	(10)
Changes in recoveries of losses on onerous underlying contracts that adjust CSM	3	(2)
Closing reinsurance contract CSM	**158**	**160**

A total of €32 million (H123: €30 million; H223: €32 million) was released from the CSM for services provided. The release represents services provided on insurance contracts offset with services provided on reinsurance contracts.

7 Fee and commission income and expense

6 months ended 30 June 2024 Income	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Commercial €m	Group Centre €m	Group €m
Retail banking customer fees	98	–	16	103	–	217
Asset management fees	–	81	–	–	–	81
Credit related fees	2	–	1	9	–	12
Insurance commissions	–	5	–	–	–	5
Other	8	12	2	16	–	38
Fee and commission income	**108**	**98**	**19**	**128**	**–**	**353**

Fee and commission income and expense included €95 million (H123: €78 million) arising from trust and other fiduciary duties.

7 Fee and commission income and expense *(continued)*

6 months ended 30 June 2023 Income	Retail Ireland €m	Wealth and Insurance €m	Retail UK €m	Corporate and Commercial €m	Group Centre €m	Group €m
Retail banking customer fees	95	–	17	103	–	215
Asset management fees	–	66	–	–	–	66
Credit related fees	1	–	1	4	–	6
Insurance commissions	–	5	–	–	–	5
Other	5	11	3	16	–	35
Fee and commission income	**101**	**82**	**21**	**123**	**–**	**327**

Expense

Fee and commission expense of €105 million (H123: €110 million) primarily comprises brokerage fees, sales commissions and other fees paid to third parties.

8 Net trading income

Net trading income includes the gains and losses on financial instruments mandatorily measured at FVTPL and those designated at FVTPL (other than unit-linked life assurance assets and investment contract liabilities). It includes the fair value movement on these instruments and the realised gains and losses arising on the purchase and sale. It also includes the interest income receivable and expense payable on financial instruments held for trading and €9 million of a net gain arising from FX (H123: net gain €9 million).

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

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

Net fair value hedge ineffectiveness reflected a net gain from hedged items of €319 million (H123: net loss €37 million) offsetting a net loss from hedging instruments of €319 million (H123: net gain €39 million).

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Net income from financial instruments designated at FVTPL		
Financial liabilities designated at fair value	(9)	(45)
Related derivatives held for trading	13	47
	4	**2**
Net income from financial instruments mandatorily measured at FVTPL		
Other financial instruments held for trading	86	19
Securities and non-trading debt	14	13
Loans and advances	3	3
	103	**37**
Net fair value hedge ineffectiveness	–	2
Net trading income	**107**	**39**

9 Other leasing income and expense

Other leasing income and expense relates to the business activities of Marshall Leasing, which is a car and commercial leasing and fleet management business based in the UK. This business is conducted through N.I.I.B Group Limited, a wholly-owned subsidiary of Bank of Ireland (UK) plc, whose ultimate parent is the Group.

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Other leasing income	**53**	**44**
Operating lease payments	*31*	*27*
Sale of leased assets	*19*	*15*
Other income	*3*	*2*
Other leasing expense	**(42)**	**(29)**
Depreciation of rental vehicles	*(24)*	*(16)*
Other selling and disposal costs	*(18)*	*(13)*
Net other leasing income	**11**	**15**

10 Other operating income

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Other insurance income	41	46
Loss on liability management exercises	(4)	–
Elimination of investment losses on treasury shares held for the benefit of policyholders in the Wealth and Insurance business	(1)	–
Other income	6	(2)
Other operating income	**42**	**44**

Other insurance income relates to investment classified business in the Wealth and Insurance division consisting of investment business income, change in policyholder investment contract liabilities and actual investment premiums and claims.

At 30 June 2024, expenses of €4 million (H123: €nil) were incurred as part of a liability management exercise undertaking to repurchase certain Group perpetual non-call instruments.

11 Other operating expenses

Administrative expenses and staff costs	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Staff costs excluding transformation programme staff costs	491	454
Levies and regulatory charges	111	110
Amortisation of intangible assets	97	75
Depreciation of property, plant and equipment	32	37
Other administrative expenses	369	354
Total	**1,100**	**1,030**
Total staff costs are analysed as follows:		
Wages and salaries	423	389
Social security costs	45	41
Retirement benefit costs (defined contribution plans)	29	24
Retirement benefit costs (defined benefit plans)	13	2
Other staff expenses	7	20
	517	**476**
Staff costs capitalised	(26)	(22)
Staff costs excluding transformation programme staff costs	**491**	**454**
Staff costs included in transformation programme costs (note 12)	17	7
Total staff costs recognised in the income statement	**508**	**461**

Pension costs

Pension costs of €42 million for H124 were €16 million higher than H123. Defined benefit pension costs have increased by €11 million. Pension costs included a negative past service cost of €5 million relating to the Life Balance UK pension scheme (H123: €17 million). New joiners are added to the Group's defined contribution plans, the cost of which has increased by €5 million compared to H123.

Staff numbers

At 30 June 2024, the number of staff (full time equivalents (FTE)) for the Group was 11,180 (30 June 2023: 10,511). The average number of staff (FTE) for the Group for the 6 months ended 30 June 2024 was 11,053 (6 months ended 30 June 2023: 10,356).

12 Cost of restructuring programme

In H124, the Group recognised a restructuring charge of €25 million (H123: €12 million).

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Transformation programme costs		
Staff costs	17	7
UK strategic review costs	4	3
Programme management costs	3	2
Property-related costs	1	–
Total	**25**	**12**

13 Net impairment losses on financial instruments

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Loans and advances to customers at amortised cost	(46)	(156)
Movement in impairment loss allowance (note 17)	*(73)*	*(167)*
Cash recoveries	*27*	*11*
Loan commitments	(4)	(5)
Guarantees and irrevocable letters of credit	1	2
Other financial assets	–	1
Net impairment losses on financial instruments	**(49)**	**(158)**

Net impairment losses on loans and advances to customers at amortised cost

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Residential mortgages	39	(86)
Retail Ireland	*23*	*(50)*
Retail UK	*16*	*(36)*
Non-property SME & corporate	(45)	(10)
Republic of Ireland SME	*(42)*	*22*
UK SME	*21*	*1*
Corporate	*(24)*	*(33)*
Property and construction	(9)	(18)
Investment	*(8)*	*(22)*
Development	*(1)*	*4*
Consumer	(31)	(42)
Total	**(46)**	**(156)**

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

	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
First Rate Exchange Services	12	12
Associates	5	(1)
Share of results of associates and joint ventures (after tax)	**17**	**11**

15 Taxation

The taxation charge for the period was €201 million with an effective statutory taxation rate of 19% (H123: taxation charge of €170 million and taxation rate of 17%). The effective tax rate was influenced by changes in the jurisdictional mix of profits and losses.

Recognised in income statement	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Current tax		
Irish Corporation Tax		
Current period	16	7
Adjustments in respect of prior period	(1)	–
Foreign tax		
Current period	56	47
Adjustments in respect of prior period	2	4
Current tax charge[1]	**73**	**58**
Deferred tax		
Current period profits	125	95
Origination and reversal of temporary differences	2	13
Adjustments in respect of prior period	1	4
Deferred tax charge	**128**	**112**
Taxation charge	**201**	**170**

Reconciliation of tax on the profit before taxation at the standard Irish corporation tax rate to actual tax charge	6 months ended 30 June 2024 €m	6 months ended 30 June 2023 €m
Profit before tax multiplied by the standard rate corporation tax in Ireland of 12.5% (2023: 12.5%)	133	127
Effects of:		
Foreign earnings subject to different rates of tax	39	32
Non-deductible Irish Bank Levy	10	2
Adjustments in respect of prior period	2	8
Share of results of associates and joint ventures shown post tax in the income statement	(2)	(2)
Other adjustments for tax purposes	19	3
Taxation charge	**201**	**170**

[1] *The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) 15% minimum effective tax rate Model Rules (Pillar 2). However, the impact of Pillar 2 on the current tax charge in the current period is insignificant due primarily to the ability to take into account certain historic tax losses in the Bank at 15% and also due to profits arising in jurisdictions with an effective tax rate in excess of 15%. See note 20 for further details.*

15 Taxation *(continued)*

Analysis of selected other comprehensive income	6 months ended 30 June 2024 Pre-tax €m	Tax €m	Net of Tax €m	6 months ended 30 June 2023 Pre-tax €m	Tax €m	Net of Tax €m
Debt instruments at FVOCI reserve						
Changes in fair value	9	(1)	8	1	–	1
Transfer to income statement - asset disposal	–	–	–	–	–	–
Net change in debt instruments at FVOCI reserve	**9**	**(1)**	**8**	**1**	**–**	**1**
Remeasurement of the net defined benefit pension asset	**110**	**(15)**	**95**	**169**	**(21)**	**148**
Cash flow hedge reserve						
Changes in fair value	(256)	35	(221)	(345)	27	(318)
Transfer to income statement	265	(36)	229	342	(27)	315
Net change in cash flow hedge reserve	**9**	**(1)**	**8**	**(3)**	**–**	**(3)**
Net change in foreign exchange reserve	**74**	**–**	**74**	**63**	**–**	**63**
Liability credit reserve						
Changes in fair value of liabilities designated at FVTPL due to own credit risk	(2)	–	(2)	(19)	2	(17)
Other comprehensive income for the period	**200**	**(17)**	**183**	**211**	**(19)**	**192**

16 Assets classified as held for sale

At 30 June 2024, the Group is in the process of disposing of a portfolio of mortgages and an investment property. These transactions are as follows:

- Retail UK is in the process of disposing of a small portfolio of UK mortgages. As a result, these assets have been reclassified from loans and advances to customers to assets classified as held for sale. The assets continue to be measured at amortised cost using the effective interest rate method of €20 million.
- Wealth and Insurance is in the process of disposing of an investment property, which was originally held for the benefit of policyholders. As a result, this asset has been reclassified from investment properties to assets classified as held for sale. The asset is measured at its fair value of €11 million.

	30 June 2024 €m	31 December 2023 €m
Assets classified as held for sale		
Retail UK mortgage portfolio	20	–
Wealth and Insurance investment property	11	–
Total	**31**	**–**

17 Loans and advances to customers

Loans and advances to customers at amortised cost

Loans and advances to customers at amortised cost in the tables below include a UK mortgage portfolio of €20 million which was deemed to be held for sale at 30 June 2024, these assets were reclassified on the balance sheet from loans and advances to customers to assets classified as held for sale. Further details can be found in note 16.

In H123, the Group completed the KBCI portfolio acquisition. The Group acquired performing and non-performing mortgages with a nominal value of €7.9 billion, commercial and consumer loans of €0.1 billion and customer deposits of €1.8 billion (Note 22) as at the balance sheet acquisition date of 3 February 2023.

Loans and advances to customers at amortised cost (after impairment loss allowance) at 30 June 2024 included cash collateral of €76 million (31 December 2023: €45 million) placed with derivative counterparties in relation to net derivative liability positions.

At 30 June 2024, loans and advances to customers at amortised cost included gross carrying amounts of €7.4 billion (31 December 2023: €6.5 billion) of RoI green mortgages, €1.3 billion (31 December 2023: €1.3 billion) of UK green mortgages, €1.9 billion (31 December 2023: €1.7 billion) of green commercial real estate lending, €1.4 billion (31 December 2023: €1.2 billion) of sustainability-linked loans, €0.3 billion (31 December 2023: €0.3 billion) of renewables project finance, and €0.2 billion (31 December 2023: €0.1 billion) of electric vehicles funding.

Loans and advances to customers at FVTPL

Loans and advances to customers at FVTPL are not subject to impairment under IFRS 9. At 30 June 2024, loans and advances to customers at FVTPL included €196 million (31 December 2023: €205 million) relating to the Life Loan mortgage product, which was offered by the Group until November 2010. The cash flows of the Life Loans are not considered to consist solely of payments of principal and interest, and as such are classified as FVTPL.

	30 June 2024 €m	31 December 2023 €m
Loans and advances to customers at amortised cost	78,009	76,558
Finance leases and hire purchase receivables	4,503	4,188
	82,512	**80,746**
Less allowance for impairment charges on loans and advances to customers	(1,257)	(1,222)
Loans and advances to customers at amortised cost	**81,255**	**79,524**
Loans and advances to customers at FVTPL	196	205
Total loans and advances to customers	**81,451**	**79,729**

The following tables show the gross carrying amount and impairment loss allowances subject to 12 month and lifetime ECL on loans and advances to customers at amortised cost. The Purchased or Originated Credit-impaired (POCI) assets of €139 million at 30 June 2024 (31 December 2023: €143 million) included €56 million (31 December 2023: €25 million) of assets which, while credit-impaired upon purchase or origination were no longer credit-impaired at the reporting date due to improvements in credit risk. These assets will remain classified as POCI until derecognition.

30 June 2024 Gross carrying amount at amortised cost (before impairment loss allowance)	Residential mortgages €m	Non-property SME and corporate €m	Property and construction €m	Consumer €m	Total €m
Stage 1 - 12 month ECL (not credit-impaired)	44,967	15,442	3,823	4,918	69,150
Stage 2 - Lifetime ECL (not credit-impaired)	2,942	4,345	2,913	716	10,916
Stage 3 - Lifetime ECL (credit-impaired)	800	922	435	150	2,307
Purchased / originated credit-impaired	138	1	–	–	139
Gross carrying amount at 30 June 2024	**48,847**	**20,710**	**7,171**	**5,784**	**82,512**

30 June 2024 Impairment loss allowance	Residential mortgages €m	Non-property SME and corporate €m	Property and construction €m	Consumer €m	Total €m
Stage 1 - 12 month ECL (not credit-impaired)	35	77	20	57	189
Stage 2 - Lifetime ECL (not credit-impaired)	41	154	108	52	355
Stage 3 - Lifetime ECL (credit-impaired)	141	354	132	88	715
Purchased / originated credit-impaired	(2)	–	–	–	(2)
Impairment loss allowance at 30 June 2024	**215**	**585**	**260**	**197**	**1,257**

17 Loans and advances to customers *(continued)*

31 December 2023 Gross carrying amount at amortised cost (before impairment loss allowance)	Residential mortgages €m	Non-property SME and corporate €m	Property and construction €m	Consumer €m	Total €m
Stage 1 - 12 month ECL (not credit-impaired)	42,786	14,737	3,336	4,870	65,729
Stage 2 - Lifetime ECL (not credit-impaired)	3,574	4,632	3,518	801	12,525
Stage 3 - Lifetime ECL (credit-impaired)	770	1,080	369	130	2,349
Purchased / originated credit-impaired	142	1	–	–	143
Gross carrying amount at 31 December 2023	**47,272**	**20,450**	**7,223**	**5,801**	**80,746**

31 December 2023 Impairment loss allowance	Residential mortgages €m	Non-property SME and corporate €m	Property and construction €m	Consumer €m	Total €m
Stage 1 - 12 month ECL (not credit-impaired)	40	65	25	50	180
Stage 2 - Lifetime ECL (not credit-impaired)	56	154	144	67	421
Stage 3 - Lifetime ECL (credit-impaired)	141	330	80	61	612
Purchased / originated credit-impaired	9	–	–	–	9
Impairment loss allowance at 31 December 2023	**246**	**549**	**249**	**178**	**1,222**

The following tables show the changes in gross carrying amount and impairment loss allowances of loans and advances to customers at amortised cost for H124 and the year ended 31 December 2023. The tables are prepared based on a combination of aggregation of monthly movements for material term loan portfolios (i.e. incorporating all movements a loan in these portfolios has made during the period) and full year movements for revolving-type facilities and less material (primarily consumer) portfolios.

Transfers between stages represent the migration of loans from Stage 1 to Stage 2 following a 'significant increase in credit risk' or to Stage 3 as loans enter defaulted status. Conversely, improvement in credit quality and loans exiting default result in loans migrating in the opposite direction. The approach taken to identify a 'significant increase in credit risk' and identifying defaulted and credit-impaired assets is outlined in the financial risk management note on page 186 to 187 of The Governor and Company of the Bank of Ireland's 2023 Annual Report with updates for 2024 outlined in note 18.

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

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

'Net impairment losses in income statement' does not include the impact of cash recoveries which are recognised directly in the income statement (note 13).

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

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

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

17 Loans and advances to customers *(continued)*

30 June 2024 Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2024	**65,729**	**12,525**	**2,349**	**143**	**80,746**
Total net transfers	98	(350)	252	–	–
To 12 month ECL (not credit-impaired)	*4,135*	*(4,133)*	*(2)*	–	–
To lifetime ECL (not credit-impaired)	*(3,956)*	*4,329*	*(373)*	–	–
To lifetime ECL (credit-impaired)	*(81)*	*(546)*	*627*	–	–
Net changes in exposure	2,657	(1,405)	(247)	(4)	1,001
Impairment loss allowances utilised	–	–	(79)	–	(79)
Exchange adjustments	601	144	31	–	776
Measurement reclassification and other movements	65	2	1	–	68
Gross carrying amount at 30 June 2024	**69,150**	**10,916**	**2,307**	**139**	**82,512**

Impairment loss allowances utilised on loans and advances to customers at amortised cost during H124 included €37 million of contractual amounts outstanding that are still subject to enforcement activity.

30 June 2024 Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2024	**180**	**421**	**612**	**9**	**1,222**
Total net transfers	79	(97)	18	–	–
To 12 month ECL (not credit-impaired)	*101*	*(100)*	*(1)*	–	–
To lifetime ECL (not credit-impaired)	*(21)*	*70*	*(49)*	–	–
To lifetime ECL (credit-impaired)	*(1)*	*(67)*	*68*	–	–
Net impairment losses / (gains) in income statement	(73)	27	131	(12)	73
Re-measurement	*(75)*	*109*	*192*	*(9)*	*217*
Net changes in exposures	*(2)*	*(46)*	*(48)*	–	*(96)*
ECL model parameter and / or methodology changes	*4*	*(36)*	*(13)*	*(3)*	*(48)*
Impairment loss allowances utilised	–	–	(79)	–	(79)
Exchange adjustments	3	3	–	–	6
Measurement reclassification and other movements	–	1	33	1	35
Impairment loss allowance at 30 June 2024	**189**	**355**	**715**	**(2)**	**1,257**
Impairment coverage at 30 June 2024 (%)	**0.27%**	**3.25%**	**30.99%**	**(1.44%)**	**1.52%**

Total gross loans and advances to customers increased during the period by €1.8 billion from €80.7 billion at 31 December 2023 to €82.5 billion at 30 June 2024.

Stage 1 loans have increased by €3.4 billion primarily reflecting the impact of net new lending of €2.7 billion, FX movements of €0.6 billion and other movements of €0.1 billion. Total net transfers from other risk stages (primarily Stage 2) reflect revisions to the underlying affordability thresholds used in the credit risk assessment (as outlined on page 57 of note 18), updates for FLI weightings and other portfolio activity in the period.

Impairment loss allowances (ILAs) on Stage 1 loans have increased by €9 million with coverage on Stage 1 loans 0.27% unchanged from 31 December 2023.

Net staging transfers resulted in an increase to ILA of €79 million with model parameter changes €4 million and FX movements €3 million resulting in further increases to ILA in the period. This was largely offset by remeasurement reclassifications of €75 million reflecting the impact of re-measuring net transfers from other stages of lifetime ECL to 12-month ECL.

Stage 2 loans have decreased by €1.6 billion primarily reflecting net repayments of €1.4 billion and transfers to other stages of €0.3 billion, partially offset by FX movements of €0.1 billion. Net transfers to other stages reflects the updated credit risk assessments mentioned above and other portfolio activity in the period.

17 Loans and advances to customers *(continued)*

Coverage on Stage 2 loans has decreased from 3.36% at 31 December 2023 to 3.25% at 30 June 2024 primarily due to the impact of net transfers €97 million, net repayments €46 million and ECL model parameter and methodology changes €36 million, offset by re-measurement €109 million.

Stage 3 loans have decreased by €0.04 billion with the key drivers being impact of net repayments of €0.2 billion (including repayments from case specific resolution activities) and the utilisation of impairment loss allowances of €0.1 billion, largely offset by a net migration from other stages of €0.3 billion driven by the emergence of new defaults for case specific reasons.

Stage 3 ILAs have increased by €103 million due to the impact of remeasurement of €192 million, which includes application of an increased post-model adjustment for potential NPE portfolio resolutions (see pages 28 and 29), measurement reclassifications and other movements of €33 million and net transfers from other stages of €18 million, partially offset by the utilisation of impairment loss allowances of €79 million, and the impact of net reductions in exposure of €48 million.

Cover on Stage 3 loans has increased from 26.05% at 31 December 2023 to 30.99% at 30 June 2024. The increase primarily reflects changes in the underlying asset / portfolio mix of the Stage 3 population with higher than average impairment requirements for assets migrating to Stage 3 in the period and the resolution of several existing Stage 3 assets with lower than average ILA cover.

31 December 2023 **Gross carrying amount** **(before impairment loss allowance)**	**Stage 1 - 12 month ECL (not credit-impaired) €m**	**Stage 2 - Lifetime ECL (not credit-impaired) €m**	**Stage 3 - Lifetime ECL (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total gross carrying amount €m**
Opening balance 1 January 2023	**57,831**	**12,643**	**2,485**	**80**	**73,039**
Total net transfers	(3,885)	2,732	1,153	–	–
To 12 month ECL (not credit-impaired)	*8,481*	*(8,475)*	*(6)*	–	–
To lifetime ECL (not credit-impaired)	*(12,096)*	*12,552*	*(456)*	–	–
To lifetime ECL (credit-impaired)	*(270)*	*(1,345)*	*1,615*	–	–
Net changes in exposure	11,190	(2,872)	(768)	110	7,660
Impairment loss allowances utilised	–	–	(526)	(48)	(574)
Exchange adjustments	343	12	5	1	361
Measurement reclassification and other movements	250	10	–	–	260
Gross carrying amount at 31 December 2023	**65,729**	**12,525**	**2,349**	**143**	**80,746**

31 December 2023 **Impairment loss allowance**	**Stage 1 - 12 month ECL (not credit-impaired) €m**	**Stage 2 - Lifetime ECL (not credit-impaired) €m**	**Stage 3 - Lifetime ECL (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total impairment loss allowance €m**
Opening balance 1 January 2023	**142**	**285**	**835**	**33**	**1,295**
Total net transfers	93	(120)	27	–	–
To 12 month ECL (not credit-impaired)	*147*	*(145)*	*(2)*	–	–
To lifetime ECL (not credit-impaired)	*(50)*	*133*	*(83)*	–	–
To lifetime ECL (credit-impaired)	*(4)*	*(108)*	*112*	–	–
Net impairment losses / (gains) in income statement	(56)	254	226	21	445
Re-measurement	*(83)*	*255*	*356*	*26*	*554*
Net changes in exposures	*11*	*(73)*	*(125)*	*(15)*	*(202)*
ECL model parameter and / or methodology changes	*16*	*72*	*(5)*	*10*	*93*
Impairment loss allowances utilised	–	–	(526)	(48)	(574)
Exchange adjustments	1	1	3	1	6
Measurement reclassification and other movements	–	1	47	2	50
Impairment loss allowance at 31 December 2023	**180**	**421**	**612**	**9**	**1,222**
Impairment coverage at 31 December 2023 (%)	**0.27%**	**3.36%**	**26.05%**	**6.29%**	**1.51%**

Impairment loss allowances utilised on loans and advances to customers at amortised cost during 2023 included €203 million of contractual amounts outstanding that are still subject to enforcement activity.

17 Loans and advances to customers *(continued)*

Loans and advances to customers at amortised cost by portfolio

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

Residential Mortgages

30 June 2024 Residential mortgages - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2024	**42,786**	**3,574**	**770**	**142**	**47,272**
Total net transfers	355	(445)	90	–	–
To 12 month ECL (not credit-impaired)	*1,716*	*(1,716)*	–	–	–
To lifetime ECL (not credit-impaired)	*(1,336)*	*1,439*	*(103)*	–	–
To lifetime ECL (credit-impaired)	*(25)*	*(168)*	*193*	–	–
Net changes in exposure	1,441	(220)	(70)	(4)	1,147
Impairment loss allowances utilised	–	–	(1)	–	(1)
Exchange adjustments	359	33	10	–	402
Measurement reclassification and other movements	26	–	1	–	27
Gross carrying amount at 30 June 2024	**44,967**	**2,942**	**800**	**138**	**48,847**

30 June 2024 Residential mortgages - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2024	**40**	**56**	**141**	**9**	**246**
Total net transfers	27	(27)	–	–	–
To 12 month ECL (not credit-impaired)	*33*	*(33)*	–	–	–
To lifetime ECL (not credit-impaired)	*(6)*	*17*	*(11)*	–	–
To lifetime ECL (credit-impaired)	–	*(11)*	*11*	–	–
Net impairment losses / (gains) in income statement	(32)	11	(6)	(12)	(39)
Re-measurement	*(28)*	*28*	*12*	*(9)*	*3*
Net changes in exposures	–	*(3)*	*(8)*	–	*(11)*
ECL model parameter and / or methodology changes	*(4)*	*(14)*	*(10)*	*(3)*	*(31)*
Impairment loss allowances utilised	–	–	(1)	–	(1)
Exchange adjustments	–	1	1	–	2
Measurement reclassification and other movements	–	–	6	1	7
Impairment loss allowance at 30 June 2024	**35**	**41**	**141**	**(2)**	**215**
Impairment coverage at 30 June 2024 (%)	**0.08%**	**1.39%**	**17.63%**	**(1.45%)**	**0.44%**

Impairment loss allowances utilised on Residential mortgages at amortised cost during H124 included €nil of contractual amounts outstanding that are still subject to enforcement activity.

17 Loans and advances to customers *(continued)*

Residential Mortgages *(continued)*

31 December 2023 Residential mortgages - Gross carrying amount (before impairment loss allowance)	**Stage 1 - 12 month ECL (not credit-impaired) €m**	**Stage 2 - Lifetime ECL (not credit-impaired) €m**	**Stage 3 - Lifetime ECL (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total gross carrying amount €m**
Opening balance 1 January 2023	**34,020**	**3,546**	**450**	**4**	**38,020**
Total net transfers	(1,130)	633	497	–	–
To 12 month ECL (not credit-impaired)	*3,986*	*(3,986)*	*–*	–	–
To lifetime ECL (not credit-impaired)	*(4,950)*	*5,076*	*(126)*	–	–
To lifetime ECL (credit-impaired)	*(166)*	*(457)*	*623*	–	–
Net changes in exposure	9,394	(627)	(165)	140	8,742
Impairment loss allowances utilised	–	–	(16)	(2)	(18)
Exchange adjustments	288	22	4	–	314
Measurement reclassification and other movements	214	–	–	–	214
Gross carrying amount at 31 December 2023	**42,786**	**3,574**	**770**	**142**	**47,272**

31 December 2023 Residential mortgages - Impairment loss allowance	**Stage 1 - 12 month ECL (not credit-impaired) €m**	**Stage 2 - Lifetime ECL (not credit-impaired) €m**	**Stage 3 - Lifetime ECL (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total impairment loss allowance €m**
Opening balance 1 January 2023	**18**	**38**	**89**	**1**	**146**
Total net transfers	42	(58)	16	–	–
To 12 month ECL (not credit-impaired)	*55*	*(55)*	*–*	–	–
To lifetime ECL (not credit-impaired)	*(12)*	*23*	*(11)*	–	–
To lifetime ECL (credit-impaired)	*(1)*	*(26)*	*27*	–	–
Net impairment losses / (gains) in income statement	(20)	74	47	9	110
Re-measurement	*(34)*	*75*	*46*	*(1)*	*86*
Net changes in exposures	*4*	*(9)*	*(12)*	–	*(17)*
ECL model parameter and / or methodology changes	*10*	*8*	*13*	*10*	*41*
Impairment loss allowances utilised	–	–	(16)	(2)	(18)
Exchange adjustments	–	–	–	–	–
Measurement reclassification and other movements	–	2	5	1	8
Impairment loss allowance at 31 December 2023	**40**	**56**	**141**	**9**	**246**
Impairment coverage at 31 December 2023 (%)	**0.09%**	**1.57%**	**18.31%**	**6.34%**	**0.52%**

Impairment loss allowances utilised on Residential mortgages at amortised cost during 2023 included €2 million of contractual amounts outstanding that are still subject to enforcement activity.

17 Loans and advances to customers *(continued)*

Non-property SME and corporate

30 June 2024 Non-property SME and corporate - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2024	**14,737**	**4,632**	**1,080**	**1**	**20,450**
Total net transfers	(196)	265	(69)	–	–
To 12 month ECL (not credit-impaired)	*1,535*	*(1,534)*	*(1)*	–	–
To lifetime ECL (not credit-impaired)	*(1,705)*	*1,958*	*(253)*	–	–
To lifetime ECL (credit-impaired)	*(26)*	*(159)*	*185*	–	–
Net changes in exposure	711	(612)	(59)	–	40
Impairment loss allowances utilised	–	–	(41)	–	(41)
Exchange adjustments	149	60	11	–	220
Measurement reclassification and other movements	41	–	–	–	41
Gross carrying amount at 30 June 2024	**15,442**	**4,345**	**922**	**1**	**20,710**

30 June 2024 Non-property SME and corporate - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2024	**65**	**154**	**330**	**–**	**549**
Total net transfers	21	(8)	(13)	–	–
To 12 month ECL (not credit-impaired)	*29*	*(29)*	–	–	–
To lifetime ECL (not credit-impaired)	*(8)*	*41*	*(33)*	–	–
To lifetime ECL (credit-impaired)	–	*(20)*	*20*	–	–
Net impairment losses / (gains) in income statement	(9)	7	61	–	59
Re-measurement	*(22)*	*32*	*88*	–	*98*
Net changes in exposures	*7*	*(21)*	*(28)*	–	*(42)*
ECL model parameter and / or methodology changes	*6*	*(4)*	*1*	–	*3*
Impairment loss allowances utilised	–	–	(41)	–	(41)
Exchange adjustments	–	–	1	–	1
Measurement reclassification and other movements	–	1	16	–	17
Impairment loss allowance at 30 June 2024	**77**	**154**	**354**	**–**	**585**
Impairment coverage at 30 June 2024 (%)	**0.50%**	**3.54%**	**38.39%**	**–**	**2.82%**

Impairment loss allowances utilised on Non-property SME and corporate during H124 included €14 million of contractual amounts outstanding that are still subject to enforcement activity.

17 Loans and advances to customers *(continued)*

Non-property SME and corporate *(continued)*

31 December 2023 Non-property SME and corporate - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2023	**15,253**	**4,665**	**1,534**	**16**	**21,468**
Total net transfers	(1,356)	1,108	248	–	–
To 12 month ECL (not credit-impaired)	*2,522*	*(2,518)*	*(4)*	–	–
To lifetime ECL (not credit-impaired)	*(3,840)*	*4,117*	*(277)*	–	–
To lifetime ECL (credit-impaired)	*(38)*	*(491)*	*529*	–	–
Net changes in exposure	822	(1,130)	(397)	(15)	(720)
Impairment loss allowances utilised	–	–	(307)	–	(307)
Exchange adjustments	(12)	(21)	1	–	(32)
Measurement reclassification and other movements	30	10	1	–	41
Gross carrying amount at 31 December 2023	**14,737**	**4,632**	**1,080**	**1**	**20,450**

31 December 2023 Non-property SME and corporate - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2023	**65**	**153**	**563**	**2**	**783**
Total net transfers	42	(30)	(12)	–	–
To 12 month ECL (not credit-impaired)	*64*	*(63)*	*(1)*	–	–
To lifetime ECL (not credit-impaired)	*(20)*	*76*	*(56)*	–	–
To lifetime ECL (credit-impaired)	*(2)*	*(43)*	*45*	–	–
Net impairment losses / (gains) in income statement	(42)	31	56	(2)	43
Re-measurement	*(39)*	*53*	*157*	–	*171*
Net changes in exposures	*2*	*(34)*	*(88)*	*(2)*	*(122)*
ECL model parameter and / or methodology changes	*(5)*	*12*	*(13)*	–	*(6)*
Impairment loss allowances utilised	–	–	(307)	–	(307)
Exchange adjustments	–	–	1	–	1
Measurement reclassification and other movements	–	–	29	–	29
Impairment loss allowance at 31 December 2023	**65**	**154**	**330**	**–**	**549**
Impairment coverage at 31 December 2023 (%)	**0.44%**	**3.32%**	**30.56%**	**–**	**2.68%**

Impairment loss allowances utilised on Non-property SME and corporate during 2023 included €164 million of contractual amounts outstanding that are still subject to enforcement activity.

17 Loans and advances to customers *(continued)*

Property and construction

30 June 2024 Property and construction - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2024	**3,336**	**3,518**	**369**	**–**	**7,223**
Total net transfers	36	(192)	156	–	–
To 12 month ECL (not credit-impaired)	*661*	*(661)*	*–*	–	–
To lifetime ECL (not credit-impaired)	*(624)*	*637*	*(13)*	–	–
To lifetime ECL (credit-impaired)	*(1)*	*(168)*	*169*	–	–
Net changes in exposure	433	(449)	(89)	–	(105)
Impairment loss allowances utilised	–	–	(10)	–	(10)
Exchange adjustments	20	34	9	–	63
Measurement reclassification and other movements	(2)	2	–	–	–
Gross carrying amount at 30 June 2024	**3,823**	**2,913**	**435**	**–**	**7,171**

30 June 2024 Property and construction - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2024	**25**	**144**	**80**	**–**	**249**
Total net transfers	14	(32)	18	–	–
To 12 month ECL (not credit-impaired)	*19*	*(19)*	*–*	–	–
To lifetime ECL (not credit-impaired)	*(5)*	*8*	*(3)*	–	–
To lifetime ECL (credit-impaired)	*–*	*(21)*	*21*	–	–
Net impairment losses / (gains) in income statement	(19)	(4)	37	–	14
Re-measurement	*(16)*	*30*	*41*	–	*55*
Net changes in exposures	*2*	*(11)*	*–*	–	*(9)*
ECL model parameter and / or methodology changes	*(5)*	*(23)*	*(4)*	–	*(32)*
Impairment loss allowances utilised	–	–	(10)	–	(10)
Exchange adjustments	–	–	–	–	–
Measurement reclassification and other movements	–	–	7	–	7
Impairment loss allowance at 30 June 2024	**20**	**108**	**132**	**–**	**260**
Impairment coverage at 30 June 2024 (%)	**0.52%**	**3.71%**	**30.34%**	**–**	**3.63%**

Impairment loss allowances utilised on Property and construction during H124 included €nil of contractual amounts outstanding that are still subject to enforcement activity.

17 Loans and advances to customers *(continued)*

Property and construction *(continued)*

31 December 2023 Property and construction - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Purchased / originated credit- impaired €m	Total gross carrying amount €m
Opening balance 1 January 2023	**3,864**	**3,922**	**355**	**60**	**8,201**
Total net transfers	(897)	608	289	–	–
To 12 month ECL (not credit-impaired)	*1,743*	*(1,743)*	–	–	–
To lifetime ECL (not credit-impaired)	*(2,636)*	*2,683*	*(47)*	–	–
To lifetime ECL (credit-impaired)	*(4)*	*(332)*	*336*	–	–
Net changes in exposure	358	(1,018)	(194)	(15)	(869)
Impairment loss allowances utilised	–	–	(79)	(46)	(125)
Exchange adjustments	10	4	(2)	1	13
Measurement reclassification and other movements	1	2	–	–	3
Gross carrying amount at 31 December 2023	**3,336**	**3,518**	**369**	**–**	**7,223**

31 December 2023 Property and construction - Impairment loss allowance	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Purchased / originated credit- impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2023	**10**	**53**	**102**	**30**	**195**
Total net transfers	4	(13)	9	–	–
To 12 month ECL (not credit-impaired)	*13*	*(13)*	–	–	–
To lifetime ECL (not credit-impaired)	*(9)*	*22*	*(13)*	–	–
To lifetime ECL (credit-impaired)	–	*(22)*	*22*	–	–
Net impairment losses / (gains) in income statement	9	105	44	14	172
Re-measurement	*2*	*74*	*72*	*27*	*175*
Net changes in exposures	*1*	*(9)*	*(19)*	*(13)*	*(40)*
ECL model parameter and / or methodology changes	*6*	*40*	*(9)*	–	*37*
Impairment loss allowances utilised	–	–	(79)	(46)	(125)
Exchange adjustments	–	–	1	1	2
Measurement reclassification and other movements	2	(1)	3	1	5
Impairment loss allowance at 31 December 2023	**25**	**144**	**80**	**–**	**249**
Impairment coverage at 31 December 2023 (%)	**0.75%**	**4.09%**	**21.68%**	**–**	**3.45%**

Impairment loss allowances utilised on Property and construction during 2023 included €10 million of contractual amounts outstanding that are still subject to enforcement activity.

17 Loans and advances to customers *(continued)*

Consumer

30 June 2024 Consumer -Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2024	**4,870**	**801**	**130**	**–**	**5,801**
Total net transfers	(97)	22	75	–	–
To 12 month ECL (not credit-impaired)	*223*	*(222)*	*(1)*	–	–
To lifetime ECL (not credit-impaired)	*(291)*	*295*	*(4)*	–	–
To lifetime ECL (credit-impaired)	*(29)*	*(51)*	*80*	–	–
Net changes in exposure	72	(124)	(29)	–	(81)
Impairment loss allowances utilised	–	–	(27)	–	(27)
Exchange adjustments	73	17	1	–	91
Measurement reclassification and other movements	–	–	–	–	–
Gross carrying amount at 30 June 2024	**4,918**	**716**	**150**	**–**	**5,784**

30 June 2024 Consumer - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2024	**50**	**67**	**61**	**–**	**178**
Total net transfers	17	(30)	13	–	–
To 12 month ECL (not credit-impaired)	*20*	*(19)*	*(1)*	–	–
To lifetime ECL (not credit-impaired)	*(2)*	*4*	*(2)*	–	–
To lifetime ECL (credit-impaired)	*(1)*	*(15)*	*16*	–	–
Net impairment losses / (gains) in income statement	(13)	13	39	–	39
Re-measurement	*(9)*	*19*	*51*	–	*61*
Net changes in exposures	*(11)*	*(11)*	*(12)*	–	*(34)*
ECL model parameter and / or methodology changes	*7*	*5*	–	–	*12*
Impairment loss allowances utilised	–	–	(27)	–	(27)
Exchange adjustments	3	2	(2)	–	3
Measurement reclassification and other movements	–	–	4	–	4
Impairment loss allowance at 30 June 2024	**57**	**52**	**88**	**–**	**197**
Impairment coverage at 30 June 2024 (%)	**1.16%**	**7.26%**	**58.67%**	**–**	**3.41%**

Impairment loss allowances utilised on Consumer during H124 included €23 million of contractual amounts outstanding that are still subject to enforcement activity.

17 Loans and advances to customers *(continued)*

Consumer *(continued)*

31 December 2023 Consumer - Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total gross carrying amount €m
Opening balance 1 January 2023	**4,694**	**510**	**146**	**–**	**5,350**
Total net transfers	(502)	383	119	–	–
To 12 month ECL (not credit-impaired)	*230*	*(228)*	*(2)*	–	–
To lifetime ECL (not credit-impaired)	*(670)*	*676*	*(6)*	–	–
To lifetime ECL (credit-impaired)	*(62)*	*(65)*	*127*	–	–
Net changes in exposure	616	(97)	(12)	–	507
Impairment loss allowances utilised	–	–	(124)	–	(124)
Exchange adjustments	57	7	2	–	66
Measurement reclassification and other movements	5	(2)	(1)	–	2
Gross carrying amount at 31 December 2023	**4,870**	**801**	**130**	**–**	**5,801**

31 December 2023 Consumer - Impairment loss allowance	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total impairment loss allowance €m
Opening balance 1 January 2023	**49**	**41**	**81**	**–**	**171**
Total net transfers	5	(19)	14	–	–
To 12 month ECL (not credit-impaired)	*15*	*(14)*	*(1)*	–	–
To lifetime ECL (not credit-impaired)	*(9)*	*12*	*(3)*	–	–
To lifetime ECL (credit-impaired)	*(1)*	*(17)*	*18*	–	–
Net impairment losses / (gains) in income statement	(3)	44	79	–	120
Re-measurement	*(12)*	*53*	*81*	–	*122*
Net changes in exposures	*4*	*(21)*	*(6)*	–	*(23)*
ECL model parameter and / or methodology changes	*5*	*12*	*4*	–	*21*
Impairment loss allowances utilised	–	–	(124)	–	(124)
Exchange adjustments	1	1	1	–	3
Measurement reclassification and other movements	(2)	–	10	–	8
Impairment loss allowance at 31 December 2023	**50**	**67**	**61**	**–**	**178**
Impairment coverage at 31 December 2023 (%)	**1.03%**	**8.36%**	**46.92%**	**–**	**3.07%**

Impairment loss allowances utilised on Consumer during 2023 included €27 million of contractual amounts outstanding that are still subject to enforcement activity.

18 Credit risk exposures

The following disclosures provide quantitative information about credit risk within financial instruments held by the Group. Details of the Group's credit risk methodologies are set out on pages 183 to 188 of The Governor and Company of the Bank of Ireland's 2023 Annual Report, with updates for 2024 outlined below.

In addition to credit risk, the primary risks affecting the Group through its use of financial instruments are: funding and liquidity risk, market risk and life insurance risk. The Group's approach to the management of these risks, together with its approach to Capital adequacy, are set out in the Risk Management Report of The Governor and Company of the Bank of Ireland's 2023 Annual Report.

Approach to measurement of impairment loss allowances

The Group's methodology for loan loss provisioning under IFRS 9 is set out on pages 185 to 188 of The Governor and Company of the Bank of Ireland's 2023 Annual Report.

During May 2024 two new Internal Rating Based models were implemented for the General Corporate and UK SME portfolios of the Non-Retail portfolio. The ECL model framework was also updated in May 2024 to reflect the implementation of these new models.

The calibration of the PD, LGD and EAD components within the model utilised for the Commercial Finance segment of the SME portfolio were enhanced to address model weaknesses, primarily related to LGD estimation and back-testing, identified as part of the Group's internal model validation process. The updates resulted in a c.€8 million increase in impairment loss allowance.

Assessment of the relationship between macroeconomic model factors and default rates during 2020 and 2021 considered default experience to be unrepresentative in certain retail portfolios due to Covid related supports and payment breaks available to borrowers during this period. As a result data points from the 2020 and 2021 period were excluded from the residential mortgage and Commercial Finance PD macro regression models.

Other model updates were applied for the reporting period including the application of updated FLI scenarios and probability weightings, as well as updates to model factors to take account of more recent observable data and refinement of macro regression models for PD estimation. The probability weightings for FLI scenarios at H124 includes consideration of economic uncertainty, primarily driven by geopolitical risk and inflation / interest rate expectations.

Total net impact of all model factor updates in H124, including those outlined above, and the application of updated FLI for Group loans and advances to customers and other financial instruments is a €47 million reduction in impairment loss allowances.

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

Credit Risk associated with geopolitical risk, inflation and interest rates

In H124, the Group conducted a number of assessments in relation to credit risk associated with the impact of elevated inflation and interest rates on asset quality. In line with 2023 credit risk assessments continued to be implemented across the residential mortgage and consumer portfolios and, where appropriate, outputs have been utilised to identify significant increases in credit risk and the reclassification of Stage 1 assets as Stage 2. These credit risk assessments, which leveraged qualitative information not already captured in impairment models, resulted in a credit management decision to classify c. €2.0 billion of Stage 1 assets as Stage 2 at the reporting date (31 December 2023: c.€2.8 billion), with a corresponding €15 million increase in impairment loss allowance (31 December 2023: €33 million). The reduction in the staging and impairment loss allowance impact at H124 is driven by revisions to the underlying affordability thresholds used in the credit risk assessments to reflect reducing affordability pressures in 2024 with real wage growth returning as the rate of inflation reduces.

The impact of elevated inflation and interest rates have also been taken into account within individual credit assessments in the relationship managed commercial portfolios.

All US CRE Office exposures continue to be downgraded to ensure all performing loans in this portfolio are classified as Stage 2 or lower (i.e. Stage 3). In addition to this an Investment Property post-model adjustment to the Group's impairment loss allowance of €48 million has been retained to reflect ongoing latent risk in the wider Investment Property portfolio including the impact of prevailing interest rates in the commercial property market.

Furthermore, the final set of probability weightings applied to FLI scenarios utilised in the Group's impairment models incorporated the application of management judgement to initial modelled probability weightings to reflect economic uncertainty associated with factors including geopolitical risk, elevated interest rates, and the expected gradual and uneven path back to lower inflation in the Group's key economies. The estimated impact of this judgement was a c.€6 million increase in impairment loss allowance (31 December 2023: c.€31 million).

Further details on the selected FLI scenarios for the reporting period, Group post-model adjustments and management judgement incorporated into impairment model parameters are provided in note 2 of the consolidated financial statements.

18 Credit risk exposures *(continued)*

Composition and impairment

The tables below summarise the composition, credit-impaired volumes and related impairment loss allowance of the Group's loans and advances to customers at amortised cost (including loans and advances to customers held for sale of €20 million) at 30 June 2024.

At 30 June 2024, these tables exclude €196 million (31 December 2023: €205 million) of loans and advances to customers that are measured at FVTPL and are therefore not subject to impairment under IFRS 9.

Credit-impaired includes Stage 3 and POCI assets of €83 million (31 December 2023: €118 million).

Total POCI assets at 30 June 2024 were €139 million (31 December 2023: €143 million). €56 million of POCI assets (31 December 2023: €25 million) were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These loans will remain classified as POCI loans until derecognition.

30 June 2024 Credit-impaired loans and advances to customers - Composition and impairment	**Advances (pre-impairment loss allowance) €m**	**Credit Impaired loans €m**	**Credit impaired loans as % of advances %**	**Credit impaired impairment loss allowance €m**	**Impairment loss allowance as % of credit impaired loans %**
Residential mortgages	48,709	800	1.6%	141	18%
Retail Ireland	*32,881*	*423*	*1.3%*	*93*	*22%*
Retail UK	*15,828*	*377*	*2.4%*	*48*	*13%*
Non-property SME and corporate	20,709	922	4.5%	354	38%
Republic of Ireland SME	*7,255*	*360*	*5.0%*	*170*	*47%*
UK SME	*1,528*	*87*	*5.7%*	*17*	*20%*
Corporate	*11,926*	*475*	*4.0%*	*167*	*35%*
Property and construction	7,171	435	6.1%	132	30%
Investment	*6,537*	*385*	*5.9%*	*118*	*31%*
Development	*634*	*50*	*7.9%*	*14*	*28%*
Consumer	5,784	150	2.6%	88	59%
Total	**82,373**	**2,307**	**2.8%**	**715**	**31%**
Purchased / originated credit-impaired	139	83	59.7%	8	10%
Total	**82,512**	**2,390**	**2.9%**	**723**	**30%**

31 December 2023 Credit-impaired loans and advances to customers - Composition and impairment	**Advances (pre-impairment loss allowance) €m**	**Credit Impaired loans €m**	**Credit impaired loans as % of advances %**	**Credit impaired impairment loss allowance €m**	**Impairment loss allowance as % of credit impaired loans %**
Residential mortgages	47,130	770	1.6%	141	18%
Retail Ireland	*32,102*	*383*	*1.2%*	*89*	*23%*
Retail UK	*15,028*	*387*	*2.6%*	*52*	*13%*
Non-property SME and corporate	20,449	1,080	5.3%	330	31%
Republic of Ireland SME	*7,153*	*342*	*4.8%*	*161*	*47%*
UK SME	*1,547*	*80*	*5.2%*	*22*	*28%*
Corporate	*11,749*	*658*	*5.6%*	*147*	*22%*
Property and construction	7,223	369	5.1%	80	22%
Investment	*6,683*	*320*	*4.8%*	*69*	*22%*
Development	*540*	*49*	*9.1%*	*11*	*22%*
Consumer	5,801	130	2.2%	61	47%
Total	**80,603**	**2,349**	**2.9%**	**612**	**26%**
Purchased / originated credit-impaired	143	118	82.5%	12	10%
Total	**80,746**	**2,467**	**3.1%**	**624**	**25%**

18 Credit risk exposures *(continued)*

At 30 June 2024, loans and advances to customers (pre impairment loss allowance) of €82.5 billion were €1.8 billion higher than 31 December 2023, primarily driven by positive net new lending in the period, particularly within the RoI and UK mortgage portfolios, and the impact of currency translation, partially offset by the utilisation of impairment loss allowances in the period.

Credit-impaired loans decreased to €2.4 billion or 2.9% of customer loans at 30 June 2024 from €2.5 billion or 3.1% at 31 December 2023. This decrease reflected resolution strategies that include appropriate and sustainable support to viable customers who are in financial difficulty. The decrease from resolution strategies was partly offset by the emergence of new defaults in the period (primarily in corporate portfolios).

The application of updated FLI, individually assessed risk ratings, credit risk assessments (including the impact of revisions to affordability thresholds outlined on page 57 above), impairment model methodology updates, and other portfolio activity (including net repayments / redemptions in the period) resulted in the net migration of c.€1.6 billion loans from Stage 2 (i.e. cases that are identified as having experienced a significant increase in credit risk) to Stage 1 in the year.

The stock of impairment loss allowance on credit-impaired loans was €0.7 billion at 30 June 2024, which was €0.1 billion higher than the stock at 31 December 2023. The net increase incorporates the impairment loss on credit impaired loans of €0.1 billion and the impact of currency translation and other movements totalling €0.1 billion, partially offset by impairment loss allowance utilisation of €0.1 billion.

The total impairment loss allowance at 30 June 2024 includes a total post-model adjustment (PMA) of €88 million (31 December 2023: €85 million), which was recognised against loans and advances to customers. Details on the post-model management adjustments are provided in note 2 on pages 28 and 29.

Impairment loss allowance cover for credit-impaired loans increased to 30% at 30 June 2024 compared to 25% at 31 December 2023. This primarily reflects changes in the underlying asset / portfolio mix of the stage 3 population, with higher than average impairment requirements for assets migrating to stage 3 in the period and the resolution of existing stage 3 assets with lower than average impairment loss allowance cover.

18 Credit risk exposures *(continued)*

Risk profile of forborne loans and advances to customers

The Group's total risk profile of loans and advances to customers at amortised cost at 30 June 2024 of €82.5 billion (31 December 2023: €80.7 billion) is available in note 17. The tables below exclude €196 million of loans and advances to customers at 30 June 2024 (31 December 2023: €205 million) that are measured at FVTPL and are therefore not subject to impairment under IFRS 9. Exposures are before impairment loss allowance.

30 June 2024 Loans and advances to customers at amortised cost - Composition	**Stage 1 (not credit-impaired) €m**	**Stage 2 (not credit-impaired) €m**	**Stage 3 (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total €m**
Non-forborne loans and advances to customers					
Residential mortgages	44,962	2,744	535	111	48,352
Retail Ireland	*30,293*	*2,035*	*249*	*111*	*32,688*
Retail UK	*14,669*	*709*	*286*	*–*	*15,664*
Non-property SME and corporate	15,442	3,136	311	1	18,890
Republic of Ireland SME	*5,642*	*1,112*	*245*	*1*	*7,000*
UK SME	*1,218*	*172*	*63*	*–*	*1,453*
Corporate	*8,582*	*1,852*	*3*	*–*	*10,437*
Property and construction	3,823	1,971	148	–	5,942
Investment	*3,367*	*1,948*	*148*	*–*	*5,463*
Development	*456*	*23*	*–*	*–*	*479*
Consumer	4,918	715	148	–	5,781
Total non-forborne loans and advances to customers	**69,145**	**8,566**	**1,142**	**112**	**78,965**
Forborne loans and advances to customers					
Residential mortgages	5	198	265	27	495
Retail Ireland	*4*	*126*	*174*	*27*	*331*
Retail UK	*1*	*72*	*91*	*–*	*164*
Non-property SME and corporate	–	1,209	611	–	1,820
Republic of Ireland SME	*–*	*141*	*115*	*–*	*256*
UK SME	*–*	*51*	*24*	*–*	*75*
Corporate	*–*	*1,017*	*472*	*–*	*1,489*
Property and construction	–	942	287	–	1,229
Investment	*–*	*837*	*237*	*–*	*1,074*
Development	*–*	*105*	*50*	*–*	*155*
Consumer		1	2		3
Total forborne loans and advances to customers	**5**	**2,350**	**1,165**	**27**	**3,547**

At 30 June 2024, forborne POCI loans included €3 million of loans (31 December 2023: €1 million) which, while credit-impaired upon purchase or origination, were no longer credit-impaired at the reporting date due to improvement in credit risk. These loans will remain classified as POCI loans until derecognition.

18 Credit risk exposures *(continued)*

31 December 2023 Loans and advances to customers at amortised cost - composition	**Stage 1 (not credit-impaired) €m**	**Stage 2 (not credit-impaired) €m**	**Stage 3 (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total €m**
Non-forborne loans and advances to customers					
Residential mortgages	42,781	3,371	542	118	46,812
Retail Ireland	*29,361*	*2,214*	*231*	*118*	*31,924*
Retail UK	*13,420*	*1,157*	*311*	–	*14,888*
Non-property SME and corporate	14,737	3,454	269	1	18,461
Republic of Ireland SME	*5,667*	*991*	*217*	*1*	*6,876*
UK SME	*1,154*	*218*	*49*	–	*1,421*
Corporate	*7,916*	*2,245*	*3*	–	*10,164*
Property and construction	3,336	2,573	145	–	6,054
Investment	*2,934*	*2,536*	*145*	–	*5,615*
Development	*402*	*37*	–	–	*439*
Consumer	4,870	800	128	–	5,798
Total non-forborne loans and advances to customers	**65,724**	**10,198**	**1,084**	**119**	**77,125**
Forborne loans and advances to customers					
Residential mortgages	5	203	228	24	460
Retail Ireland	*4*	*140*	*152*	*24*	*320*
Retail UK	*1*	*63*	*76*	–	*140*
Non-property SME and corporate	–	1,178	811	–	1,989
Republic of Ireland SME	–	*153*	*125*	–	*278*
UK SME	–	*95*	*31*	–	*126*
Corporate	–	*930*	*655*	–	*1,585*
Property and construction	–	945	224	–	1,169
Investment	–	*893*	*175*	–	*1,068*
Development	–	*52*	*49*	–	*101*
Consumer	–	1	2	–	3
Total forborne loans and advances to customers	**5**	**2,327**	**1,265**	**24**	**3,621**

18 Credit risk exposures *(continued)*

Loan to value profiles - total Retail Ireland mortgages

The tables below set out the weighted average indexed loan to value (LTV) for the total Retail Ireland mortgage loan book. The tables include POCI loans of €138 million (31 December 2023: €142 million).

30 June 2024 Loan to value ratio of total Retail Ireland mortgages	Owner occupied					Buy to let					Total				
	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCIs €m	Total €m	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCIs €m	Total €m	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCIs €m	Total €m
Less than 50%	12,821	974	167	58	14,020	838	45	33	5	921	13,659	1,019	200	63	14,941
51% to 70%	9,524	726	104	36	10,390	159	13	9	2	183	9,683	739	113	38	10,573
71% to 80%	3,159	267	22	8	3,456	20	2	3	1	26	3,179	269	25	9	3,482
81% to 90%	3,437	122	10	7	3,576	30	4	5	–	39	3,467	126	15	7	3,615
91% to 100%	266	4	10	5	285	5	–	1	–	6	271	4	11	5	291
Subtotal	**29,207**	**2,093**	**313**	**114**	**31,727**	**1,052**	**64**	**51**	**8**	**1,175**	**30,259**	**2,157**	**364**	**122**	**32,902**
101% to 120%	15	2	8	5	30	4	1	3	1	9	19	3	11	6	39
121% to 150%	10	1	5	6	22	–	–	5	1	6	10	1	10	7	28
Greater than 151%	5	–	14	3	22	4	–	24	–	28	9	–	38	3	50
Subtotal	**30**	**3**	**27**	**14**	**74**	**8**	**1**	**32**	**2**	**43**	**38**	**4**	**59**	**16**	**117**
Total	**29,237**	**2,096**	**340**	**128**	**31,801**	**1,060**	**65**	**83**	**10**	**1,218**	**30,297**	**2,161**	**423**	**138**	**33,019**
Weighted average LTV															
Stock of Retail Ireland mortgages at period end					53%					41%					53%
New Retail Ireland mortgages during the period					77%					49%					76%

Weighted average loan to value ratios are calculated at a property level and reflect the average property value in proportion to the outstanding mortgage. Property values are determined by reference to the property valuations held, indexed to the Central Statistics Office (CSO) Residential Property Price Index (RPPI). The indexed LTV profile of the Retail Ireland mortgage loan book is based on the CSO RPPI at April 2024. The CSO RPPI for April 2024 reported that average national residential property prices were 9.6% above peak (October 2023: 5.1% above peak), with Dublin residential prices 1.8% below peak and outside of Dublin residential prices 10.2% above peak (October 2023: 6.3% below peak and 6.1% above peak respectively). In the four months to April 2024, residential property prices at a national level increased by 2.0%.

At 30 June 2024, €32.9 billion or 99.6% of Retail Ireland mortgages were classified as being in positive equity, 99.8% for Owner occupied mortgages and 96.4% for Buy to Let (BTL) mortgages.

18 Credit risk exposures *(continued)*

31 December 2023 Loan to value ratio of total Retail Ireland mortgages	Owner occupied					Buy to let					Total				
	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCIs €m	Total €m	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCIs €m	Total €m	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCIs €m	Total €m
Less than 50%	11,982	1,060	138	59	13,239	923	17	31	5	976	12,905	1,077	169	64	14,215
51% to 70%	9,371	785	90	37	10,283	183	3	7	2	195	9,554	788	97	39	10,478
71% to 80%	3,208	296	25	10	3,539	28	2	3	1	34	3,236	298	28	11	3,573
81% to 90%	3,325	178	12	7	3,522	36	1	6	1	44	3,361	179	18	8	3,566
91% to 100%	254	4	11	5	274	10	1	2	–	13	264	5	13	5	287
Subtotal	**28,140**	**2,323**	**276**	**118**	**30,857**	**1,180**	**24**	**49**	**9**	**1,262**	**29,320**	**2,347**	**325**	**127**	**32,119**
101% to 120%	16	3	10	5	34	4	1	2	–	7	20	4	12	5	41
121% to 150%	13	1	5	6	25	2	–	5	1	8	15	1	10	7	33
Greater than 151%	5	1	13	3	22	5	1	23	–	29	10	2	36	3	51
Subtotal	**34**	**5**	**28**	**14**	**81**	**11**	**2**	**30**	**1**	**44**	**45**	**7**	**58**	**15**	**125**
Total	**28,174**	**2,328**	**304**	**132**	**30,938**	**1,191**	**26**	**79**	**10**	**1,306**	**29,365**	**2,354**	**383**	**142**	**32,244**
Weighted average LTV															
Stock of Retail Ireland mortgages at year end					54%					42%					53%
New Retail Ireland mortgages during the year					75%					55%					74%

18 Credit risk exposures *(continued)*

Loan to value profiles - total Retail UK mortgages

The tables below sets out the weighted average indexed LTV for the total Retail UK mortgage loan book. Weighted average loan to value ratios are calculated at a property level and reflect the average of property values in proportion to the outstanding mortgage. Property values are determined by reference to the original or latest property valuations held, indexed to the published 'Nationwide UK House Price Index'.

30 June 2024	Standard				Buy to let				Self Certified				Total			
Loan to value ratio of total Retail UK mortgages	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total £m**	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total £m**	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total £m**	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total £m**
Less than 50%	1,962	123	36	2,121	1,874	85	64	2,023	320	53	23	396	4,156	261	123	4,540
51% to 70%	2,881	140	35	3,056	1,653	113	93	1,859	199	26	26	251	4,733	279	154	5,166
71% to 80%	1,622	52	10	1,684	233	12	15	260	10	3	3	16	1,865	67	28	1,960
81% to 90%	1,444	44	4	1,492	4	1	2	7	2	–	1	3	1,450	45	7	1,502
91% to 100%	208	7	2	217	1	1	1	3	1	–	1	2	210	8	4	222
Subtotal	**8,117**	**366**	**87**	**8,570**	**3,765**	**212**	**175**	**4,152**	**532**	**82**	**54**	**668**	**12,414**	**660**	**316**	**13,390**
101% to 120%	1	–	–	1	–	–	1	1	–	1	–	1	1	1	1	3
121% to 150%	1	–	1	2	–	–	1	1	–	–	–	–	1	–	2	3
Greater than 150%	–	–	–	–	–	–	–	–	–	–	1	1	–	–	1	1
Subtotal	**2**	**–**	**1**	**3**	**–**	**–**	**2**	**2**	**–**	**1**	**1**	**2**	**2**	**1**	**4**	**7**
Total	**8,119**	**366**	**88**	**8,573**	**3,765**	**212**	**177**	**4,154**	**532**	**83**	**55**	**670**	**12,416**	**661**	**320**	**13,397**
Weighted average LTV																
Stock of Retail UK mortgages at period end				62%				50%				45%				58%
New Retail UK mortgages during the period				74%				60%				44%				73%

18 Credit risk exposures *(continued)*

31 December 2023 Loan to value ratio of total Retail UK mortgages	Standard				Buy to let				Self Certified				Total			
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Less than 50%	1,881	115	37	2,033	1,705	262	67	2,034	330	53	23	406	3,916	430	127	4,473
51% to 70%	2,638	134	39	2,811	1,590	341	95	2,026	214	39	25	278	4,442	514	159	5,115
71% to 80%	1,466	41	15	1,522	272	40	14	326	17	5	4	26	1,755	86	33	1,874
81% to 90%	1,124	21	7	1,152	6	3	2	11	2	–	1	3	1,132	24	10	1,166
91% to 100%	406	5	2	413	1	1	1	3	1	–	1	2	408	6	4	418
Subtotal	**7,515**	**316**	**100**	**7,931**	**3,574**	**647**	**179**	**4,400**	**564**	**97**	**54**	**715**	**11,653**	**1,060**	**333**	**13,046**
101% to 120%	8	–	–	8	–	–	1	1	2	–	–	2	10	–	1	11
121% to 150%	1	–	1	2	–	–	–	–	–	–	–	–	1	–	1	2
Greater than 150%	–	–	–	–	–	–	–	–	–	–	1	1	–	–	1	1
Subtotal	**9**	**–**	**1**	**10**	**–**	**–**	**1**	**1**	**2**	**–**	**1**	**3**	**11**	**–**	**3**	**14**
Total	**7,524**	**316**	**101**	**7,941**	**3,574**	**647**	**180**	**4,401**	**566**	**97**	**55**	**718**	**11,664**	**1,060**	**336**	**13,060**
Weighted average LTV																
Stock of Retail UK mortgages at year end				62%				51%				46%				57%
New Retail UK mortgages during the year				75%				60%				52%				73%

18 Credit risk exposures *(continued)*

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

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

Financial assets

Composition and risk profile

The table below and on the following pages summarise the composition and risk profile of the Group's financial assets subject to impairment and the impairment loss allowances on these financial assets. Loans and advances to customers at amortised cost include loans and advances to customers held for sale of €20 million at 30 June 2024 (see note 16 for further details). The tables exclude loan commitments, guarantees and letters of credit of €18,209 million at 30 June 2024 (31 December 2023: €18,823 million) that are subject to impairment. Loans and advances to customers exclude €196 million (31 December 2023: €205 million) of loans mandatorily measured at FVTPL at 30 June 2024 which are not subject to impairment under IFRS 9 and are therefore excluded from impairment related tables.

At 30 June 2024, POCI assets of €139 million (31 December 2023: €143 million) included €83 million (31 December 2023: €118 million) of credit-impaired POCI assets and €56 million of assets (2023: €25 million) which, while credit-impaired upon purchase or origination were no longer credit-impaired at the reporting date due to improvements in credit risk. These assets will remain classified as POCI until derecognition.

At 30 June 2024, other financial assets (before impairment loss allowance) include cash and balances at central banks of €32,149 million (31 December 2023: €31,848 million) and items in the course of collection from other banks of €143 million (31 December 2023: €126 million).

30 June 2024 Financial assets exposure by stage (before impairment loss allowance)	**Stage 1 - 12 month ECL (not credit-impaired) €m**	**Stage 2 - Lifetime ECL (not credit-impaired) €m**	**Stage 3 - Lifetime ECL (credit-impaired) €m**	**Purchased / originated credit-impaired €m**	**Total €m**
Financial assets measured at amortised cost					
Loans and advances to customers	69,150	10,916	2,307	139	82,512
Loans and advances to banks	2,250	–	–	–	2,250
Debt securities	5,990	–	–	–	5,990
Other financial assets	32,292	–	–	–	32,292
Total financial assets measured at amortised cost	**109,682**	**10,916**	**2,307**	**139**	**123,044**
Debt instruments at FVOCI	3,702	–	–	–	3,702
Total	**113,384**	**10,916**	**2,307**	**139**	**126,746**

18 Credit risk exposures *(continued)*

30 June 2024 Impairment loss allowance on financial assets	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total €m
Financial assets measured at amortised cost					
Loans and advances to customers	189	355	715	(2)	1,257
Loans and advances to banks	1	–	–	–	1
Debt securities	1	–	–	–	1
Other financial assets	5	–	–	–	5
Total financial assets measured at amortised cost	**196**	**355**	**715**	**(2)**	**1,264**
Debt instruments at FVOCI	1	–	–	–	1
Total	**197**	**355**	**715**	**(2)**	**1,265**

31 December 2023 Financial assets exposure by stage (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total €m
Financial assets measured at amortised cost					
Loans and advances to customers	65,729	12,525	2,349	143	80,746
Loans and advances to banks	1,808	–	–	–	1,808
Debt securities	5,715	1	–	–	5,716
Other financial assets	31,974	–	–	–	31,974
Total financial assets measured at amortised cost	**105,226**	**12,526**	**2,349**	**143**	**120,244**
Debt instruments at FVOCI	3,968	–	–	–	3,968
Total	**109,194**	**12,526**	**2,349**	**143**	**124,212**

31 December 2023 Impairment loss allowance on financial assets	Stage 1 - 12 month ECL (not credit-impaired) €m	Stage 2 - Lifetime ECL (not credit-impaired) €m	Stage 3 - Lifetime ECL (credit-impaired) €m	Purchased / originated credit-impaired €m	Total €m
Financial assets measured at amortised cost					
Loans and advances to customers	180	421	612	9	1,222
Loans and advances to banks	1	–	–	–	1
Debt securities	1	–	–	–	1
Other financial assets	5	–	–	–	5
Total financial assets measured at amortised cost	**187**	**421**	**612**	**9**	**1,229**
Debt instruments at FVOCI	1	–	–	–	1
Total	**188**	**421**	**612**	**9**	**1,230**

18 Credit risk exposures *(continued)*

Loans and advances to customers at amortised cost

Composition and risk profile

The table below summarises the composition and risk profile of the Group's loans and advances to customers at amortised cost, including POCI assets. Credit-impaired includes Stage 3 and POCI assets of €83 million (31 December 2023: €118 million). Total POCI assets at 30 June 2024 were €139 million (31 December 2023: €143 million). €56 million of POCI assets (31 December 2023: €25 million) were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These loans will remain classified as POCI loans until derecognition.

Loans and advances to customers Composition and risk profile (before impairment loss allowance)	30 June 2024 Not credit-impaired €m	30 June 2024 Credit-impaired €m	30 June 2024 Total €m	30 June 2024 Total %	31 December 2023 Not credit-impaired €m	31 December 2023 Credit-impaired €m	31 December 2023 Total €m	31 December 2023 Total %
Residential mortgages	47,909	800	48,709	59%	46,360	770	47,130	58%
Retail Ireland	*32,458*	*423*	*32,881*	*40%*	*31,719*	*383*	*32,102*	*40%*
Retail UK	*15,451*	*377*	*15,828*	*19%*	*14,641*	*387*	*15,028*	*18%*
Non-property SME and corporate	19,787	922	20,709	25%	19,369	1,080	20,449	26%
Republic of Ireland SME	*6,895*	*360*	*7,255*	*9%*	*6,811*	*342*	*7,153*	*9%*
UK SME	*1,441*	*87*	*1,528*	*2%*	*1,467*	*80*	*1,547*	*2%*
Corporate	*11,451*	*475*	*11,926*	*14%*	*11,091*	*658*	*11,749*	*15%*
Property and construction	6,736	435	7,171	9%	6,854	369	7,223	9%
Investment	*6,152*	*385*	*6,537*	*8%*	*6,363*	*320*	*6,683*	*9%*
Development	*584*	*50*	*634*	*1%*	*491*	*49*	*540*	*–*
Consumer	5,634	150	5,784	7%	5,671	130	5,801	7%
Total	**80,066**	**2,307**	**82,373**	**100%**	**78,254**	**2,349**	**80,603**	**100%**
Purchased / originated credit-impaired	56	83	139	–	25	118	143	–
Total	**80,122**	**2,390**	**82,512**	**100%**	**78,279**	**2,467**	**80,746**	**100%**
Impairment loss allowance on loans and advances to customers	**534**	**723**	**1,257**	**2%**	**598**	**624**	**1,222**	**2%**

Asset quality - not credit-impaired

The tables below summarise the composition and impairment loss allowance of the Group's loans and advances to customers at amortised cost that are not credit-impaired. Excluded from the tables are POCI assets of €56 million (31 December 2023: €25 million) which were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These assets will remain classified as POCI until derecognition.

30 June 2024 Not credit-impaired loans and advances to customers Composition and impairment loss allowance	Stage 1 Loans €m	Stage 1 Loans as % of advances[1] %	Stage 1 ILA €m	Stage 1 ILA as % of Stage 1 loans %	Stage 2 Loans €m	Stage 2 Loans as % of advances[1] %	Stage 2 ILA €m	Stage 2 ILA as % of Stage 2 loans %
Residential mortgages	44,967	92.3%	35	0.08%	2,942	6.0%	41	1.39%
Retail Ireland	*30,297*	*92.1%*	*24*	*0.08%*	*2,161*	*6.6%*	*26*	*1.20%*
Retail UK	*14,670*	*92.7%*	*11*	*0.07%*	*781*	*4.9%*	*15*	*1.92%*
Non-property SME and corporate	15,442	74.6%	77	0.50%	4,345	21.0%	154	3.54%
Republic of Ireland SME	*5,642*	*77.8%*	*49*	*0.87%*	*1,253*	*17.3%*	*57*	*4.55%*
UK SME	*1,218*	*79.7%*	*5*	*0.41%*	*223*	*14.6%*	*12*	*5.38%*
Corporate	*8,582*	*72.0%*	*23*	*0.27%*	*2,869*	*24.1%*	*85*	*2.96%*
Property and construction	3,823	53.3%	20	0.52%	2,913	40.6%	108	3.71%
Investment	*3,367*	*51.5%*	*18*	*0.53%*	*2,785*	*42.6%*	*105*	*3.77%*
Development	*456*	*71.9%*	*2*	*0.44%*	*128*	*20.2%*	*3*	*2.34%*
Consumer	4,918	85.0%	57	1.16%	716	12.4%	52	7.26%
Total	**69,150**	**83.9%**	**189**	**0.27%**	**10,916**	**13.3%**	**355**	**3.25%**

[1] 'Advances' refers to the portfolio loan balance (pre-impairment loss allowance) excluding POCI assets.

18 Credit risk exposures *(continued)*

31 December 2023 Not credit-impaired loans and advances to customers Composition and impairment loss allowance	Stage 1 Stage 1 Loans €m	 Loans as % of advances[1] %	 Stage 1 ILA €m	 ILA as % of Stage 1 loans %	Stage 2 Stage 2 Loans €m	 Loans as % of advances[1] %	 Stage 2 ILA €m	 ILA as % of Stage 2 loans %
Residential mortgages	42,786	90.8%	40	0.09%	3,574	7.6%	56	1.57%
Retail Ireland	*29,365*	*91.5%*	*28*	*0.10%*	*2,354*	*7.3%*	*32*	*1.36%*
Retail UK	*13,421*	*89.3%*	*12*	*0.09%*	*1,220*	*8.1%*	*24*	*1.97%*
Non-property SME and corporate	14,737	72.0%	65	0.44%	4,632	22.7%	154	3.32%
Republic of Ireland SME	*5,667*	*79.2%*	*36*	*0.64%*	*1,144*	*16.0%*	*45*	*3.93%*
UK SME	*1,154*	*74.6%*	*5*	*0.43%*	*313*	*20.2%*	*22*	*7.03%*
Corporate	*7,916*	*67.4%*	*24*	*0.30%*	*3,175*	*27.0%*	*87*	*2.74%*
Property and construction	3,336	46.2%	25	0.75%	3,518	48.7%	144	4.09%
Investment	*2,934*	*43.9%*	*22*	*0.75%*	*3,429*	*51.3%*	*141*	*4.11%*
Development	*402*	*74.4%*	*3*	*0.75%*	*89*	*16.5%*	*3*	*3.37%*
Consumer	4,870	84.0%	50	1.03%	801	13.8%	67	8.36%
Total	**65,729**	**81.4%**	**180**	**0.27%**	**12,525**	**15.5%**	**421**	**3.36%**

[1] *'Advances' refers to the portfolio loan balance (pre-impairment loss allowance) excluding POCI assets.*

Asset quality - credit-impaired

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

The table below summarises the composition and impairment loss allowance of the Group's loans and advances to customers at amortised cost that are credit-impaired. Credit-impaired includes Stage 3 and POCI assets of €83 million (31 December 2023: €118 million). €56 million of POCI assets (31 December 2023: €25 million) were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These loans will remain classified as POCI loans until derecognition.

Credit-impaired (CI) loans and advances to customers - Composition and impairment loss allowance (ILA)	30 June 2024 Credit-impaired (CI) loans €m	 CI loans as % of advances[1] %	 CI Impairment loss allowance €m	 CI ILA as % of CI loans %	31 December 2023 Credit-impaired (CI) loans €m	 CI loans as % of advances[1] %	 CI Impairment loss allowance €m	 CI ILA as % of CI loans %
Residential mortgages	800	1.6%	141	18%	770	1.6%	141	18%
Retail Ireland	*423*	*1.3%*	*93*	*22%*	*383*	*1.2%*	*89*	*23%*
Retail UK	*377*	*2.4%*	*48*	*13%*	*387*	*2.6%*	*52*	*13%*
Non-property SME and corporate	922	4.5%	354	38%	1,080	5.3%	330	31%
Republic of Ireland SME	*360*	*5.0%*	*170*	*47%*	*342*	*4.8%*	*161*	*47%*
UK SME	*87*	*5.7%*	*17*	*20%*	*80*	*5.2%*	*22*	*28%*
Corporate	*475*	*4.0%*	*167*	*35%*	*658*	*5.6%*	*147*	*22%*
Property and construction	435	6.1%	132	30%	369	5.1%	80	22%
Investment	*385*	*5.9%*	*118*	*31%*	*320*	*4.8%*	*69*	*22%*
Development	*50*	*7.9%*	*14*	*28%*	*49*	*9.1%*	*11*	*22%*
Consumer	150	2.6%	88	59%	130	2.2%	61	47%
Total credit-impaired	**2,307**	**2.8%**	**715**	**31%**	**2,349**	**2.9%**	**612**	**26%**
Purchased / originated credit-impaired	83	59.7%	8	10%	118	82.5%	12	10%
Total	**2,390**	**2.9%**	**723**	**30%**	**2,467**	**3.1%**	**624**	**25%**

[1] *'Advances' refers to the portfolio loan balance (pre-impairment loss allowance) excluding POCI assets*

18 Credit risk exposures *(continued)*

Asset quality - PD Grade of loans and advances to customers

The tables below provide analysis of the asset quality of loans and advances to customers at amortised cost based on mapping the IFRS 9 twelve month PD of each loan to a PD grade based on the table provided on page 66. Credit-impaired includes Stage 3 and POCI assets of €83 million (31 December 2023: €118 million). Not credit-impaired includes Stage 1 & 2 and POCI assets of €56 million (31 December 2023: €25 million) which were no longer credit-impaired at the reporting date due to improvement in credit risk since purchase or origination. These assets will remain classified as POCI loans until derecognition.

30 June 2024 Loans and advances to customers Asset quality - PD grade	Residential mortgages		Non-property SME and corporate		Property and construction		Consumer		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%
Stage 1										
1-4	7,849	16%	3,184	15%	239	3%	5	–	11,277	14%
5-7	33,226	68%	6,578	33%	1,837	26%	2,449	42%	44,090	53%
8-9	2,165	4%	4,582	22%	1,678	23%	1,339	23%	9,764	12%
10-11	1,727	4%	1,098	5%	69	1%	1,125	20%	4,019	5%
Total Stage 1	**44,967**	**92%**	**15,442**	**75%**	**3,823**	**53%**	**4,918**	**85%**	**69,150**	**84%**
Stage 2										
1-4	478	1%	200	1%	–	–	–	–	678	1%
5-7	1,409	2%	1,115	5%	491	7%	288	5%	3,303	4%
8-9	254	1%	1,233	6%	1,669	23%	109	2%	3,265	4%
10-11	801	2%	1,797	9%	753	11%	319	5%	3,670	4%
Total Stage 2	**2,942**	**6%**	**4,345**	**21%**	**2,913**	**41%**	**716**	**12%**	**10,916**	**13%**
Not credit-impaired										
1-4	8,327	17%	3,384	16%	239	3%	5	–	11,955	15%
5-7	34,635	70%	7,693	38%	2,328	33%	2,737	47%	47,393	57%
8-9	2,419	5%	5,815	28%	3,347	46%	1,448	25%	13,029	16%
10-11	2,528	6%	2,895	14%	822	12%	1,444	25%	7,689	9%
Purchased / originated not credit-impaired	56	–	–	–	–	–	–	–	56	–
Total not credit-impaired	**47,965**	**98%**	**19,787**	**96%**	**6,736**	**94%**	**5,634**	**97%**	**80,122**	**97%**
Credit-impaired										
12	800	2%	922	4%	435	6%	150	3%	2,307	3%
Purchased / originated credit-impaired	82	–	1	–	–	–	–	–	83	–
Total credit-impaired	**882**	**2%**	**923**	**4%**	**435**	**6%**	**150**	**3%**	**2,390**	**3%**
Total	**48,847**	**100%**	**20,710**	**100%**	**7,171**	**100%**	**5,784**	**100%**	**82,512**	**100%**

18 Credit risk exposures *(continued)*

31 December 2023 Loans and advances to customers Asset quality - PD grade	Residential mortgages		Non-property SME and corporate		Property and construction		Consumer		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%
Stage 1										
1-4	9,522	20%	2,691	13%	147	2%	21	–	12,381	15%
5-7	28,645	61%	5,383	26%	1,571	22%	2,496	43%	38,095	47%
8-9	3,403	7%	5,822	29%	1,396	19%	1,263	22%	11,884	15%
10-11	1,216	3%	841	4%	222	3%	1,090	19%	3,369	4%
Total Stage 1	**42,786**	**91%**	**14,737**	**72%**	**3,336**	**46%**	**4,870**	**84%**	**65,729**	**81%**
Stage 2										
1-4	540	1%	272	1%	–	–	–	–	812	1%
5-7	1,703	4%	1,549	8%	556	8%	339	6%	4,147	5%
8-9	472	1%	1,031	5%	1,265	18%	64	1%	2,832	4%
10-11	859	2%	1,780	9%	1,697	23%	398	7%	4,734	6%
Total Stage 2	**3,574**	**8%**	**4,632**	**23%**	**3,518**	**49%**	**801**	**14%**	**12,525**	**16%**
Not credit-impaired										
1-4	10,062	21%	2,963	14%	147	2%	21	–	13,193	16%
5-7	30,348	65%	6,932	34%	2,127	30%	2,835	49%	42,242	52%
8-9	3,875	8%	6,853	34%	2,661	37%	1,327	23%	14,716	19%
10-11	2,075	5%	2,621	13%	1,919	26%	1,488	26%	8,103	10%
Purchased / originated not credit-impaired	25	–	–	–	–	–	–	–	25	–
Total not credit-impaired	**46,385**	**99%**	**19,369**	**95%**	**6,854**	**95%**	**5,671**	**98%**	**78,279**	**97%**
Credit-impaired										
12	770	1%	1,080	5%	369	5%	130	2%	2,349	3%
Purchased / originated credit-impaired	117	–	1	–	–	–	–	–	118	–
Total credit-impaired	**887**	**1%**	**1,081**	**5%**	**369**	**5%**	**130**	**2%**	**2,467**	**3%**
Total	**47,272**	**100%**	**20,450**	**100%**	**7,223**	**100%**	**5,801**	**100%**	**80,746**	**100%**

18 Credit risk exposures *(continued)*

Geographical and industry analysis of loans and advances to customers

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

	Gross carrying amount (before impairment loss allowance)				Impairment loss allowance			
30 June 2024 Geographical / industry analysis	**RoI €m**	**UK €m**	**RoW €m**	**Total €m**	**RoI €m**	**UK €m**	**RoW €m**	**Total €m**
Personal	**35,462**	**19,169**	**–**	**54,631**	**240**	**172**	**–**	**412**
Residential mortgages	*33,019*	*15,828*	*–*	*48,847*	*141*	*74*	*–*	*215*
Other consumer lending	*2,443*	*3,341*	*–*	*5,784*	*99*	*98*	*–*	*197*
Property and construction	**6,830**	**341**	**–**	**7,171**	**251**	**9**	**–**	**260**
Investment	*6,223*	*314*	*–*	*6,537*	*233*	*8*	*–*	*241*
Development	*607*	*27*	*–*	*634*	*18*	*1*	*–*	*19*
Non-property SME & corporate	**17,977**	**1,688**	**1,045**	**20,710**	**493**	**38**	**54**	**585**
Manufacturing	*3,742*	*242*	*483*	*4,467*	*111*	*6*	*9*	*126*
Administrative and support service activities	*2,499*	*249*	*190*	*2,938*	*71*	*7*	*4*	*82*
Wholesale and retail trade	*1,981*	*175*	*52*	*2,208*	*50*	*2*	*–*	*52*
Agriculture, forestry and fishing	*1,572*	*213*	*–*	*1,785*	*53*	*3*	*–*	*56*
Accommodation and food service activities	*1,467*	*71*	*39*	*1,577*	*27*	*2*	*4*	*33*
Human health services and social work activities	*1,321*	*119*	*67*	*1,507*	*30*	*5*	*1*	*36*
Transport and storage	*719*	*88*	*77*	*884*	*25*	*1*	*16*	*42*
Other services	*696*	*32*	*84*	*812*	*16*	*1*	*18*	*35*
Professional, scientific and technical activities	*633*	*29*	*27*	*689*	*17*	*–*	*2*	*19*
Real estate activities	*548*	*120*	*–*	*668*	*34*	*4*	*–*	*38*
Financial and insurance activities	*594*	*71*	*–*	*665*	*3*	*1*	*–*	*4*
Electricity, gas, steam and air conditioning supply	*540*	*14*	*–*	*554*	*4*	*–*	*–*	*4*
Construction	*271*	*192*	*–*	*463*	*10*	*2*	*–*	*12*
Education	*430*	*7*	*25*	*462*	*9*	*–*	*–*	*9*
Other sectors	*964*	*66*	*1*	*1,031*	*33*	*4*	*–*	*37*
Total	**60,269**	**21,198**	**1,045**	**82,512**	**984**	**219**	**54**	**1,257**
Analysed by stage								
Stage 1	49,616	18,939	595	69,150	136	50	3	189
Stage 2	8,860	1,714	342	10,916	273	68	14	355
Stage 3	1,654	545	108	2,307	577	101	37	715
Purchased / originated credit-impaired	139	–	–	139	(2)	–	–	(2)
Total	**60,269**	**21,198**	**1,045**	**82,512**	**984**	**219**	**54**	**1,257**

18 Credit risk exposures *(continued)*

31 December 2023 Geographical / industry analysis	Gross carrying amount (before impairment loss allowance) RoI €m	UK €m	RoW €m	Total €m	Impairment loss allowance RoI €m	UK €m	RoW €m	Total €m
Personal	**34,633**	**18,440**	**–**	**53,073**	**242**	**182**	**–**	**424**
Residential mortgages	*32,244*	*15,028*	*–*	*47,272*	*158*	*88*	*–*	*246*
Other consumer lending	*2,389*	*3,412*	*–*	*5,801*	*84*	*94*	*–*	*178*
Property and construction	**6,889**	**334**	**–**	**7,223**	**236**	**13**	**–**	**249**
Investment	*6,375*	*308*	*–*	*6,683*	*221*	*11*	*–*	*232*
Development	*514*	*26*	*–*	*540*	*15*	*2*	*–*	*17*
Non-property SME & corporate	**17,721**	**1,709**	**1,020**	**20,450**	**458**	**54**	**37**	**549**
Manufacturing	*3,690*	*244*	*475*	*4,409*	*107*	*4*	*9*	*120*
Administrative and support service activities	*2,754*	*242*	*184*	*3,180*	*61*	*12*	*2*	*75*
Wholesale and retail trade	*2,060*	*155*	*43*	*2,258*	*42*	*2*	*–*	*44*
Agriculture, forestry and fishing	*1,526*	*213*	*–*	*1,739*	*47*	*4*	*–*	*51*
Accommodation and food service activities	*1,378*	*68*	*38*	*1,484*	*27*	*3*	*4*	*34*
Human health services and social work activities	*1,310*	*173*	*68*	*1,551*	*42*	*14*	*1*	*57*
Transport and storage	*664*	*87*	*77*	*828*	*25*	*2*	*12*	*39*
Other services	*713*	*34*	*85*	*832*	*13*	*1*	*6*	*20*
Professional, scientific and technical activities	*740*	*33*	*26*	*799*	*16*	*–*	*2*	*18*
Real estate activities	*537*	*117*	*–*	*654*	*34*	*4*	*–*	*38*
Financial and insurance activities	*512*	*69*	*–*	*581*	*4*	*1*	*–*	*5*
Electricity, gas, steam and air conditioning supply	*429*	*14*	*–*	*443*	*3*	*–*	*–*	*3*
Education	*416*	*9*	*24*	*449*	*6*	*–*	*–*	*6*
Other sectors	*992*	*251*	*–*	*1,243*	*31*	*7*	*1*	*39*
Total	**59,243**	**20,483**	**1,020**	**80,746**	**936**	**249**	**37**	**1,222**
Analysed by stage								
Stage 1	47,614	17,520	595	65,729	126	51	3	180
Stage 2	9,744	2,437	344	12,525	297	108	16	421
Stage 3	1,742	526	81	2,349	504	90	18	612
Purchased / originated credit-impaired	143	–	–	143	9	–	–	9
Total	**59,243**	**20,483**	**1,020**	**80,746**	**936**	**249**	**37**	**1,222**

18 Credit risk exposures *(continued)*

Sectoral analysis of loans and advances to customers

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

	Gross carrying amount (before impairment loss allowance)					Impairment loss allowance				
30 June 2024 Sectoral analysis by stage	**Stage 1 €m**	**Stage 2 €m**	**Stage 3 €m**	**POCI €m**	**Total €m**	**Stage 1 €m**	**Stage 2 €m**	**Stage 3 €m**	**POCI €m**	**Total €m**
Personal										
Residential mortgages	44,967	2,942	800	138	48,847	35	41	141	(2)	215
Other consumer	4,918	716	150	–	5,784	57	52	88	–	197
Motor lending UK	*1,937*	*372*	*49*	*–*	*2,358*	*4*	*6*	*16*	*–*	*26*
Loans RoI	*730*	*215*	*51*	*–*	*996*	*14*	*17*	*40*	*–*	*71*
Loans UK	*856*	*100*	*27*	*–*	*983*	*28*	*25*	*19*	*–*	*72*
Motor lending RoI	*856*	*2*	*10*	*–*	*868*	*8*	*–*	*5*	*–*	*13*
Credit cards RoI	*539*	*27*	*13*	*–*	*579*	*3*	*4*	*8*	*–*	*15*
	49,885	**3,658**	**950**	**138**	**54,631**	**92**	**93**	**229**	**(2)**	**412**
Property and construction	**3,823**	**2,913**	**435**	**–**	**7,171**	**20**	**108**	**132**	**–**	**260**
Investment	*3,367*	*2,785*	*385*	*–*	*6,537*	*18*	*105*	*118*	*–*	*241*
Development	*456*	*128*	*50*	*–*	*634*	*2*	*3*	*14*	*–*	*19*
Non-property SME & corporate	**15,442**	**4,345**	**922**	**1**	**20,710**	**77**	**154**	**354**	**–**	**585**
Manufacturing	*3,203*	*1,043*	*221*	*–*	*4,467*	*12*	*36*	*78*	*–*	*126*
Administrative and support service activities	*2,316*	*539*	*83*	*–*	*2,938*	*15*	*21*	*46*	*–*	*82*
Wholesale and retail trade	*1,707*	*438*	*63*	*–*	*2,208*	*11*	*17*	*24*	*–*	*52*
Agriculture, forestry and fishing	*1,440*	*263*	*82*	*–*	*1,785*	*10*	*9*	*37*	*–*	*56*
Accommodation and food service activities	*954*	*532*	*90*	*1*	*1,577*	*4*	*7*	*22*	*–*	*33*
Human health services and social work activities	*992*	*477*	*38*	*–*	*1,507*	*4*	*18*	*14*	*–*	*36*
Transport and storage	*634*	*166*	*84*	*–*	*884*	*3*	*6*	*33*	*–*	*42*
Other services	*579*	*166*	*67*	*–*	*812*	*3*	*5*	*27*	*–*	*35*
Professional, scientific and technical activities	*503*	*152*	*34*	*–*	*689*	*2*	*5*	*12*	*–*	*19*
Real estate activities	*449*	*159*	*60*	*–*	*668*	*4*	*7*	*27*	*–*	*38*
Financial and insurance activities	*586*	*76*	*3*	*–*	*665*	*1*	*2*	*1*	*–*	*4*
Electricity, gas, steam and air conditioning supply	*506*	*46*	*2*	*–*	*554*	*1*	*2*	*1*	*–*	*4*
Construction	*428*	*16*	*19*	*–*	*463*	*3*	*1*	*8*	*–*	*12*
Education	*381*	*80*	*1*	*–*	*462*	*1*	*8*	*–*	*–*	*9*
Other sectors	*764*	*192*	*75*	*–*	*1,031*	*3*	*10*	*24*	*–*	*37*
Total	**69,150**	**10,916**	**2,307**	**139**	**82,512**	**189**	**355**	**715**	**(2)**	**1,257**

18 Credit risk exposures *(continued)*

31 December 2023 Sectoral analysis by stage	Gross carrying amount (before impairment loss allowance) Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m	Impairment loss allowance Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m
Personal										
Residential mortgages	42,786	3,574	770	142	47,272	40	56	141	9	246
Other consumer	4,870	801	130	–	5,801	50	67	61	–	178
Motor lending UK	*1,749*	*410*	*38*	*–*	*2,197*	*4*	*7*	*13*	*–*	*24*
Loans RoI	*800*	*117*	*55*	*–*	*972*	*8*	*13*	*36*	*–*	*57*
Loans UK	*966*	*234*	*15*	*–*	*1,215*	*29*	*41*	*1*	*–*	*71*
Motor lending RoI	*798*	*3*	*12*	*–*	*813*	*6*	*–*	*5*	*–*	*11*
Credit cards RoI	*557*	*37*	*10*	*–*	*604*	*3*	*6*	*6*	*–*	*15*
	47,656	**4,375**	**900**	**142**	**53,073**	**90**	**123**	**202**	**9**	**424**
Property and construction	**3,336**	**3,518**	**369**	**–**	**7,223**	**25**	**144**	**80**	**–**	**249**
Investment	*2,934*	*3,429*	*320*	*–*	*6,683*	*22*	*141*	*69*	*–*	*232*
Development	*402*	*89*	*49*	*–*	*540*	*3*	*3*	*11*	*–*	*17*
Non-property SME & corporate	**14,737**	**4,632**	**1,080**	**1**	**20,450**	**65**	**154**	**330**	**–**	**549**
Manufacturing	*2,937*	*1,224*	*248*	*–*	*4,409*	*11*	*36*	*73*	*–*	*120*
Administrative and support service activities	*2,521*	*580*	*79*	*–*	*3,180*	*13*	*20*	*42*	*–*	*75*
Wholesale and retail trade	*1,719*	*482*	*57*	*–*	*2,258*	*8*	*10*	*26*	*–*	*44*
Agriculture, forestry and fishing	*1,332*	*323*	*84*	*–*	*1,739*	*8*	*9*	*34*	*–*	*51*
Accommodation and food service activities	*869*	*504*	*110*	*1*	*1,484*	*3*	*7*	*24*	*–*	*34*
Human health services and social work activities	*933*	*405*	*213*	*–*	*1,551*	*4*	*24*	*29*	*–*	*57*
Transport and storage	*592*	*169*	*67*	*–*	*828*	*2*	*7*	*30*	*–*	*39*
Other services	*606*	*167*	*59*	*–*	*832*	*3*	*6*	*11*	*–*	*20*
Professional, scientific and technical activities	*640*	*131*	*28*	*–*	*799*	*3*	*4*	*11*	*–*	*18*
Real estate activities	*421*	*171*	*62*	*–*	*654*	*4*	*7*	*27*	*–*	*38*
Financial and insurance activities	*495*	*83*	*3*	*–*	*581*	*1*	*3*	*1*	*–*	*5*
Education	*366*	*82*	*1*	*–*	*449*	*1*	*5*	*–*	*–*	*6*
Electricity, gas, steam and air conditioning supply	*390*	*52*	*1*	*–*	*443*	*1*	*2*	*–*	*–*	*3*
Other sectors	*916*	*259*	*68*	*–*	*1,243*	*3*	*14*	*22*	*–*	*39*
Total	**65,729**	**12,525**	**2,349**	**143**	**80,746**	**180**	**421**	**612**	**9**	**1,222**

18 Credit risk exposures *(continued)*

Asset quality - other financial assets

The tables below summarise the asset quality of debt instruments at fair value through other comprehensive income (FVOCI), debt securities at amortised cost and loans and advances to banks at amortised cost by IFRS 9 12 month PD grade.

Debt instruments at FVOCI Asset quality	30 June 2024						31 December 2023					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
PD Grade												
1-4	3,637	98%	–	–	3,637	98%	3,910	99%	–	–	3,910	99%
5-7	65	2%	–	–	65	2%	58	1%	–	–	58	1%
8-9	–	–	–	–	–	–	–	–	–	–	–	–
10-11	–	–	–	–	–	–	–	–	–	–	–	–
Total	**3,702**	**100%**	**–**	**–**	**3,702**	**100%**	**3,968**	**100%**	**–**	**–**	**3,968**	**100%**

Debt securities at amortised cost (before impairment loss allowance) Asset quality	30 June 2024						31 December 2023					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
PD Grade												
1-4	5,990	100%	–	–	5,990	100%	5,715	100%	1	–	5,716	100%
5-7	–	–	–	–	–	–	–	–	–	–	–	–
8-9	–	–	–	–	–	–	–	–	–	–	–	–
10-11	–	–	–	–	–	–	–	–	–	–	–	–
Total	**5,990**	**100%**	**–**	**–**	**5,990**	**100%**	**5,715**	**100%**	**1**	**–**	**5,716**	**100%**

Loans and advances to banks at amortised cost (before impairment loss allowance) Asset quality	30 June 2024						31 December 2023					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
PD Grade												
1-4	2,247	100%	–	–	2,247	100%	1,807	100%	–	–	1,807	100%
5-7	3	–	–	–	3	–	1	–	–	–	1	–
8-9	–	–	–	–	–	–	–	–	–	–	–	–
10-11	–	–	–	–	–	–	–	–	–	–	–	–
Total	**2,250**	**100%**	**–**	**–**	**2,250**	**100%**	**1,808**	**100%**	**–**	**–**	**1,808**	**100%**

18 Credit risk exposures *(continued)*

Asset quality - other financial instruments

Other financial instruments as set out in the table below include instruments that are not within the scope of IFRS 9 or are not subject to impairment under IFRS 9. These include trading securities (excluding equity trading securities), derivative financial instruments, loans and advances to banks at fair value, loans and advances to customers at fair value and other financial instruments at FVTPL (excluding equity instruments). Reinsurance contract assets are excluded from this table as they are included in a separate table below under IFRS 17. The table summarises the asset quality of these financial instruments by equivalent external risk ratings.

	30 June 2024		31 December 2023	
Other financial instruments with ratings equivalent to:	**€m**	**%**	**€m**	**%**
AAA to AA-	4,971	48%	4,786	46%
A+ to A-	4,381	43%	4,897	46%
BBB+ to BBB-	668	7%	656	6%
BB+ to BB-	59	1%	65	1%
B+ to B-	152	1%	154	1%
Lower than B-	36	–	39	–
Total	**10,267**	**100%**	**10,597**	**100%**

Credit risk reinsurance contract assets

The table below provides information relating to the reinsurance contract assets with reinsurance counterparties split by credit ratings:

Reinsurance contract assets with ratings equivalent to:	30 June 2024 €m	31 December 2023 €m
AA- or higher	906	948
A / A+	513	466
Total	**1,419**	**1,414**

19 Modified financial assets

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

	30 June 2024 €m	31 December 2023 €m
Financial assets modified during the period		
Amortised cost before modification	371	844
Financial assets modified since initial recognition		
Gross carrying amount of financial assets for which impairment loss allowance has changed from lifetime to 12 month expected credit losses during the period	1,909	1,425

20 Deferred tax

The deferred tax asset (DTA) of €665 million (31 December 2023: €808 million) includes an amount of €724 million (31 December 2023: €845 million) in respect of operating losses which are available to shelter future profits from tax, of which €669 million relates to Irish tax losses carried forward by the Bank, €51 million relates to UK tax losses carried forward by Bank of Ireland (UK) plc, and €4 million relates to US tax losses carried forward by the US branch of the Bank.

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

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

Positive factors which have been considered include:

- as evidenced by continuing profitability, and with the exception of 2020 and the years of the financial crisis, the Group has a sustained history of Irish operating profits and a large market share and it is considered likely that the Group's Irish activities will be profitable into the future;
- the absence of any expiry dates for Irish and UK tax losses; and
- external economic forecasts for Ireland and the UK which indicate continued economic growth and improved employment levels.

The Group also considered negative evidence and the inherent uncertainties in any long-term financial assumptions and projections, including:

- the absolute level of deferred tax assets compared to the Group's equity;
- the quantum of profits required to be earned and the period over which it is projected that the tax losses will be utilised;
- the level of competition and the evolving interest rate environment; and
- accelerated transformation of banking business models.

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

The Group's assessment of deferred tax recoverability is based on its financial projections covering its five year initial planning period, with an annual 2% growth rate thereafter and, based on these projections, the DTA in respect of Irish tax losses is estimated to be recovered in full by the end of 2028 (31 December 2023: 2028). The use of reasonably possible alternative assumptions within those projections would not impact the carrying value of the DTA.

Notwithstanding the absence of any expiry date for trading losses in the UK, the Group continues to conclude that, for the purpose of valuing its UK DTA, the brought forward trading losses within the Bank’s UK branch will be limited by reference to a ten year period of projected UK branch profits at the prevailing UK tax rates. This ten year timescale is the period over which the Group believes it can conclude that it is probable that future taxable profits will be available in the UK branch. On this basis, no DTA is currently recognised for losses of the Bank’s UK branch (31 December 2023: €nil). However, any remaining unutilised carried forward trading losses of the UK branch have been recognised for DTA purposes at the Irish tax rate, on the basis that it is expected that these will be utilised against future Bank profits in Ireland as permitted by current tax legislation.

The DTA of Bank of Ireland (UK) plc is recognised in full with an estimated recovery period of 2030.

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

Pillar 2 model rules

The Group currently estimates that there could be a future top-up tax payable in Ireland on an element of Irish profits but, the impact on the current tax charge in the current period is insignificant due primarily to the ability to take into account certain historic tax losses in the Bank at 15% and also due to profits arising in jurisdictions with an effective tax rate in excess of 15%.

The Group applies the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to IAS 12 issued in May 2023.

21 Deposits from banks

At 30 June 2024, the Group held Monetary Authority secured funding of €2.1 billion (31 December 2023: €2.5 billion) under the TFSME. Drawings under the TFSME from the Bank of England will be largely repaid in 2024 and 2025 with the final residual amount repaid in October 2026.

At 30 June 2024, the Group’s Monetary Authority secured funding is secured by loans and advances to customers.

Deposits from banks included cash collateral of €0.2 billion at 30 June 2024 (31 December 2023: €0.4 billion) received from derivative counterparties in relation to net derivative asset positions.

	30 June 2024 €m	31 December 2023 €m
Monetary Authority secured funding	2,068	2,475
Deposits from banks	541	620
Securities sold under agreement to repurchase - private market repos	9	–
Deposits from banks	**2,618**	**3,095**

22 Customer accounts

The carrying amount of the customer accounts designated at FVTPL at 30 June 2024 was €195 million, €8 million lower than the contractual amount due at maturity of €203 million (31 December 2023: the carrying amount was €230 million, €12 million lower than the contractual amount due at maturity of €242 million).

At 30 June 2024, the Group's largest 20 customer deposits amounted to 3% (31 December 2023: 2%) of customer accounts. Deposit accounts where a period of notice is required to make a withdrawal are classified within term deposits and other products.

In H123, the Group completed the KBCI portfolio acquisition. The Group acquired customer accounts with a nominal value of €1.8 billion and loans and advances to customers of €8.0 billion (Note 17) as at the balance sheet acquisition date of 3 February 2023.

	30 June 2024 €m	31 December 2023 €m
Current accounts	58,916	59,867
Demand deposits	30,256	30,392
Term deposits and other products	11,852	9,896
Customer accounts at amortised cost	**101,024**	**100,155**
Term deposits at FVTPL	195	230
Total customer accounts	**101,219**	**100,385**

Movement in own credit risk on deposits at FVTPL	30 June 2024 €m	31 December 2023 €m
Balance at 1 January	**(2)**	**(13)**
Recognised in other comprehensive income	1	11
Balance at end of the period	**(1)**	**(2)**

23 Debt securities in issue

The carrying amount of bonds and medium term notes has increased by €0.9 billion at 30 June 2024 (31 December 2023: €0.6 billion) due mainly to senior bond issuances of €1.0 billion.

The carrying amount of the debt securities in issue designated at FVTPL at 30 June 2024 was €194 million, €26 million lower than the contractual amount due at maturity of €220 million (31 December 2023: the carrying amount was €267 million, €21 million lower than the contractual carrying amount due at maturity of €288 million).

Movement in own credit risk on debt securities in issue at FVTPL	30 June 2024 €m	31 December 2023 €m
Balance at 1 January	**3**	**-**
Recognised in other comprehensive income	1	3
Balance at end of the period	**4**	**3**

	30 June 2024 €m	31 December 2023 €m
Bonds and medium term notes	8,327	7,374
Other debt securities in issue	1,096	1,040
Debt securities in issue at amortised cost	**9,423**	**8,414**
Debt securities in issue at fair value through profit or loss	194	267
Total debt securities in issue	**9,617**	**8,681**
Balance at 1 January	**8,681**	**7,783**
Issued during the period	1,037	2,785
Redemptions	(76)	(1,930)
Repurchases	(10)	(10)
Other movements[1]	(15)	53
Balance at end of the period	**9,617**	**8,681**

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

24 Contingent liabilities and commitments

	30 June 2024 €m	31 December 2023 €m
Contingent liabilities		
Guarantees and irrevocable letters of credit	778	901
Acceptances and endorsements	2	4
Other contingent liabilities	213	179
	993	**1,084**
Loan commitments		
Documentary credits and short-term trade related transactions	14	14
Undrawn formal standby facilities, credit lines and other commitments to lend	17,417	17,908
Revocable or irrevocable with original maturity of 1 year or less	*9,481*	*9,727*
Irrevocable with original maturity of over 1 year	*7,936*	*8,181*
	17,431	**17,922**
Capital commitments	**202**	**209**

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

Other contingent liabilities

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

The Group is currently reviewing its application of certain charges that have been applied in its Retail Ireland business and the appropriateness and completeness of reporting in relation to the Central Credit Register (CCR) requirements in Ireland. It is not currently practicable to estimate the amount or timing of any impact from these reviews.

Additionally, the Group's UK motor finance business, similar to industry peers, continues to receive complaints and court claims in relation to its historical commission arrangements, some of which are with the Financial Ombudsman Service (FOS). There is significant uncertainty around the scope and / or nature of these issues, related complaints and of any remediation, if required, given the challenges to the interpretation and / or validity of complaints and the associated regulatory requirements.

The FOS found in favour of complainants in two decisions in January 2024 relating to other lenders. The Financial Conduct Authority (FCA) noted that this was likely to prompt a significant increase in complaints from consumers to firms and the FOS. Hence, the FCA are currently using their powers under s166 of the Financial Services and Markets Act 2000 to review historical motor finance commission arrangements and sales across several firms. The FCA have stated that if they find there has been widespread misconduct and customer harm, they will identify how best to remediate consumers through an appropriate settlement arrangement in an orderly, consistent and efficient way and, if necessary, resolve any contested legal issues of general importance. The Group's UK motor finance business continues to engage with the FCA as part of their s166 review.

While it is possible that certain charges may be incurred in relation to existing or future complaints and court claims, it is not considered that a legal or constructive obligation has been incurred in relation to these matters that would require a provision to be recognised at this stage. Furthermore, given the inherent uncertainties relating to the scope and timing of any possible outflow, it is not currently practicable to estimate the extent of any potential financial impact.

Loan commitments

In 2022, as part of the KBCI portfolio acquisition the Group committed to support the growth of non-bank lenders in the Irish mortgage market, making €1 billion in total funding available to certain non-bank lenders through the purchase of securities issued by them, to increase their funding capacity and reduce their cost of funding. At 30 June 2024, €415 million remains available to the lenders (31 December 2023: €571 million).

Capital commitments

For full details on Davy's capital commitments, see note 39 of The Governor and Company of the Bank of Ireland's 2023 Annual Report. The total of Davy's capital commitments at 30 June 2024 was €202 million (31 December 2023: €209 million). In turn, Davy obtain legally binding commitments from private clients to meet their share of potential future cash calls up to indicative levels as outlined in the individual investment memoranda. The total of such cash calls for H124 was €23 million (31 December 2023: €55 million). At 30 June 2024, there were no unpaid cash calls in respect of third-party investment providers (31 December 2023: €nil).

25 Retirement benefit obligations

The net IAS 19 pension surplus at 30 June 2024 was €795 million (31 December 2023: €682 million). This is shown on the balance sheet as a retirement benefit asset of €798 million (31 December 2023: €692 million) and a retirement benefit obligation of €3 million (31 December 2023: €10 million). The significant financial assumptions used in measuring the Group's net defined benefit pension surplus under IAS 19 are set out in the table below.

Financial assumptions	30 June 2024 % p.a.	31 December 2023 % p.a.
Irish Schemes		
Discount rate	3.80	3.40
Inflation rate	2.35	2.30
UK Schemes		
Discount rate	5.30	4.75
Consumer Price Inflation	2.65	2.55
Retail Price Inflation	3.25	3.15

Sensitivity of defined benefit obligation to key assumptions

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

Impact on defined benefit obligations	Increase / (decrease) 30 June 2024 €m	Increase / (decrease) 31 December 2023 €m
RoI schemes		
Discount rate		
Increase of 0.25%	(197)	(214)
Decrease of 0.25%	209	228
Inflation rate		
Increase of 0.10%	52	57
Decrease of 0.10%	(51)	(56)
UK schemes		
Discount rate		
Increase of 0.25%	(37)	(40)
Decrease of 0.25%	39	43
RPI Inflation		
Increase of 0.10%	8	9
Decrease of 0.10%	(8)	(9)

25 Retirement benefit obligations *(continued)*

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

Impact on plan assets	**Increase / (decrease) 30 June 2024 €m**	**Increase / (decrease) 31 December 2023 €m**
Sensitivity of plan assets to a movement in global equity markets with allowance for other correlated diversified asset classes		
Increase of 5.00%	69	73
Decrease of 5.00%	(69)	(73)
Sensitivity of liability-matching assets to a 25bps movement in interest rates		
Increase of 0.25%	(254)	(269)
Decrease of 0.25%	269	285
Sensitivity of liability matching assets to a 10bps movement in inflation rates		
Increase of 0.10%	68	70
Decrease of 0.10%	(66)	(69)

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

	6 months ended 30 June 2024 €m	**6 months ended 30 June 2023 €m**
Present value of obligation gain	348	103
Fair value of plan assets (loss) / gain	(238)	66
Total gain	**110**	**169**

26 Subordinated liabilities

The principal terms and conditions of all subordinated liabilities are set out in note 42 of The Governor and Company of the Bank of Ireland's 2023 Annual Report.

	30 June 2024 €m	**31 December 2023 €m**
€500 million 5.150% Fixed Rate Reset Callable Subordinated Notes due 2034	500	–
€500 million 7.050% Fixed Rate Reset Callable Subordinated Notes due 2033	494	505
€500 million 1.675% Fixed Rate Reset Callable Subordinated Notes due 2031	469	466
£300 million 7.994% Fixed Rate Reset Callable Subordinated Notes due 2032	345	343
€300 million 2.775% Fixed Rate Reset Callable Subordinated Notes due 2029	296	290
Total subordinated liabilities	**2,104**	**1,604**

27 Liquidity risk and profile

The following tables summarise the maturity profile of the Group's non-derivative financial liabilities (excluding those arising from insurance and investment contracts in the Wealth and Insurance division) at 30 June 2024 and 31 December 2023, based on contractual undiscounted repayment obligations. The balances will not agree directly to the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal and interest payments.

Unit-linked investment liabilities and unit-linked insurance liabilities with a carrying value of €8,387 million and €16,058 million respectively (31 December 2023: €7,692 million and €15,113 million respectively) are excluded from this analysis as their repayment is linked to the financial assets backing these contracts.

30 June 2024 **Group's non-derivative financial liabilities** **Contractual maturity**	**Demand** **€m**	**Up to 3 months** **€m**	**3-12 months** **€m**	**1-5 years** **€m**	**Over 5 years** **€m**	**Total** **€m**
Deposits from banks	210	331	–	–	–	541
Monetary Authorities secured funding	–	54	1,837	290	–	2,181
Customer accounts	92,057	4,976	3,227	1,279	–	101,539
Debt securities in issue	–	120	981	6,359	4,711	12,171
Subordinated liabilities	–	34	72	497	2,675	3,278
Lease liabilities	–	13	43	166	206	428
Contingent liabilities	721	68	89	105	10	993
Commitments	16,214	56	892	471	–	17,633
Short positions in trading securities	3	–	–	19	54	76
Dividend payable to parent	–	–	–	–	–	–
Total	**109,205**	**5,652**	**7,141**	**9,186**	**7,656**	**138,840**

31 December 2023 **Group's non-derivative financial liabilities** **Contractual maturity**	**Demand** **€m**	**Up to 3 months** **€m**	**3-12 months** **€m**	**1-5 years** **€m**	**Over 5 years** **€m**	**Total** **€m**
Deposits from banks	88	532	–	–	–	620
Monetary Authorities secured funding	–	65	1,141	1,456	–	2,662
Customer accounts	92,645	4,775	2,418	822	–	100,660
Debt securities in issue	–	77	196	7,063	4,235	11,571
Subordinated liabilities	–	35	44	380	2,016	2,475
Lease liabilities	–	14	43	169	218	444
Contingent liabilities	776	39	115	151	3	1,084
Commitments	16,554	43	911	623	–	18,131
Short positions in trading securities	1	–	–	68	36	105
Dividend payable to parent	27	–	–	–	–	27
Total	**110,091**	**5,580**	**4,868**	**10,732**	**6,508**	**137,779**

28 Fair values of assets and liabilities

A definition of fair value and the fair value hierarchy, along with a description of the methods, assumptions and processes used to calculate fair values of assets and liabilities is set out on pages 278 to 280 of The Governor and Company of the Bank of Ireland's Annual Report for the year ended 31 December 2023. At 30 June 2024, there have been no significant changes to those methods, assumptions, processes or the Group's policy for assessing transfers between the different levels of the fair value hierarchy.

Sensitivity of level 3 valuations

Derivative financial instruments

Certain derivatives are valued using unobservable inputs relating to counterparty credit such as credit grade, which are significant to their valuation. The effect of using reasonably possible alternative assumptions in the valuation of these derivatives at 30 June 2024 was immaterial. Where the impact of unobservable inputs is significant to the valuation of the asset or liability, it is categorised as level 3 on the fair value hierarchy.

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

Loans and advances to customers held at fair value

These consist of assets mandatorily measured at FVTPL, of which €196 million (31 December 2023: €205 million) are 'Life loan mortgage products'. Unlike a standard mortgage product, borrowers do not make any periodic repayments and the outstanding loan balance increases through the life of the loan as interest due is capitalised. The mortgage is typically repaid out of the proceeds of the sale of the property. These assets are valued using discounted cash flow (DCF) models which incorporate unobservable inputs (level 3 inputs). Using reasonably possible alternative assumptions would not have a material impact on the value of these assets.

Other financial assets at FVTPL

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

Interest in associates

Investments in associates, which are venture capital investments, are accounted for at FVTPL and are valued in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines'. This requires the use of various inputs such as DCF analysis and comparison with the earnings multiples of listed comparative companies amongst others. Although the valuation of unquoted equity instruments is subjective by nature, the relevant methodologies are commonly applied by other market participants and have been consistently applied over time.

As the inputs are unobservable, the valuation is deemed to be based on level 3 inputs. Using reasonably possible alternative assumptions would not have a material impact on the value of these assets.

Customer accounts

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

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

Other liabilities

Other liabilities carried at fair value consist of contingent consideration of €23 million (31 December 2023: €33 million), representing most of the remaining consideration due on the acquisition of Davy, the payment of which is subject to certain criteria. The fair value is based on DCFs and probabilities of payment. As the probabilities are unobservable and their impact is significant to the valuation, the contingent consideration is categorised as level 3 on the fair value hierarchy.

Fair value on offsetting positions

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

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

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

	30 June 2024				31 December 2023			
	Level 1 €m	Level 2 €m	Level 3 €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets held at fair value								
Trading securities	161	3	–	164	72	–	–	72
Derivative financial instruments	1	3,669	8	3,678	4	4,317	20	4,341
Other financial assets at FVTPL	22,036	159	283	22,478	20,402	190	313	20,905
Loans and advances to banks	–	10	–	10	–	100	–	100
Financial assets at FVOCI	3,702	–	–	3,702	3,968	–	–	3,968
Loans and advances to customers	–	–	196	196	–	–	205	205
Interest in associates	–	–	80	80	–	–	79	79
	25,900	**3,841**	**567**	**30,308**	**24,446**	**4,607**	**617**	**29,670**
Financial liabilities held at fair value								
Customer accounts	–	195	–	195	–	230	–	230
Derivative financial instruments	2	4,543	7	4,552	4	4,469	17	4,490
Debt securities in issue	–	194	–	194	–	267	–	267
Liabilities to customers under investment contracts	–	8,387	–	8,387	–	7,692	–	7,692
Short positions in trading securities	76	–	–	76	105	–	–	105
Other liabilities[1]	–	–	23	23	–	–	33	33
	78	**13,319**	**30**	**13,427**	**109**	**12,658**	**50**	**12,817**

[1] In the table above 'other liabilities' relate to the contingent consideration recognised for the acquisition of Davy.

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

30 June 2024 Movements in level 3 assets	Loans and advances to customers at FVTPL €m	Other financial assets at FVTPL €m	Derivative financial instruments €m	Interest in associates €m	Total €m
Balance at 1 January 2024	**205**	**313**	**20**	**79**	**617**
Exchange adjustment	–	–	–	–	–
Total gains / (losses) in:					
Profit or loss					
Interest income	4	–	–	–	4
Net trading income	2	10	3	–	15
Revaluation	–	(2)	–	–	(2)
Share of results of associates	–	–	–	5	5
Total investment losses	–	(23)	–	–	(23)
Additions	–	4	–	8	12
Disposals	–	(9)	–	(12)	(21)
Redemptions	(15)	(10)	–	–	(25)
Reclassifications	–	–	–	–	–
Transfers out of level 3					
From level 3 to level 2	–	–	(17)	–	(17)
Transfers into level 3					
From level 2 to level 3	–	–	2	–	2
Balance at 30 June 2024	**196**	**283**	**8**	**80**	**567**
Total unrealised gains / (losses) for level 3 assets included in profit or loss at the end of the period	**5**	**(13)**	**(7)**	**5**	**(10)**
Net trading income / (expense)	*1*	*10*	*(7)*	*–*	*4*
Interest income	*4*	*–*	*–*	*–*	*4*
Share of results of associates	*–*	*–*	*–*	*5*	*5*
Total investment losses	*–*	*(23)*	*–*	*–*	*(23)*

The transfer from level 3 to level 2 arose as a result of the availability of observable inputs at 30 June 2024. The transfer from level 2 to level 3 arose as a result of certain material inputs becoming unobservable.

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

31 December 2023 Movements in level 3 assets	Loans and advances to customers at FVTPL €m	Other financial assets at FVTPL €m	Derivative financial instruments €m	Interest in associates €m	Total €m
Balance at 1 January 2023	**217**	**359**	**13**	**65**	**654**
Exchange adjustment	–	–	–	–	–
Total gains / (losses) in:					
Profit or loss					
Interest income	8	–	–	–	8
Net trading income	7	5	22	–	34
Revaluation	–	–	–	–	–
Share of results of associates	–	–	–	4	4
Total Investment losses	–	(26)	–	–	(26)
Additions	–	13	–	13	26
Disposals	–	(5)	–	(3)	(8)
Redemptions	(27)	(6)	–	–	(33)
Reclassifications	–	(1)	–	–	(1)
Transfers out of level 3					
From level 3 to level 2	–	(26)	(15)	–	(41)
Transfers into level 3					
From level 2 to level 3	–	–	–	–	–
Balance at 31 December 2023	**205**	**313**	**20**	**79**	**617**
Total unrealised gains / (losses) for level 3 assets included in profit or loss at the end of the year	**14**	**(21)**	**18**	**4**	**15**
Net trading income	*6*	*5*	*18*	*–*	*29*
Interest income	*8*	*–*	*–*	*–*	*8*
Share of results of associates	*–*	*–*	*–*	*4*	*4*
Total investment losses	*–*	*(26)*	*–*	*–*	*(26)*

The transfer from level 3 to level 2 arose as a result of the availability of observable inputs at 31 December 2023. There were no transfers between levels 1 and 2, or from levels 1 and 2 to level 3.

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

Movements in level 3 liabilities	30 June 2024 Customer accounts €m	30 June 2024 Derivative financial instruments €m	30 June 2024 Other liabilities[1] €m	30 June 2024 Total €m	31 December 2023 Customer accounts €m	31 December 2023 Derivative financial instruments €m	31 December 2023 Other liabilities[1] €m	31 December 2023 Total €m
Balance at 1 January	**–**	**17**	**33**	**50**	**17**	**292**	**32**	**341**
Exchange adjustment	–	–	–	–	–	–	–	–
Total (gains) / losses in:								
Profit or loss								
Net trading (income) / expense	–	1	–	1	3	(19)	–	(16)
Interest expense / (income)	–	–	(1)	(1)	–	–	1	1
Other comprehensive income	–	–	–	–	1	–	–	1
Disposals	–	–	(9)	(9)	–	–	–	–
Reclassifications	–	–	–	–	–	(247)	–	(247)
Transfers out of level 3								
From level 3 to level 2	–	(11)	–	(11)	(21)	(11)	–	(32)
Transfers into level 3								
From level 2 to level 3	–	–	–	–	–	2	–	2
Closing balance	**–**	**7**	**23**	**30**	**–**	**17**	**33**	**50**
Total unrealised losses for level 3 liabilities included in profit or loss at the end of the period								
Net trading expense	–	4	–	4	–	17	–	17

[1] *'Other liabilities' relate to the contingent consideration recognised for the acquisition of Davy.*

The transfers from level 3 to level 2 arose due to unobservable inputs becoming less significant to the fair value measurement of these liabilities. There were no transfers between levels 1 and 2 or from level 1 and 2 to level 3 for 30 June 2024. The transfer from level 2 to level 3 at 31 December 2023 arose as a result of certain material inputs becoming unobservable.

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

Level 3 financial assets	Valuation technique	Unobservable input	Fair value 30 June 2024 €m	Fair value 31 Dec 2023 €m	Range 30 June 2024 %	Range 31 Dec 2023 %
Loans and advances to customers	Discounted cash flow	Discount on market rate	196	205	4.5% - 7.0%	4.5% - 7.25%
		Collateral charges			0% - 4.4%	0% - 5.6%
Other financial assets at FVTPL	Discounted cash flow	Discount rate	283	313	0% - 15%	0% - 15%
	Equity value less discount	Discount			0% - 68%	0% - 70%
	Market comparable property transactions	Yield			2.98% - 13.08%	2.85% - 12.17%
Derivative financial instruments	Discounted cash flow / Option pricing model	Counterparty credit spread	8	20	0% - 1.25%	0% - 1.45%
		Own credit spread			0.3% - 1.6%	0.75% - 1.55%
Interest in associates	Market comparable companies	Price of recent investment	80	79	–	–
		Earnings multiple				
		Revenue multiple				

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

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

Level 3 financial liabilities	Valuation technique	Unobservable input	Fair value 30 June 2024 €m	Fair value 31 Dec 2023 €m	Range 30 June 2024 %	Range 31 Dec 2023 %
Derivative financial instruments	Discounted cash flow / Option pricing model	Counterparty credit spread	7	17	0% - 1.25%	0% - 1.45%
		Own credit spread			0.3% - 1.6%	0.75% - 1.55%
Other liabilities	Discounted cash flow	Probabilities of the set conditions being met	23	33	50% - 100%	50% - 100%

Valuation techniques and unobservable inputs

In the tables above:

- discount market rates represent a range of discount rates that market participants would use in valuing these assets;
- holdings in real estate property funds (within other financial assets at FVTPL) are valued through market comparable property transactions;
- counterparty and own credit spreads represent the range of credit spreads that market participants would use in valuing these contracts;
- earnings and revenue multiples represent multiples that market participants would use in valuing these investments;
- the Group does not disclose the ranges for interests in associates. Given the wide range of diverse investments and the correspondingly large difference in prices, the Group believes disclosure of ranges would not provide meaningful information without a full list of the underlying investments, which would be impractical.

Financial assets and liabilities carried at amortised cost

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

	30 June 2024		31 December 2023	
Financial instruments	Carrying amount €m	Fair values €m	Carrying amount €m	Fair values €m
Assets				
Loans and advances to banks	2,249	2,249	1,807	1,807
Debt securities at amortised cost	5,989	6,003	5,715	5,757
Loans and advances to customers (including assets held for sale)	81,255	81,352	79,524	80,127
Liabilities				
Deposits from banks	2,618	2,618	3,095	3,095
Customer accounts	101,024	101,040	100,155	100,142
Debt securities in issue	9,423	9,559	8,414	8,504
Subordinated liabilities	2,104	2,173	1,604	1,622

29 Post balance sheet events

In respect of H124, the Board has approved an interim distribution of 1 cent per unit of ordinary stock, equivalent to €352 million, payable to its parent, BOIG plc.

30 Approval of interim report

The Court of Directors approved the Interim Report on 30 July 2024.

Other information

Forward-looking statement

This document contains forward-looking statements with respect to certain of The Governor and Company of the Bank of Ireland (the 'Bank') and its subsidiaries' (collectively the 'Group') plans and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates and its future capital requirements. These forward-looking statements often can be identified by the fact that they do not relate only to historical or current facts.

Generally, but not always, words such as 'may,' 'could,' 'should,' 'will,' 'expect,' 'intend,' 'estimate,' 'anticipate,' 'assume,' 'believe,' 'plan,' 'seek,' 'continue,' 'target,' 'goal,' 'would,' or their negative variations or similar expressions identify forward-looking statements, but their absence does not mean that a statement is not forward-looking.

Examples of forward-looking statements include, among others: statements regarding the Group's near term and longer term future capital requirements and ratios, loan to deposit ratios, expected impairment charges, the level of the Group's assets, the Group's financial position, future income, business strategy, projected costs, margins, future payment of dividends, future share buybacks, the implementation of changes in respect of certain of the Group's pension schemes, estimates of capital expenditures, discussions with Irish, United Kingdom, European and other regulators, plans and objectives for future operations, and the continued impact of Russia's invasion of Ukraine and the Israeli-Palestinian conflict particularly on certain of the above issues and generally on the global and domestic economies. Such forward-looking statements are inherently subject to risks and uncertainties, and hence actual results may differ materially from those expressed or implied by such forward-looking statements.

Such risks and uncertainties include, but are not limited to, those as set out in the 'Principal Risks and Uncertainties' section on page 9 and also the discussion of risk in note 24 of The Governor and Company of the Bank of Ireland's 2023 Annual Report.

Nothing in this document should be considered to be a forecast of future profitability, dividend forecast or financial position of the Group and none of the information in this document is or is intended to be a profit forecast, dividend forecast or profit estimate. Any forward-looking statement speaks only at the date it is made. The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

Rates of exchange

Principal rates of exchange used in the preparation of the Interim Financial Statements are as follows:

	30 June 2024		30 June 2023		31 December 2023	
	Average	Closing	Average	Closing	Average	Closing
€ / Stg£	0.8546	0.8464	0.8764	0.8583	0.8698	0.8691
€ / US$	1.0813	1.0705	1.0807	1.0866	1.0813	1.1050

Credit Ratings

	30 June 2024	31 December 2023
The Governor and Company of the Bank of Ireland - Senior debt		
Standard & Poor's	A (Stable)	A (Stable)
Moody's	A1 (Positive)	A1 (Positive)
Fitch[1]	A- (Stable)	A- (Stable)

[1] On 9 July 2024, Fitch affirmed The Governor and Company of the Bank of Ireland ratings and revised the outlook to Positive (from Stable).

Alternative performance measures

Further information related to certain measures referred to in the Business Review.

Business income is net other income before other expenses / income and other valuation items.

Constant currency: To enable a better understanding of performance, certain variances are calculated on a constant currency basis by adjusting for the impact of movements in exchange rates during the period as follows:
- for balance sheet items, by reference to the closing rate at the end of the current and prior period ends; and
- for items relating to the income statement, by reference to the current and prior period average rates.

Liquid assets are comprised of cash and balances at central banks, loans and advances to banks, debt securities at amortised cost, financial assets at FVOCI and certain financial assets at FVTPL (excluding balances in Wealth and Insurance).

Liquidity Coverage Ratio (LCR) is calculated based on the Commission Delegated Regulation (EU) 2015/61 which came into force on 1 October 2015. Prepared on a regulatory group basis, in accordance with the Capital Requirements Directive (CRD IV), which comprises banking and other relevant financial institutions within the Bank of Ireland Group, but excludes non-banking related institutions such as insurance entities. For further information, see the Group's Pillar 3 disclosures (tab 1.3), available on the Group's website.

Loan to Deposit Ratio is calculated as being net loans and advances to customers (including assets held for sale) divided by customer deposits.

Net Stable Funding Ratio (NSFR) is prepared on a regulatory group basis, in accordance with the EU Capital Requirement Regulations and Directive, as amended, which requires the maintenance of a NSFR ratio greater than or equal to 100%, effective June 2021. For further information see the Group's Pillar 3 disclosures (tab 1.3) available on the Group's website.

Net organic capital generation primarily consists of attributable profit after impairment and movements in regulatory deductions, and is calculated with reference to RWAs at the start of the period.

New lending volumes
- Net new lending volumes represent loans and advances to customers drawn down during the period (including revolving credit facility activity) and portfolio acquisitions, net of repayments and redemptions.
- Gross new lending volumes represent loans and advances to customers drawn down during the period and portfolio acquisitions.

Non-performing exposures (NPEs)
- credit-impaired loans which includes loans where the borrower is considered unlikely to pay in full without recourse by the Group to actions such as realising security and / or loans where the borrower is greater than or equal to 90 days past due and the arrears amount is material; and
- other loans meeting NPE criteria as aligned with regulatory requirements.

NPE ratio is calculated as NPEs on loans and advances to customers at amortised cost (including loans and advances to customers measured at FVTPL) as a percentage of the gross carrying value of loans and advances to customers at amortised cost.

Return on assets is calculated as being statutory net profit / loss (being profit / loss after tax) (annualised) divided by total assets, in line with the requirement in the EU (Capital Requirements) Regulations 2014.

Underlying excludes non-core items which are those items that the Group believes obscure the underlying performance trends in the business. See page 4 for further information.

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

Wholesale funding is comprised of deposits by banks (including collateral received) and debt securities in issue.

For any abbreviations used in this document please refer to the abbreviations listing on pages 300 and 301 of The Governor and Company of the Bank of Ireland's 2023 Annual Report.

Bank of Ireland Group plc
2 College Green
Dublin 2
D02 VR66

Registered number 593672