Backing our Customers

Pillar 3 Supplement Report
30 June 2020

Forward looking statement

This document contains certain forward looking statements with respect to the financial condition, results of operations and business of AIB Group and certain of the plans and objectives of the Group. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements sometimes use words such as ‘aim’, ‘anticipate’, ‘target’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’, ‘may’, ‘could’, ‘will’, ‘seek’, ‘continue’, ‘should’, ‘assume’, or other words of similar meaning. Examples of forward looking statements include, among others, statements regarding the Group’s future financial position, capital structure, Government shareholding in the Group, income growth, loan losses, business strategy, projected costs, capital ratios, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward looking information. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward looking statements. These are set out in Principal risks on pages 40 to 43 in the Annual Financial Report 2019 and updated on pages 36 and 37 of the Half-Yearly Financial Report 2020. In addition to matters relating to the Group’s business, future performance will be impacted by Irish, UK and wider European and global economic and financial market considerations. Any forward looking statements made by or on behalf of the Group speak only as of the date they are made. The Group cautions that the list of important factors on pages 40 to 43 of the Annual Financial Report 2019 is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward looking statement.

EBA Templates that are not applicable to AIB Group

Table	Name	Rationale for exclusion
EU CR10	IRB (specialised lending and equities)	AIB does not use the simple risk weight approach for specialised lending or equity exposures.
EU INS1	Non-deducted participations in insurance undertakings	AIB has no insurance undertakings.
EU CCR 7	RWA flow statement of CCR exposures under IMM	AIB does not use the IMM method and instead use the original exposure method for derivatives under counterparty credit risk.
EU MRB	Qualitative disclosure requirements for institutions using the IMA	All market risk is treated under standardised approach.
EU MR2–A	Market risk under the IMA	All market risk is treated under standardised approach.
EU MR2–B	RWA flow statements of market risk exposures under the IMA	All market risk is treated under standardised approach.
EU MR3	IMA values for trading portfolios	All market risk is treated under standardised approach.
EU MR4	Comparison of VaR estimates with gains/losses	All market risk is treated under standardised approach.

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Chapter 1. Introduction and AIB Group key information

AIB Group key information

Key metrics and a comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements[1] - 30 June 2020 **(Comparative 31 December 2019)**

Regulatory capital and capital ratios

Common equity tier 1 capital	Total capital	Common equity tier 1 capital	Total capital
(transitional)	*(transitional)*	*(fully loaded)*	*(fully loaded)*
€10,161 million	**€12,301 million**	**€8,138 million**	**€10,496 million**
(2019: €10,589 million)	(2019: €12,140 million)	(2019: €9,005 million)	(2019: €10,667 million)
Common equity tier 1 ratio	**Total capital ratio**	**Common equity tier 1 ratio**	**Total capital ratio**
(transitional)	*(transitional)*	*(fully loaded)*	*(fully loaded)*
20.2%	**24.4%**	**16.4%**	**21.1%**
(2019: 20.3%)	(2019: 23.3%)	(2019: 17.3%)	(2019: 20.5%)

Risk weighted assets ("RWA")

Total RWA	Credit risk	Total RWA	Credit risk
(transitional)	*(transitional)*	*(fully loaded)*	*(fully loaded)*
€50,395 million	**€44,925 million**	**€49,763 million**	**€44,293 million**
(2019: €52,121 million)	(2019: €46,811 million)	(2019: €51,999 million)	(2019: €46,689 million)
Market risk	**Operational risk**	**Market risk**	**Operational risk**
(transitional)	*(transitional)*	*(fully loaded)*	*(fully loaded)*
€618 million	**€4,686 million**	**€618 million**	**€4,686 million**
(2019: €473 million)	(2019: €4,700 million)	(2019: €473 million)	(2019: €4,700 million)

Liquidity ratios

Liquidity coverage ratio ("LCR")	Net stable funding ratio ("NSFR")
158%	**136%**
(2019: 157%)	(2019: 129%)

Leverage ratio

(transitional)	*(fully loaded)*
10.9%	**9.2%**
(2019: 11.1%)	(2019: 9.7%)

[1] For further informartion on transitional arrangements please refer to Table 4.

Introduction

Introduction

AIB Group reports Pillar 3 information at a Group consolidated and significant subsidiary level on at least an annual basis. In line with Group policy and regulatory requirements, the Group has assessed that a half-year update is required at a Group consolidated level for June 2020. In addition the report includes disclosure of exposures subject to measures applied in response to the COVID-19 crisis, in line with the EBA guidelines published in June 2020. The assessment deemed the requirement arose in light of a significant change in credit risk due to the impact of COVID-19 which resulted in a significant net credit impairment charge. No additional information on significant subsidiaries is provided as the Group deems the information herein to provide a sufficient update in line with regulatory guidelines and Group policy. Requirements to provide updated Pillar 3 information outside of the full year annual reports will continue to be monitored and assessed.

Background and context

Please refer to page 8 of the Group's Pillar 3 Report for the year ended 31 December 2019.

Basis of disclosures

The Pillar 3 disclosures have been prepared to explain the basis on which the Group has prepared and disclosed capital requirements and information about the management of certain risks as at 30 June 2020 and for no other purpose. They do not constitute any form of financial statement and should not be relied upon exclusively in making any judgement on the Group. They should be read in conjunction with the other information made public by AIB Group and available on the AIB Group website, including the Half-Yearly Financial Report 2020. For further information on the basis of disclosures please refer to page 8 of the Group's Pillar 3 Report for the year ended 31 December 2019.

Reporting conventions

In this report, comparative data is included, where relevant, and presented as reported under CRD IV.

Disclosure policy

The Group maintains a formal Pillar 3 disclosure policy which is reviewed annually and subject to approval within the Group's internal governance framework.

Media and location

The Pillar 3 report is published on AIB Group's website (https://group.aib.ie), alongside the Half-Yearly Financial Report 2020. Pillar 3 reports from previous years are also available on this website.

Verification

The Pillar 3 disclosures have not been audited by the Group's external auditors. They have been subject to internal review procedures broadly consistent with those undertaken for the unaudited Half-Yearly Financial Report 2020.

Basis of consolidation for accounting and prudential purposes

Please refer to page 9 of the Group's Pillar 3 Report for the year ended 31 December 2019, for the basis of consolidation for accounting and prudential purposes and also for information on the AIB Group corporate structure and it's significant subsidiaries. Please refer to page 10 of the Group's Pillar 3 Report for the year ended 31 December 2019 for information in relation to transfer of capital between parent company and subsidiaries, for information on solo consolidation treatment and also for information in relation to treatment of interests in associated undertakings.

Table 1: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

The following table shows both the Group's consolidated balance sheet as at 30 June 2020 on an accounting consolidated basis and the Group's consolidated balance sheet under the regulatory scope of consolidation. The difference between the accounting scope of consolidation and the regulatory scope of consolidation is outlined in table EU LI3.

							30 June 2020
			Carrying values of items				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	€m	€m	€m	€m	€m	€m	€m
Assets							
Cash and balances at central banks	14,666	14,666	14,666	-	-	-	-
Items in course of collection	50	50	50	-	-	-	-
Disposal groups and non-current assets held for sale	15	15	15	-	-	-	-
Derivative financial instruments	1,763	1,763	-	1,763	-	870	-
Loans and receivables to banks	1,970	1,970	746	1,224	-	-	-
Loans and receivables to customers	58,216	58,216	58,130	86	-	-	-
Investment securities	19,643	19,643	18,678	-	965	-	-
Interests in associated undertakings	88	88	88	-	-	-	-
Shares in group undertakings	-	102	102	-	-	-	-
Intangible assets	921	805	-	-	-	-	805
Property, plant and equipment	740	738	738	-	-	-	-
Other assets	203	190	190	-	-	-	-
Current taxation	63	63	63	-	-	-	-
Deferred tax assets	2,737	2,736	1,131	-	-	-	1,605
Prepayments and accrued income	311	310	310	-	-	-	-
Retirement benefit assets	55	55	-	-	-	-	55
Total assets	101,441	101,410	94,907	3,073	965	870	2,465
Liabilities							
Deposits by central banks and banks	820	819	-	186	-	-	633
Customer accounts	75,678	75,687	-	-	-	-	75,687
Lease liabilities	404	403	-	-	-	-	403
Derivative financial instruments	1,322	1,322	-	642	-	679	450
Debt securities in issue	6,337	6,337	-	-	-	-	6,337
Current taxation	2	2	-	-	-	-	2
Deferred tax liabilities	60	55	-	-	-	-	55
Retirement benefit liabilities	55	55	-	-	-	-	55
Other liabilities	858	835	-	-	-	-	835
Accruals and deferred income	286	277	-	-	-	-	277
Provisions for liabilities and commitments	549	549	-	-	-	-	549
Subordinated liabilities and other capital instruments	1,298	1,298	-	-	-	-	1,298
Total liabilities	87,669	87,639	-	828	-	679	86,581
Equity							
Share capital	1,696	1,696	-	-	-	-	1,696
Reserves	10,666	10,666	-	-	-	-	10,666
Other equity interests	1,116	1,116	-	-	-	-	1,116
Non-controlling interests	294	293	-	-	-	-	293
Total equity	13,772	13,771	-	-	-	-	13,771
Total liabilities and equity	101,441	101,410	-	828	-	679	100,352

Table 1: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

							31 December 2019
			Carrying values of items				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	€m	€m	€m	€m	€m	€m	€m
Assets							
Cash and balances at central banks	11,982	11,982	11,982	-	-	-	-
Items in course of collection	57	57	57	-	-	-	-
Disposal groups and non-current assets held for sale	20	20	20	-	-	-	-
Trading portfolio financial assets	-	-	-	-	-	0	-
Derivative financial instruments	1,271	1,271	-	1,271	-	565	-
Loans and receivables to banks	1,478	1,478	893	585	-	-	-
Loans and receivables to customers	60,888	60,888	60,801	87	-	-	-
Investment securities	17,331	17,331	16,409	-	922	-	-
Interests in associated undertakings	83	83	83	-	-	-	-
Shares in group undertakings	-	101	101	-	-	-	-
Intangible assets	917	798	-	-	-	-	798
Property, plant and equipment	803	801	801	-	-	-	-
Other assets	655	637	637	-	-	-	-
Current taxation	8	8	8	-	-	-	-
Deferred tax assets	2,666	2,666	1,379	-	-	-	1,287
Prepayments and accrued income	364	363	363	-	-	-	-
Retirement benefit assets	39	39	-	-	-	-	39
Total assets	98,562	98,523	93,534	1,943	922	565	2,124
Liabilities							
Deposits by central banks and banks	823	823	-	123	-	-	700
Customer accounts	71,803	71,811	-	-	-	-	71,811
Lease liabilities	429	429	-	-	-	-	429
Trading portfolio financial liabilities	-	-	-	-	-	-	-
Derivative financial instruments	1,197	1,197	-	551	-	701	51
Debt securities in issue	6,831	6,831	-	-	-	-	6,831
Current taxation	70	70	-	-	-	-	70
Deferred tax liabilities	109	104	-	-	-	-	104
Retirement benefit liabilities	60	60	-	-	-	-	60
Other liabilities	869	839	-	-	-	-	839
Accruals and deferred income	339	327	-	-	-	-	327
Provisions for liabilities and commitments	503	503	-	-	-	-	503
Subordinated liabilities and other capital instruments	1,299	1,299	-	-	-	-	1,299
Total liabilities	84,332	84,293	-	674	-	701	83,024
Equity							
Share capital	1,696	1,696	-	-	-	-	1,696
Reserves	11,543	11,543	-	-	-	-	11,543
Other equity interests	496	496	-	-	-	-	496
Non-controlling interests	495	495	-	-	-	-	495
Total equity	14,230	14,230	-	-	-	-	14,230
Total liabilities and equity	98,562	98,523	-	674	-	701	97,254

Table 2: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

There are fundamental technical differences in the basis of calculation between financial statement information based on International Financial Reporting Standards (IFRS) accounting standards and regulatory information based on CRD IV capital adequacy concepts and rules. This is most relevant for credit risk disclosures. Credit exposure at default (“EAD”) is defined as the expected total credit value of a loan or facility at the point of default, and is estimated under specified regulatory rules.

There are two different types of tables included in this document, those compiled based on accounting standards and those compiled using CRD IV methodologies. The specific methodology used is indicated where applicable.

Many tables throughout the Group’s Pillar 3 disclosures are based on net value under the regulatory scope of consolidation. Net value is the gross carrying value of on and off balance sheet exposures, less allowances/impairments.

The table below provides information on the main sources of differences between the financial statements’ carrying value amounts and the exposure amounts used for credit risk regulatory framework purposes.

	30 June 2020				31 December 2019			
	Total	Items subject to			Total	Items subject to		
		Credit risk framework	CCR framework	Securitisation framework		Credit risk framework	CCR framework	Securitisation framework
	€m	€m	€m	€m	€m	€m	€m	€m
1 **Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**	98,945	94,907	3,073	965	96,399	93,534	1,943	922
2 Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	(828)	-	(828)	-	(674)	-	(674)	-
3 **Total net amount under the regulatory scope of consolidation**	98,117	94,907	2,245	965	95,725	93,534	1,269	922
4 Off-balance sheet amounts after credit conversion factor	3,188	3,188	-	-	3,434	3,434	-	-
6 Difference due to different netting rules other than those already in row 2	447	-	447	-	1,242	-	1,242	-
7 Difference due to the consideration of provisions	826	826	-	-	597	597	-	-
8 Net potential future exposures	658	-	658	-	368	-	368	-
9 Other regulatory adjustments	779	779	-	-	124	124	-	-
10 **Exposure amounts considered for regulatory purposes**	104,015	99,700	3,350	965	101,490	97,689	2,879	922

Off-balance sheet amounts subject to credit risk include undrawn committed facilities and contingent liabilities including guarantees. These amounts are after the application of the credit conversion factor.

Difference in netting rules relates to differences in treatment of master netting agreement on derivatives and offsetting criteria in relation to repurchase agreements.

Differences due to the consolidation of provisions. The assets carrying value amount is net of credit risk adjustments, whereas the exposure amount for regulatory purposes reflects the fact the differing treatment of provisions under IRB approaches and for 2019 IFRS 9 Transitional adjustments under Regulation (EU) No 575/2013.

Net potential future exposure are add-on amounts associated with all derivatives transactions.

Other regulatory adjustments in 2020 include IFRS 9 Transitional adjustments under Regulation (EU) 2020/873.

Table 3: EU LI3 - Differences in scope of consolidation

The following table provides information on entities which are treated differently under the accounting and regulatory scope of consolidation. In October 2019, Allied Irish Banks, p.l.c. acquired a majority stake in Semeral Limited a holding company for Payzone Ireland. The exposure to holdings in non-financial sector entities are subject to RWA treatment.

		Method of regulatory consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of entity
Semeral Limited	Full consolidation				x		Investment holding company
Payzone Ireland Limited	Full consolidation				x		Technology/payments platform
Feepay Limited	Full consolidation				x		Technology/payments platform

Chapter 2. Capital and capital management

Table 4: Regulatory capital and capital ratios

The following table summarises AIB Group's capital position[1]:

	30 June 2020		31 December 2019	
	CRD IV Transitional €m	CRD IV Fully Loaded €m	CRD IV Transitional €m	CRD IV Fully Loaded €m
Equity [2]	13,771	13,771	14,230	14,230
Less: Additional Tier 1 securities	(1,410)	(1,410)	(990)	(990)
Proposed ordinary dividend [3]	-	-	(217)	(217)
Regulatory adjustments:				
Intangible assets [4]	(805)	(805)	(798)	(798)
Cash flow hedging reserves [5] [6]	(573)	(573)	(469)	(469)
IFRS 9 CET 1 transitional add-back [7]	943	-	251	-
Pension [4]	(42)	(42)	(31)	(31)
Deferred tax [4] [8]	(1,679)	(2,759)	(1,334)	(2,667)
Expected loss deduction [4]	-	-	(8)	(8)
Other [9]	(44)	(44)	(45)	(45)
	(2,200)	(4,223)	(2,434)	(4,018)
Total common equity tier 1 capital	10,161	8,138	10,589	9,005
Additional tier 1 capital				
Additional tier 1 issuance	1,116	1,116	496	496
Instruments issued by subsidiaries that are given recognition in additional tier 1 capital[10]	122	152	129	159
Total additional tier 1 capital	1,238	1,268	625	655
Total tier 1 capital	11,399	9,406	11,214	9,660
Tier 2 capital				
Subordinated debt	500	500	500	500
Instruments issued by subsidiaries that are given recognition in tier 2 capital[10]	402	480	426	507
IRB Excess of provisions over expected losses eligible[11]	110	110	-	-
IFRS 9 Tier 2 transitional adjustment[7]	(110)	-	-	-
Total tier 2 capital	902	1,090	926	1,007
Total capital	12,301	10,496	12,140	10,667
Risk-weighted assets				
Credit risk	44,925	44,293	46,811	46,689
Market risk	618	618	473	473
Operational risk	4,686	4,686	4,700	4,700
Credit valuation adjustment	166	166	137	137
Total risk-weighted assets	50,395	49,763	52,121	51,999
	%	%	%	%
Common equity tier 1 ratio	20.2	16.4	20.3	17.3
Tier 1 ratio	22.6	18.9	21.5	18.6
Total capital ratio	24.4	21.1	23.3	20.5

(1) Prepared under the regulatory scope of consolidation.

(2) For June 2020 the loss for the half year has been deducted from capital in line with CRR Article 36. For 2019 figures the capital figures reflect the audited 2019 year-end profit for the Group. These losses/ profits have also been included in the quarterly SSM regulatory capital reporting for both periods.

(3) On 30 March 2020, the Group announced, following the recommendation of the European Central Bank, that the Company did not intend to seek shareholder approval for the payment of a final dividend for 2019. Accordingly, the relevant Annual General Meeting ("AGM") resolution was withdrawn and the proposed dividend cancelled.

(4) Deductions applied as described under CRR Article 36.

(5) Prudential filter applied as described under CRR Article 33.

(6) Per statement of changes in equity in the Half-Yearly Financial report 2020 and 2019 Annual Financial Report respectively.

(7) Transitional arrangements as described under Regulation (EU) 2017/2395 as augmented by Regulation (EU) 2020/873 (static and dynamic).

(8) Transitional arrangements as described under CRR Article 478, the 60% transitional rate has been applied for 2020 (2019: 50%).

(9) Per Article 34 and 105 of the CRR as augmented by COMMISSION DELEGATED REGULATION (EU) 2020/866 of 28 May 2020 amending Delegated Regulation (EU) 2016/101 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation under Article 105(14) of Regulation (EU) No 575/2013.

(10) Minority interest deduction in respect of AT1 and T2 securities calculated in accordance with Art. 85, 87 and 480 of the CRR.

(11) Per Article 62 (4) of the CRR.

Table 5: Reconciliation of shareholders' equity to regulatory capital

The following table provides a reconciliation of the shareholders' equity to regulatory capital on a transitional basis

	30 June 2020 €m	31 December 2019 €m
Equity	**13,771**	14,230
Less: Additional tier 1 capital	**(1,410)**	(990)
Accrued coupon on additional tier 1 capital	**(9)**	(9)
Proposed dividend [1]	**-**	(217)
	12,352	13,014
Regulatory adjustments:		
Intangible assets [2]	**(805)**	(798)
Cash flow hedging reserves [3] [4]	**(573)**	(469)
IFRS 9 CET1 transitional addback [5]	**943**	251
Pension [2]	**(42)**	(31)
Deferred tax [2] [6]	**(1,679)**	(1,334)
Prudent valuation adjustment [7]	**(35)**	(36)
Expected loss deduction [2]	**-**	(8)
Common equity tier 1 capital	**10,161**	10,589
Additional tier 1 capital		
Other equity interests	**1,116**	496
Non-controlling interests	**294**	494
Regulatory adjustments:		
Minority interest deduction in respect of AT1 securities [8]	**(122)**	(115)
Additional tier 1 securities intention to redeem	**(50)**	(250)
Total tier 1 capital	**11,399**	11,214
Tier 2 Capital		
Subordinated debt:		
Subordinated liabilities and other capital instruments	**1,298**	1,299
Instruments not allowable for capital purposes	**(11)**	(10)
	1,287	1,289
Regulatory adjustments:		
Minority interest deduction in respect of tier 2 securities [8]	**(385)**	(363)
IRB Excess of provisions over expected losses eligible [9]	**110**	-
IFRS 9 Tier 2 transitional adjustment [5]	**(110)**	-
Total tier 2 capital	**902**	926
Total capital	**12,301**	12,140

[1] On 30 March 2020, the Group announced, following the recommendation of the European Central Bank, that the Company did not intend to seek shareholder approval for the payment of a final dividend for 2019. Accordingly, the relevant Annual General Meeting ("AGM") resolution was withdrawn and the proposed dividend cancelled.

[2] Deductions applied as described under CRR Articles 36.

[3] Prudential filter applied as described under CRR Articles 33.

[4] Per statement of changes in equity in the Half-Yearly Financial Report 2020 and Annual Financial Report 2019 respectively.

[5] Transitional arrangements as described under Regulation (EU) 2017/2395 as augmented by Regulation (EU) 2020/873.

[6] Transitional arrangements as described under CRR article 478, the 60% transitional rate has been applied for 2020 (2019: 50%).

[7] Per Article 34 and 105 of the CRR as augmented by COMMISSION DELEGATED REGULATION (EU) 2020/866 of 28 May 2020 amending Delegated Regulation (EU) 2016/101 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation under Article 105(14) of Regulation (EU) No 575/2013.

[8] Minority interest deduction in respect of AT1 and T2 securities calculated in accordance with Art. 85, 87 and 480 of the CRR.

[9] Per Article 62 (4) of the CRR.

Table 6: Movements in total capital

The following table analyses the movements in total capital on a transitional basis:

	2020 €m	2019 €m
Common equity tier 1 capital at 1 January	**10,589**	10,909
(Loss)/profit for the period	**(700)**	364
Other comprehensive income:		
Net actuarial movement in retirement benefit schemes	**-**	(188)
Net change in fair value of investment securities reserves	**(158)**	(53)
Net change in cashflow hedging reserves	**104**	184
Foreign currency translation reserves	**(86)**	66
Total movement in other comprehensive income	**(140)**	9
Total comprehensive income for the period	**(840)**	373
Cancellation of proposed ordinary dividend/proposed ordinary dividend[(1)]	**217**	(217)
Payment of additional tier 1 distribution	**(38)**	(37)
Movements in regulatory adjustments		
- Intangible assets	**(7)**	(116)
- Cash flow hedging reserves	**(104)**	(184)
- IFRS 9 transitional CET1 addback	**692**	(47)
- Pension	**(11)**	152
- Deferred tax	**(345)**	(255)
- Expected loss deduction	**8**	13
- Other	**-**	(2)
Total movements in regulatory adjustments	**233**	(439)
Common equity tier 1 at 30 June/31 December	**10,161**	10,589
Additional tier 1 capital at 1 January	**625**	235
Additional tier 1 issued	**620**	496
Instruments issued by subsidiaries that are given recognition in AT1 capital	**(7)**	(106)
Total Tier 1 capital at 30 June/31 December	**11,399**	11,214
Total tier 2 capital at 1 January	**926**	415
Subordinated loan capital issued	**-**	500
Instruments issued by subsidiaries that are given recognition in tier 2 capital	**(24)**	11
IRB excess of provisions over expected losses eligible	**110**	-
IFRS 9 tier 2 transitional adjustment	**(110)**	-
Total tier 2 capital at 30 June/31 December	**902**	926
Total capital at 30 June/31 December	**12,301**	12,140

[(1)] On 30 March 2020, the Group announced, following the recommendation of the European Central Bank, that the Company did not intend to seek shareholder approval for the payment of a final dividend for 2019. Accordingly, the relevant Annual General Meeting ("AGM") resolution was withdrawn and the proposed dividend cancelled.

Table 7: EU OV1 – Overview of risk weighted assets (RWAs)

The following table summarises risk weighted assets ("RWAs") and minimum capital requirements[1] ("MCRs") by risk type:

		Risk weighted assets		Minimum capital requirements [1]	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		€m	€m	€m	€m
1	**Credit risk (excluding counterparty credit risk "CCR")** [2]	42,815	45,108	3,425	3,609
	Of which:				
2	Standardised approach	24,924	26,756	1,994	2,140
3	Foundation IRB (FIRB) approach	13,399	13,775	1,072	1,102
4	Advanced IRB (AIRB) approach	4,492	4,577	359	366
5	**Equity IRB under the simple risk-weighted approach or the internal model approach ("IMA")**	-	-	-	-
6	**CCR**	1,113	1,003	89	80
	Of which:	-	-	-	-
7	Mark to market [2]	646	541	52	43
8	Financial collateral comprehensive method (for SFTs) [2]	301	325	24	26
12	CVA [3]	166	137	13	11
13	**Settlement risk**	-	-	-	-
14	**Securitisation exposures in the banking book (after the cap)** [2]	758	458	61	37
	Of which:				
15	IRB approach	-	67	-	6
15a	Securitisation external ratings based approach (SEC-ERBA) [4]	690	391	55	31
15b	Securitisation Standardised Approach (SEC-SA) [4]	68	-	6	-
19	**Market risk**	618	473	49	38
20	of which: Standardised approach	618	473	49	38
22	**Large exposures**	-	-	-	-
23	**Operational risk**	4,686	4,700	375	376
25	of which: Standardised approach	4,686	4,700	375	376
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)** [2]	405	379	33	31
	Other risk exposure amounts	-	-	-	-
28	**Floor adjustment**	-	-	-	-
29	**Total**	50,395	52,121	4,032	4,171

[1] Minimum capital requirements are calculated as 8% of risk weighted assets.

[2] The sum of these values agree to the total Credit risk RWA in Table 4: Regulatory capital and capital ratios.

[3] CVA decreased in 2019 due to exclusion of Transactions with Qualifying Central Counterparties.

[4] Securitisation Standardised Approach and External Ratings Based Approach reflects the implementation of Regulation (EU) 2017/2401.

Table 8: Total exposures by exposure class and related minimum capital requirements

The minimum capital requirements for exposures calculated under the Standardised Approach and IRB Approach and the related exposure values are set out in the following table.

Total exposures (€121,816 million) include credit risk exposures net of impairment provisions before the application of credit risk mitigation (CRM) and credit conversion factors (CCF). These also include counterparty credit risk exposures (€12,823 million) and securitisations exposures (€965 million).

	30 June 2020			31 December 2019		
	Total exposures	Risk weighted assets	Minimum capital requirement CRD IV	Total exposures	Risk weighted assets	Minimum capital requirement CRD IV
	€m	€m	€m	€m	€m	€m
IRB approach						
1 Central governments or central banks	7,705	49	4	7,645	52	4
2 Institutions	18,311	2,127	170	18,408	2,234	179
3 Corporates	15,057	11,694	935	15,582	11,960	957
4 Of which: Specialised lending	973	710	57	904	601	48
5 SMEs	3,641	3,473	278	3,959	3,842	307
6 Retail	18,563	4,492	359	18,957	4,577	366
7 Of which: Secured by real estate property	18,563	4,492	359	18,957	4,577	366
Securitisation positions-IRB	-	-	-	517	67	5
Other non credit obligations	14	14	1	15	15	1
Total IRB approach [1]	59,650	18,376	1,469	61,124	18,905	1,512
Standardised approach						
16 Central governments or central banks	17,827	127	10	12,447	115	9
17 Regional Government and Local Authorities	229	1	-	209	1	-
18 Public sector entities	-	-	-	-	-	-
21 Institutions	1,178	24	2	712	14	1
22 Corporates	9,716	7,370	590	11,361	9,141	731
24 Retail	8,640	3,504	280	8,832	3,839	307
26 Secured by mortgages on immovable property	16,820	8,982	719	17,934	9,699	776
28 Exposures in default	1,506	1,709	137	1,226	1,389	111
29 Items associated with particularly high risk	1,590	1,887	151	1,529	1,828	146
33 Equity exposures	268	435	35	253	412	33
35 Other exposures	3,427	1,752	141	3,131	1,077	86
Total standardised approach [2]	61,201	25,791	2,065	57,634	27,515	2,200
Securitisation positions [3]	965	758	61	405	391	32
Total	121,816	44,925	3,595	119,163	46,811	3,744

(1) Total IRB exposures above includes credit risk € 48,531 million (2019: € 49,585 million), counterparty credit risk of € 11,119 million (2019: € 11,022 million) and securitisation exposures of nil (2019: € 517 million).

(2) Total standardised exposures above includes credit risk € 59,497 million (2019: € 56,471 million), counterparty credit risk of € 1,704 million (2019: € 1,163 million).

(3) Securitisation positions reflects the implementation of Regulation (EU) 2017/2401 fully in 2020, totalling € 965 million, measured under the External Ratings Based Approach € 501 million (2019: € 405 million) and the Standardised Approach € 464 million (2019: IRB approach € 517 million).

IRB approach

The decrease of € 1.5 billion in the exposures in the IRB portfolio can be attributed to a decrease in corporate, IRB securitisation positions, retail and Institutions partially offset by increase in central government or central banks exposures.

Standardised approach

In the Standardised portfolio, total exposures increased by € 3.6 billion during 2020 mainly due to increase in exposures with central government or central banks, institutions and Exposures in default partially offset by decrease in Corporates, secured by mortgages on immovable property and retail.

Table 9: Movements in risk weighted assets

The following tables analyse the movements in risk weighted assets by risk categories.

30 June 2020	Credit risk SA €m	Credit risk IRB €m	Credit risk Securitisations €m	Market risk €m	Operational risk €m	Credit valuation adjustment €m	Total €m
Opening risk weighted asset	**27,515**	**18,905**	**391**	**473**	**4,700**	**137**	**52,121**
Asset size [(1) (2)]	**(1,776)**	**(350)**	**49**	**145**	**-**	**29**	**(1,903)**
Asset quality [(3)]	**69**	**55**	**-**	**-**	**-**	**-**	**124**
Methodology and policy [(4)]	**610**	**(164)**	**318**	**-**	**-**	**-**	**764**
Model updates [(5)]	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency movements	**(627)**	**(70)**	**-**	**-**	**-**	**-**	**(697)**
Other	**-**	**-**	**-**	**-**	**(14)**	**-**	**(14)**
Closing risk weighted asset	**25,791**	**18,376**	**758**	**618**	**4,686**	**166**	**50,395**

31 December 2019	Credit risk SA €m	Credit risk IRB €m	Credit risk ERBA Securitisations €m	Market risk €m	Operational risk €m	Credit valuation adjustment €m	Total €m
Opening risk weighted asset	26,993	19,216	-	371	4,624	392	51,596
Asset size [(1) (2)]	80	393	391	102	-	318	1,284
Asset quality [(3)]	(40)	(720)	-	-	-	-	(760)
Methodology and policy [(4)]	14	(424)	-	-	-	(573)	(983)
Model updates [(5)]	-	339	-	-	-	-	339
Foreign currency movements	468	101	-	-	-	-	569
Other	-	-	-	-	76	-	76
Closing risk weighted asset	27,515	18,905	391	473	4,700	137	52,121

(1) Decreases/increases in credit risk driven by loan redemptions, restructures, asset sales and write-offs offset by new lending.

(2) Credit valuation adjustment reduction driven by the movement in derivative mark to market.

(3) Asset quality represents the impact of PD and LGD migration changes within the loan book and net movement into/out of default.

(4) 2020: Relates to changes in legislation for IFRS 9 transitional rules under Regulation (EU) 2020/873, implementation of securitisation framework Regulation (EU) 2017/2401 and implementation of new definition of default. 2019: Relates to use of credit risk mitigation per Article 453.

(5) Increase in RWAs of corporate SME exposures following PD recalibration exercise in 2019.

Table 10: EU CR8 – RWA flow statements of credit risk exposures under the IRB approach

The table below analyses the movements in risk weighted assets under the IRB Approach. This table excludes securitisation positions and counterparty credit risk.

	30 June 2020		31 December 2019	
	Risk weighted asset	Capital requirements	Risk weighted asset	Capital requirements
	€m	€m	€m	€m
RWAs as at the end of the previous reporting period [(1)]	**18,352**	**1,468**	18,547	1,484
Asset size [(2)]	**(352)**	**(28)**	221	18
Asset quality [(3)]	**55**	**4**	(720)	(58)
Model updates [(4)]	**-**	**-**	339	27
Methodology and policy [(5)]	**(97)**	**(8)**	(143)	(11)
Acquisitions and disposals	**-**	**-**	-	-
Foreign exchange movements	**(67)**	**(5)**	108	8
Other	**-**	**-**	-	-
RWAs at the end of the reporting period	**17,891**	**1,431**	18,352	1,468

[(1)] Excludes counterparty credit risk of€485 million (2019: €486 million) and securitisation positions of nil (2019: €67 million).

[(2)] Asset size decreases/increases in credit risk driven by loan redemptions, restructures, asset sales and write-offs offset by new lending.

[(3)] Asset quality represents the impact of PD and LGD migration changes within the loan book and net movement into/out of default.

[(4)] Increase in RWAs of corporate SME exposures following PD recalibration exercise in 2019.

[(5)] 2020: Relates to implementation of EBA Definition of Default.
2019: Relates to use of credit risk mitigation per Article 453.

Leverage Ratio

LRQua: Disclosure on qualitative items

Leverage Ratio is a non-risk based measure of leverage introduced under CRD IV.

The definition of the leverage ratio is Tier 1 capital divided by total exposure. Total exposure includes on and off balance sheet exposures plus regulatory adjustments.

The minimum ratio was finalised in CRR II at 3% of Tier 1 capital. It is effective from 28 June 2021. The Group is currently and expects to remain well in excess of this requirement.

The transitional leverage ratio decreased to 10.9% at 30 June 2020 from 11.1% at 31 December 2019. Total leverage exposures (transitional) basis increased by € 3.4 billion in the six months to 30 June 2020, mainly driven by increases in cash and balances at central banks of € 2.7 billion and derivative financial instruments of € 0.5 billion. The transitional leverage ratio includes the transitional arrangements for deferred tax assets and IFRS 9. The impact of the IFRS 9 transitional arrangements is detailed in Table 14 below.

The Group ensures the avoidance of excessive leverage through its capital allocation process as part of the annual financial planning process. The use of capital and risk adjusted return on capital by business area is monitored at the Asset & Liability Committee ("ALCo") on a monthly basis, and updates are provided by the CFO to the Board on a quarterly basis. In addition to limits for usage of capital, the ALCo monitors an overall Group leverage risk appetite limit.

Table 11: Leverage ratio : Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

	30 June 2020		31 December 2019	
	Transitional	**Fully Loaded**	Transitional	Fully Loaded
	€m	**€m**	€m	€m
1 Total assets as per published financial statements	**101,441**	**101,441**	98,562	98,562
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	**(31)**	**(31)**	(39)	(39)
4 Adjustments for derivative financial instruments	**592**	**592**	442	442
5 Adjustments for securities financing transactions "SFTs"	**1,217**	**1,217**	1,062	1,062
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	**3,179**	**3,179**	3,211	3,211
7 Other adjustments [(1)]	**(1,823)**	**(3,936)**	(2,112)	(3,690)
8 Total leverage ratio exposure	**104,575**	**102,462**	101,126	99,548

[(1)] Other adjustments mainly relate to asset amounts deducted in determining tier 1 capital both on a transitional and fully loaded basis.

Table 12: Leverage ratio : Table LRCom: Leverage ratio common disclosure

	30 June 2020		31 December 2019	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
On-balance sheet exposures (excluding derivatives and SFTs)				
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	99,861	99,861	97,410	97,410
2 Asset amounts deducted in determining Tier 1 capital	(2,539)	(4,652)	(2,179)	(3,757)
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	97,322	95,209	95,231	93,653
Derivative exposures				
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1,327	1,327	944	944
5 Add-on amounts for PFE [1] associated with all derivatives transactions (mark-to-market method)	592	592	442	442
11 Total derivative exposures	1,919	1,919	1,386	1,386
Securities financing transaction exposures				
12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	11,131	11,131	9,515	9,515
13 Netted amounts of cash payables and cash receivables of gross SFT assets	(10,193)	(10,193)	(9,279)	(9,279)
14 Counterparty credit risk exposure for SFT assets	1,217	1,217	1,062	1,062
16 Total securities financing transaction exposures	2,155	2,155	1,298	1,298
Other off-balance sheet exposures				
17 Off-balance sheet exposures at gross notional amount	12,437	12,437	12,250	12,250
18 Adjustments for conversion to credit equivalent amounts	(9,258)	(9,258)	(9,039)	(9,039)
19 Other off-balance sheet exposures	3,179	3,179	3,211	3,211
Capital and total exposures				
20 Tier 1 capital	11,399	9,406	11,214	9,658
21 Total leverage ratio exposures	104,575	102,462	101,126	99,548
22 Leverage ratio	10.9 %	9.2 %	11.1 %	9.7 %

[1] Potential future exposure ("PFE").

Table 13: Leverage ratio : Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	30 June 2020		31 December 2019	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures)	99,861	99,861	97,410	97,410
of which:				
Trading book exposures	-	-	-	-
Banking book exposures, of which:				
Covered bonds	-	-	-	-
Exposures treated as sovereigns	25,894	25,894	20,390	20,390
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	5	5	5	5
Institutions	7,410	7,410	7,611	7,611
Secured by mortgages of immovable properties	33,798	33,798	35,286	35,286
Retail exposures	4,607	4,607	5,059	5,059
Corporate	17,010	17,010	19,412	19,412
Exposures in default	2,957	2,957	2,176	2,176
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	8,180	8,180	7,471	7,471

Table 14: IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

	30 June 2020	31 December 2019
Available capital (amounts)	**€m**	€m
1 Common Equity Tier 1 (CET1) capital	**10,161**	10,589
2 Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**9,218**	10,338
3 Tier 1 capital	**11,399**	11,214
4 Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**10,456**	10,963
5 Total capital	**12,301**	12,140
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**11,358**	11,889
Risk-weighted assets (amounts)	**€m**	€m
7 Total risk-weighted assets	**50,395**	52,121
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**49,763**	51,999
Capital ratios	**%**	%
9 Common Equity Tier 1 (as a percentage of risk exposure amount)	**20.2**	20.3
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**18.5**	19.9
11 Tier 1 (as a percentage of risk exposure amount)	**22.6**	21.5
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**21.0**	21.1
13 Total capital (as a percentage of risk exposure amount)	**24.4**	23.3
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**22.8**	22.9
Leverage ratio	**€m**	€m
15 Leverage ratio total exposure measure	**104,574**	101,126
	%	%
16 Leverage ratio	**10.9**	11.1
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**10.1**	10.9

Capital instruments’ main features

The table for capital instruments’ main features, at 30 June 2020 is available on the AIB Investor Relations website at https:// aib.ie/investorrelations

Chapter 3. Risk management

The Group implements a strong risk management approach to protect our business and our customers. We identify the principal risks and uncertainties including the key external risk drivers that could adversely impact our customers, our business and the delivery of our strategic objectives. Risk is defined as any event that could damage the core earnings capacity of the Group, increase cash flow volatility, reduce capital, threaten business reputation or viability, result in breach of regulatory or legal obligations or give rise to poor customer outcomes.

The core aspects of the Group's risk management framework approach are set out on pages 72 to 78 of the Annual Financial Report 2019. An update on risk management and governance in AIB, reflecting the impact of COVID-19 was provided in the Half-Yearly Financial Report 2020 on pages 36 and 37. In addition, the Directors' statement on the effectiveness of the system of risk management and internal controls is on pages 220 to 221 of the Annual Financial Report 2019.

During the reporting period there have been no significant changes to the Group's risk management framework. While the principal risks identified through the material risk assessment process and reported in the Annual Financial Report 2019 on pages 79 to 170 covering the period for the next six months have not changed, the drivers of those risks have been reviewed in light of the global COVID-19 pandemic.

Chapter 4. Credit risk - overview

Credit risk is the risk that the Group will incur losses as a result of a customer or counterparty being unable or unwilling to meet their contractual obligations. Based on the annual risk identification and materiality assessment, credit risk is grouped into the following four sub categories: counterparty risk ; credit default risk; concentration risk; country risk. Details on the various aspects of the Group's credit risk management are outlined on pages 79 to 100 of the Annual Financial Report 2019.

The most significant development in the reporting period has been in relation to the rapid spread of the COVID-19 pandemic and the associated health crisis. The public policy response, at a national and supranational level, has been rapid and far ranging. Notwithstanding this, there remain many uncertainties regarding the prevalence of COVID-19 and future course of the public health response. This makes it difficult to judge the duration, severity and long term economic implications arising from both the health crisis and the resultant economic downturn. Consequently, there are a wide range of possible outcomes for the economies in which the Group operates that will in turn affect the financial and operational performance of the Group.

The economic impact arising from COVID-19 has been significant and has given rise to a higher risk that the Group's customers may be unable to meet their loan repayment commitments. Should the progression of COVID-19 be worse than anticipated or should there be a further deterioration in economic conditions beyond those included in the Group's macroeconomic scenarios used for internal purposes, this may result in higher expected credit losses in future periods. Further details on Credit Risk are set out in the Half-Yearly Financial Report 2020 on pages 38 to 84.

Chapter 5. Credit risk

Table 15: EU CR6 - Credit risk exposures by exposure class and PD range

The table below presents the key parameters used for the calculation of capital requirements for credit risk exposures, under the IRB Approach, split by PD range. The table[1] includes exposures rated under Foundation IRB and Advanced IRB. All exposures are presented both pre and post CRM and CCF (EAD). The table excludes counterparty credit risk, securitisations and non-credit obligation assets. Gross exposures are presented before credit impairment provisions.
The main movements in exposure between periods are noted in commentary for Table 8.

The EBA guidelines include a single prescribed scale for presenting the credit quality of all IRB portfolios by asset class, which is used in the tables that follow. Throughout this section 'RWA density' represents the 'average risk weight'. 'number of obligors' corresponds to the number of individual PDs in each band.
The Group has not used credit derivatives as a credit risk mitigant for exposures rated under the IRB approach.

30 June 2020

PD scale	Original on balance sheet gross exposures	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Foundation IRB	**Central governments and central banks**											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	7,671	-	-	7,965	0.00	34	45.00	2.5	49	1	0	-
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <100	-	-	-	-	-	-	-	-	-	-	-	-
100 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Total	7,671	-	-	7,965	0.00	34	45.00	2.5	49	1	0	-
Foundation IRB	**Institutions**											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	6,566	14	0	6,566	0.08	122	26.88	2.5	1,450	22	2	-
0.15 to <0.25	765	3	0	471	0.25	30	39.76	2.5	278	59	-	-
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
0.50 to <0.75	1	-	-	1	0.62	3	45.00	2.5	1	92	-	-
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to <10.00	-	0	0	-	3.57	2	45.00	2.5	-	151	-	-
10.00 to <100	-	-	-	-	-	-	-	-	-	-	-	-
100 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Total	7,332	17	-	7,038	0.09	157	27.74	2.5	1,729	25	2	-
Foundation IRB	**Corporate other**											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	1,321	904	59	1,854	0.07	90	45.00	2.5	588	32	1	9
0.15 to <0.25	1,131	90	65	1,187	0.18	67	44.85	2.5	631	53	1	15
0.25 to <0.50	1,859	495	51	2,109	0.32	152	44.99	2.5	1,532	73	4	22
0.50 to <0.75	1,553	280	33	1,645	0.58	121	44.25	2.5	1,547	94	5	38
0.75 to <2.50	2,108	475	53	2,358	1.30	240	43.45	2.5	2,846	121	16	78
2.50 to <10.00	164	41	46	183	4.37	42	43.81	2.5	322	176	4	8
10.00 to <100	3	1	29	4	20.91	16	45.00	2.5	10	287	0	1
100 (Default)	158	18	36	165	100.00	85	45.00	2.5	-	-	74	36
Total	8,297	2,304	52	9,505	2.36	813	44.44	2.5	7,476	79	105	207
Foundation IRB	**Corporate SME**											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	12	24	72	29	0.10	4	45.00	2.5	11	38	0	0
0.15 to <0.25	17	-	56	17	0.18	7	45.00	2.5	9	53	0	0
0.25 to <0.50	251	97	63	312	0.32	57	44.20	2.5	223	71	1	2
0.50 to <0.75	130	47	51	154	0.58	15	43.39	2.5	142	92	0	3
0.75 to <2.50	1,316	501	40	1,518	1.44	1,657	44.50	2.5	1,554	102	11	56
2.50 to <10.00	906	190	34	971	4.46	1,466	44.93	2.5	1,304	134	22	92
10.00 to <100	93	9	33	96	20.24	117	45.00	2.5	230	240	10	20
100 (Default)	290	24	29	297	100.00	613	45.22	2.5	-	-	134	93
Total	3,015	892	43	3,394	11.29	3,936	44.63	2.5	3,473	102	178	266

Table 15: EU CR6 - Credit risk exposures by exposure class and PD range

Foundation IRB	Corporate Specialised Lending											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	**59**	**5**	**70**	**62**	**0.10**	**2**	**45.00**	**2.5**	**22**	**35**	**0**	**0**
0.15 to <0.25	**143**	**12**	**68**	**151**	**0.20**	**6**	**45.02**	**2.5**	**79**	**52**	**0**	**1**
0.25 to <0.50	**332**	**61**	**81**	**381**	**0.37**	**20**	**45.36**	**2.5**	**274**	**72**	**1**	**2**
0.50 to <0.75	**66**	**73**	**78**	**124**	**0.56**	**4**	**45.00**	**2.5**	**107**	**87**	**0**	**0**
0.75 to <2.50	**105**	**30**	**60**	**123**	**1.04**	**5**	**46.81**	**2.5**	**141**	**114**	**1**	**0**
2.50 to <10.00	**8**	**0**	**75**	**8**	**2.50**	**1**	**45.00**	**2.5**	**12**	**145**	**0**	**0**
10.00 to <100	**9**	**-**	**-**	**9**	**50.00**	**1**	**45.00**	**2.5**	**23**	**259**	**2**	**1**
100 (Default)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**722**	**181**	**75**	**858**	**0.97**	**37**	**45.42**	**2.5**	**658**	**74**	**4**	**4**
Total Foundation IRB (all portfolios)	**27,037**	**3,394**	**51**	**28,760**	**2.15**	**4,977**	**40.23**	**2.5**	**13,385**	**48**	**289**	**477**

31 December 2019

PD scale	Original on balance sheet gross exposures	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Foundation IRB	Central governments and central banks											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	7,645	-	-	7,943	-	30	45.00	2.5	52	1	0	-
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <100	-	-	-	-	-	-	-	-	-	-	-	-
100 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Total	7,645	-	-	7,943	-	30	45.00	2.5	52	1	0	-
Foundation IRB	Institutions											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	6,645	13	0	6,645	0.08	128	27.14	2.5	1,491	22	2	0
0.15 to <0.25	806	3	0	507	0.25	33	39.94	2.5	301	59	0	0
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
0.50 to <0.75	24	-	-	24	0.62	5	45.00	2.5	25	104	0	-
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to <10.00	1	-	-	1	3.87	1	45.00	2.5	1	177	0	-
10.00 to <100	-	-	-	-	-	-	-	-	-	-	-	-
100 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Total	7,476	16	-	7,177	0.10	167	28.11	2.5	1,818	25	2	-
Foundation IRB	Corporate other											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	1,321	915	59	1,863	0.08	105	45.16	2.5	591	32	1	0
0.15 to <0.25	1,308	272	65	1,485	0.18	70	44.13	2.5	769	52	2	1
0.25 to <0.50	1,673	405	53	1,890	0.32	140	44.99	2.5	1,359	72	3	2
0.50 to <0.75	1,906	342	48	2,069	0.58	131	43.93	2.5	1,912	92	6	8
0.75 to <2.50	1,889	524	60	2,204	1.21	273	45.08	2.5	2,685	122	14	17
2.50 to <10.00	66	24	56	80	5.11	33	45.00	2.5	147	185	2	1
10.00 to <100	9	0	74	9	16.87	10	45.00	2.5	23	259	1	2
100 (Default)	54	6	33	56	100.00	73	45.00	2.5	-	-	25	12
Total	8,226	2,488	57	9,656	1.15	835	44.69	2.5	7,486	78	54	43
Foundation IRB	Corporate SME											
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	12	21	71	26	0.10	4	45.00	2.5	10	38	0	0
0.15 to <0.25	39	6	70	43	0.18	9	38.30	2.5	20	45	0	0
0.25 to <0.50	315	44	33	329	0.32	66	42.26	2.5	222	68	1	0
0.50 to <0.75	192	19	64	205	0.58	30	40.03	2.5	172	84	1	2
0.75 to <2.50	1,435	503	42	1,648	1.43	1,657	44.60	2.5	1,698	103	11	12
2.50 to <10.00	1,046	196	37	1,118	4.77	1,608	44.89	2.5	1,504	135	26	44
10.00 to <100	101	7	27	103	18.90	170	45.00	2.5	216	209	10	13
100 (Default)	120	15	40	126	100.00	510	45.00	2.5	-	-	57	41
Total	3,260	811	42	3,598	6.24	4,054	44.17	2.5	3,842	107	106	112

Table 15: EU CR6 - Credit risk exposures by exposure class and PD range

Foundation IRB — Corporate Specialised Lending

%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	55	12	72	63	0.10	2	45.00	2.5	22	35	0	0
0.15 to <0.25	181	9	73	188	0.20	6	45.03	2.5	98	52	0	0
0.25 to <0.50	296	85	79	363	0.35	18	45.00	2.5	252	70	1	0
0.50 to <0.75	78	26	74	98	0.58	4	45.00	2.5	87	88	0	0
0.75 to <2.50	71	17	48	79	0.95	5	47.88	2.5	90	114	1	0
2.50 to <10.00	9	0	75	9	2.50	1	45.00	2.5	13	145	0	1
10.00 to <100	-	-	-	-	-	-	-	-	-	-	-	-
100 (Default)	9	-	-	9	100.00	1	45.00	2.5	-	-	4	1
Total	699	149	74	809	1.53	35	45.29	2.5	562	67	6	2
Total Foundation IRB (all portfolios)	27,306	3,464	54	29,183	1.21	5,121	40.65	2.5	13,760	47	168	157

Advanced IRB — Retail Residential Mortgages — 30 June 2020

PD scale	Original on balance sheet gross exposures	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	10,534	256	55	10,675	0.05	88137	27.33		601	6	2	19
0.15 to <0.25	3,556	67	56	3,594	0.24	26,461	28.20		708	20	4	21
0.25 to <0.50	21	80	53	63	0.39	131	30.50		18	29	0	0
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	-
0.75 to <2.50	2,664	9	79	2,672	1.14	19,950	27.60		1,512	57	12	24
2.50 to <10.00	537	3	88	540	3.23	4,174	27.82		595	110	7	16
10.00 to <100	90	0	100	90	21.91	628	28.15		229	254	8	4
100 (Default)	1,108	5	100	1,113	100.00	9,715	31.35		829	74	283	283
Total	**18,510**	**420**	**56**	**18,747**	**6.37**	**149,196**	**27.80**		**4,492**	**24**	**316**	**367**

Advanced IRB — Retail Residential Mortgages — 31 December 2019

PD scale	Original on balance sheet gross exposures	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
%	€m	€m	%	€m	%		%	Years	€m	%	€m	€m
0.00 to <0.15	10,566	354	60	10,778	0.05	88,315	27.36		606	6	2	6
0.15 to <0.25	3,676	101	64	3,740	0.24	27,537	28.21		728	19	4	6
0.25 to <0.50	50	120	59	120	0.39	279	30.62		35	29	0	0
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	-
0.75 to <2.50	2,620	11	86	2,630	1.15	19,742	27.62		1,488	57	12	12
2.50 to <10.00	570	3	93	572	3.34	4,698	27.98		642	112	8	13
10.00 to <100	103	0	100	103	21.91	877	28.45		256	248	9	4
100 (Default)	1,039	6	100	1,045	100.00	9,164	27.45		822	79	221	221
Total	18,624	595	61	18,988	5.96	150,612	27.62		4,577	24	256	262

[1] Non-credit obligation assets are excluded from this analysis (2020: € 14 million, 2019: € 15 million).

Table 16: EU CR7 – Effect on the RWAs of credit derivatives used as CRM techniques – IRB approach

The table below illustrates the effect of credit derivatives on the IRB approach capital requirements calculations:

	30 June 2020		31 December 2019	
	Pre-credit derivatives RWAs	Actual RWAs	Pre-credit derivatives RWAs	Actual RWAs
	€m	€m	€m	€m
1 Exposures under FIRB				
2 Central governments and central banks	**49**	**49**	52	52
3 Institutions	**1,729**	**1,729**	1,818	1,818
4 Corporates – SMEs	**3,473**	**3,473**	3,842	3,842
5 Corporates – Specialised lending	**658**	**658**	562	562
6 Corporates – Other	**7,476**	**7,476**	7,486	7,486
19 Other non-credit obligation assets	**14**	**14**	15	15
7 Exposures under AIRB				
13 Retail – Secured by real estate non SMEs	**4,492**	**4,492**	4,577	4,577
20 Total	**17,891**	**17,891**	18,352	18,352

Table 17: EU CR4 – Credit risk exposure and CRM effects

The table below shows credit risk exposures under the standardised approach both before and after credit risk mitigation (CRM) and credit conversion factors (CCF) and the associated RWAs and RWA density, split by exposure class. These exposures exclude counterparty credit risk exposures.
The main movements in exposure between periods are noted in commentary for Table 8.

	30 June 2020						31 December 2019					
	Exposures before CCF and CRM		Exposures post CCF and CRM				Exposures before CCF and CRM		Exposures post CCF and CRM			
	On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWAs	RWA density	On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWAs	RWA density
	€m	€m	€m	€m	€m	%	€m	€m	€m	€m	€m	%
1 Central governments or central banks	17,826	-	17,937	-	127	1	12,447	-	12,447	-	115	1
2 Regional governments or local authorities	5	224	5	0	1	20	5	204	5	0	1	20
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	-	-	-	-	-	-	-	-	-	-	-
7 Corporates	6,564	2,627	6,461	471	6,932	100	8,229	2,681	8,229	546	8,775	100
8 Retail	4,607	4,033	4,607	65	3,504	75	5,059	3,773	5,059	60	3,839	75
9 Secured by mortgages on immovable property	15,764	1,056	15,764	448	8,982	55	17,019	915	17,019	353	9,699	56
10 Exposures in default	1,452	54	1,452	16	1,709	116	1,167	59	1,167	15	1,389	118
11 Exposures associated with particularly high risk	1,020	570	1,012	246	1,887	150	997	532	997	222	1,828	150
15 Equity	268	-	268	-	435	162	253	-	253	-	412	163
16 Other	3,427	-	3,427	-	1,752	51	3,131	-	3,131	-	1,077	34
17 Total	**50,933**	**8,564**	**50,933**	**1,246**	**25,329**	**49**	48,307	8,164	48,307	1,196	27,135	55

Table 18: EU CR5 – Credit risk exposure class and risk-weights

The table below analyses exposures at default (EAD) under the Standardised Approach by risk weight, split by exposure class. All amounts presented are post CRM and CCF and net of impairment provisions but exclude counterparty credit risk.
The main movements in exposure between periods are noted in commentary for Table 8.

30 June 2020

	Risk weight																	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	of which unrated
1 Central governments or central banks	17,886	-	-	-	-	-	-	-	-	-	-	51	-	-	-	-	17,937	-
2 Regional governments or local authorities	-	-	-	-	5	-	-	-	-	-	-	-	-	-	-	-	5	5
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Corporates	-	-	-	-	-	-	-	-	-	6,932	-	-	-	-	-	-	6,932	6,932
8 Retail	-	-	-	-	-	-	-	-	4,672	-	-	-	-	-	-	-	4,672	4,672
9 Secured by mortgages on immovable property	-	-	-	-	-	11,123	-	-	-	5,089	-	-	-	-	-	-	16,212	16,212
10 Exposures in default	-	-	-	-	-	-	-	-	-	985	483	-	-	-	-	-	1,468	1,468
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	1,258	-	-	-	-	-	1,258	1,258
15 Equity	-	-	-	-	-	-	-	-	-	157	-	111	-	-	-	-	268	268
16 Other	1,623	-	-	-	64	-	-	-	-	1,740	-	-	-	-	-	2,526	5,953	5,953
17 Total	**19,509**	**-**	**-**	**-**	**69**	**11,123**	**-**	**-**	**4,672**	**14,903**	**1,741**	**162**	**-**	**-**	**-**	**2,526**	**54,705**	**36,768**

31 December 2019

	Risk weight																	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	of which unrated
1 Central governments or central banks	12,401	-	-	-	-	-	-	-	-	-	-	46	-	-	-	-	12,447	-
2 Regional governments or local authorities	-	-	-	-	5	-	-	-	-	-	-	-	-	-	-	-	5	5
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Corporates	-	-	-	-	-	-	-	-	-	8,775	-	-	-	-	-	-	8,775	8,775
8 Retail	-	-	-	-	-	-	-	-	5,119	-	-	-	-	-	-	-	5,119	5,119
9 Secured by mortgages on immovable property	-	-	-	-	-	11,805	-	-	-	5,567	-	-	-	-	-	-	17,372	17,372
10 Exposures in default	-	-	-	-	-	-	-	-	-	767	415	-	-	-	-	-	1,182	1,182
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	1,219	-	-	-	-	-	1,219	1,219
15 Equity	-	-	-	-	-	-	-	-	-	147	-	106	-	-	-	-	253	253
16 Other	1,993	-	-	-	76	-	-	-	-	1,062	-	-	-	-	-	2,163	5,294	5,294
17 Total	14,394	-	-	-	81	11,805	-	-	5,119	16,318	1,634	152	-	-	-	2,163	51,666	39,219

Chapter 6. Credit risk mitigation

Table 19: EU CR3 CRM techniques overview

This table includes all collateral, financial guarantees and credit derivatives used as credit risk mitigants for all secured exposures, irrespective of whether the standardised approach or the IRB approach is used for RWA calculation. Any secured exposures by collateral or financial guarantees (eligible or not eligible as CRM techniques under Part Three, Title II, Chapter 4 of the CRR) have been disclosed.

Note the table below is as per Final Report – Final draft implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (EBA/ITS/2020/04).

30 June 2020

	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
	€m	€m	€m	€m	€m
Loans and advances	36,678	40,076	39,805	272	0
Debt securities	18,025	1,331	1,331	-	
Total	54,703	41,407	41,136	272	-
Of which non-performing exposures	1,735	2,104	2,084	21	-
Of which defaulted	1,735	2,104			

31 December 2019

	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
	€m	€m	€m	€m	€m
Loans and advances	33,790	41,237	41,063	174	0
Debt securities	15,362	1,317	1,317	-	
Total	49,152	42,554	42,380	174	-
Of which non-performing exposures	1,199	2,163	2,145	18	-
Of which defaulted	1,199	2,163			

Details on the methodologies applied and processes used to assess the value of property assets taken as collateral are described on pages 84 and 85 of the Annual Financial Report 2019. Due to the COVID-19 pandemic the Group has updated and effected property valuation guidance policies to assist case managers in determining market values given current COVID-19 related market uncertainty. For residential properties, a cautionary approach is applied to the use of comparable sales information in an area and indexation which may produce a skewed result as sales have slowed down. For commercial properties, a prudent approach is applied to rental level estimates and investment yields considering specific factors and variables of the property, as well as the sector within which the property operates.

Chapter 7. Credit risk - credit profile of exposures

Table 20: EU CR1–A – Credit quality of exposures by exposure class and instrument

The table below presents an overview of the credit quality of on-balance sheet and off-balance sheet exposures by exposure class. The gross carrying value of exposures presented in this table is before the application of: a) credit risk mitigation; b) credit conversion factors; and c) ECL provisions under IFRS 9.
The main movements in exposure between periods are noted in commentary for Table 8.

		30 June 2020						31 December 2019					
		Gross carrying value[1] of						Gross carrying value[1] of					
		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Accumulated write - offs	Credit risk adjustment charges/ (credit) in the period	Net Values [2]	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Accumulated write - offs	Credit risk adjustment charges/ (credit) in the period	Net Values [2]
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1	Central governments and central banks	-	7,671	-	0	0	7,671	-	7,645	0	-	-	7,645
2	Institutions	-	7,349	-	-	-	7,349	-	7,492	-	-	-	7,492
3	Corporates	490	14,921	477	99	329	14,934	204	15,429	157	164	(16)	15,476
4	Of which: Specialised lending	-	903	4	-	3	899	9	839	2	-	-	846
5	SMEs	314	3,593	266	73	160	3,641	135	3,936	112	119	(17)	3,959
6	Retail	1,113	17,817	367	290	112	18,563	1,045	18,174	262	294	(2)	18,957
7	Of which: Secured by real estate property	1,113	17,817	367	-	-	18,563	1,045	18,174	262	-	-	18,957
	Non-credit obligation assets	-	14	-	-	-	14	0	15	-	-	-	15
15	**Total IRB approach**	1,603	47,772	844	389	441	48,531	1,249	48,755	419	458	(18)	49,585
16	Central governments and central banks	-	17,826	-	-	-	17,826	-	12,447	-	-	-	12,447
17	Regional governments or local authorities	-	229	-	-	-	229	-	209	-	-	-	209
18	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
21	Institutions	-	-	-	-	-	-	-	-	-	-	-	-
22	Corporates [3]	388	9,397	206	-	165	9,191	235	10,967	57	-	(4)	10,910
24	Retail [3]	542	8,808	168	-	12	8,640	396	8,932	100	-	(17)	8,832
26	Secured by mortgages on immovable property [3]	1,364	17,161	341	1	287	16,820	979	18,018	84	-	(24)	17,934
28	Exposures in default	2,294	-	788	1,247	268	1,506	1,610	-	384	1,113	107	1,226
29	Items associated with particularly high risk	109	1,576	95	181	43	1,590	113	1,461	45	348	(28)	1,529
33	Equity exposures	-	268	-	-	-	268	-	253	-	-	-	253
34	Other exposures	-	3,427	-	-	-	3,427	-	3,131	-	-	-	3,131
35	**Total standardised approach**	2,403	58,692	1,598	1,429	775	59,497	1,723	55,418	670	1,461	34	56,471
36	**Total [4]**	4,006	106,464	2,442	1,818	1,216	108,028	2,972	104,173	1,089	1,919	16	106,056
	Of which:												
37	Loans	3,859	75,785	2,353	1,818	1,168	77,291	2,846	70,076	1,055	1,919	27	71,867
38	Debt securities	-	18,389	1	-	1	18,388	-	21,973	-	-	-	21,973
39	Off-balance sheet exposures	147	12,290	88	-	47	12,349	126	12,124	34	-	(11)	12,216

[1] Excludes securitisations of €965 million (2019: €922 million) and counterparty credit risk amounting to €12,823 million (2019: €12,185 million).

[2] Gross carrying value minus specific credit risk adjustment.

[3] Defaulted exposures are broken down into the exposure class that corresponds to the exposure before default.

[4] At 30 June 2020, the expected credit loss allowances based on permitted regulatory calculations totalled €2,442 million (December 2019: €1,089 million). Total Group expected credit loss allowances on loans and advances to customers under IFRS 9 was €2,353 million (December 2019: €1,238 million).
In 2019 total IFRS 9 ECLs amount to €1,280 million of which €1,089 million is reported to the Regulator, including IFRS 9 transitional scalers.
Further details on the ECL allowance and net credit impairment charge in the six months to 30 June 2020 are outlined on page 49 of the Half-Yearly Financial Report 2020.

Table 21: EU CR2–B – Changes in the stock of defaulted and impaired loans and debt securities

The table below presents the changes in the stock of defaulted loans and debt securities

	30 June 2020	31 December 2019
	Gross carrying value [1] defaulted exposures €m	Gross carrying value [1] defaulted exposures €m
1 Opening balance	**3,347**	6,054
2 Loans that have defaulted or impaired since the last reporting period	**1,195**	973
3 Returned to non-defaulted status	**(440)**	(722)
4 Amounts written off	**(72)**	(362)
5 Other changes [2]	**(207)**	(2,596)
6 Closing balance	**3,823**	3,347

[1] Gross carrying value represents that used for financial reporting purposes in the Half-Yearly Financial Report 2020 and Annual Financial Report 2019.

[2] Other changes include the disposal of distressed loan portfolios, accounts that were closed or cleared and balance decreases.

Non-performing/defaulted loans are defined on pages 82 and 83 of the Annual Financial Report 2019. Details on the Group's non-performing exposures as at 30 June 2020 are disclosed on page 52 of the Half-Yearly Financial Report 2020.

The Group has set out the bases of measurement, methodologies used and judgements exercised in determining its expected credit loss allowance on pages 88 to 98 in the Annual Financial Report 2019. There have been no changes to these bases of measurement, methodologies and judgements apart from the items outlined on pages 38 to 44 of the Half-Yearly Financial Report 2020.

Table 22: EU CR2–A – Changes in the stock of general and specific credit risk adjustments

The tables below present the movements in accumulated credit risk adjustments[1] held against loans and advances to customers which have been reported on an accounting basis. This has been prepared under IFRS 9 and includes expected credit losses on both non credit impaired and credit impaired loans.

		30 June 2020		31 December 2019	
		Accumulated specific credit risk adjustment	**Accumulated general credit risk adjustment**	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
		€ m	**€ m**	€ m	€ m
1	**Opening balance**	**1,238**	**-**	2,039	-
2	Increases due to amounts set aside for estimated loan losses during the period and decreases due to amounts reversed for estimated loan losses during the period	**1,202**	**-**	117	-
4	Decreases due to amounts taken against accumulated credit risk adjustments	**(72)**	**-**	(362)	-
6	Impact of exchange rate differences	**(13)**	**-**	9	-
7	Disposals	**(2)**	**-**	(565)	-
8	Other adjustments	**-**	**-**	-	-
9	**Closing balance**	**2,353**	**-**	1,238	-
10	Recoveries on credit risk adjustments recorded directly to the income statement	**(34)**	**-**	(90)	-
11	Specific credit risk adjustments recorded directly to the income statement		**-**	-	-

[1] Excludes specific credit risk adjustment for AIB Group of €88 million off-balance sheet items at 30 June 2020 (31 December 2019: €42 million)

Table 23: Credit quality of forborne exposures

The table below presents the gross carrying amount of forborne exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, and collateral and financial guarantees received, according to the scope of regulatory consolidation.

30 June 2020

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances	932	2,457	2,457	2,351	(100)	(755)	2,244	1,513
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	2	1	1	1	-	(1)	1	-
Non-financial corporations	305	517	517	415	(50)	(174)	421	217
Households	625	1,939	1,939	1,935	(50)	(580)	1,822	1,296
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	7	18	18	18	-	-	-	-
Total	**939**	**2,475**	**2,475**	**2,369**	**(100)**	**(755)**	**2,244**	**1,513**

31 December 2019

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances	1,176	2,287	2,287	2,263	(65)	(563)	2,469	1,606
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	1	1	1	1	-	(1)	1	-
Non-financial corporations	396	301	301	281	(39)	(84)	316	159
Households	779	1,985	1,985	1,981	(26)	(478)	2,152	1,447
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	18	27	27	27	-	-	-	-
Total	1,194	2,314	2,314	2,290	(65)	(563)	2,469	1,606

Table 24: Credit quality of performing and non-performing exposures by past due days

The June 2020 tables follow Taxonomy 2.9 for FinRep reporting and consequently, cash balances at central banks and other demand deposits placed with the central bank are not included within the Central banks category on this table. The 2019 tables follow Taxonomy 2.8 for FinRep reporting and as such, cash balances at central banks and other demand deposits placed with the central bank are included within the Central banks category.
The gross non-performing loan ('NPL') ratio at 30 June 2020 was 6.20% calculated in line with the EBA guidelines (EBA/GL/2018/10).

30 June 2020

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances	58,066	57,927	139	3,839	2,019	211	201	252	321	176	659	3,839
Central banks[(1)]	391	391	-	-	-	-	-	-	-	-	-	-
General governments	19	19	-	-	-	-	-	-	-	-	-	-
Credit institutions	853	853	-	-	-	-	-	-	-	-	-	-
Other financial corporations	722	722	-	2	1	-	-	-	-	-	1	2
Non-financial corporations	24,219	24,153	66	1,294	872	87	57	56	71	25	126	1,294
Of which SMEs	10,437	10,390	47	782	486	73	43	42	46	11	81	782
Households	31,862	31,789	73	2,543	1,146	124	144	196	250	151	532	2,543
Debt securities	19,356	19,356	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	10,437	10,437	-	-	-	-	-	-	-	-	-	-
Credit institutions	7,167	7,167	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1,175	1,175	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	577	577	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures	12,290	-	-	147	-	-	-	-	-	-	-	147
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	323	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	145	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	308	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	7,725	-	-	124	-	-	-	-	-	-	-	124
Households	3,789	-	-	23	-	-	-	-	-	-	-	23
Total	89,712	77,283	139	3,986	2,019	211	201	252	321	176	659	3,986

Table 24: Credit quality of performing and non-performing exposures by past due days

31 December 2019

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances	71,663	71,537	126	3,363	1,724	202	221	211	351	233	421	3,363
Central banks[(1)]	11,790	11,790	-	-	-	-	-	-	-	-	-	-
General governments	27	27	-	-	-	-	-	-	-	-	-	-
Credit institutions	1,008	1,008	-	-	-	-	-	-	-	-	-	-
Other financial corporations	770	770	-	4	1	-	1	-	-	-	2	4
Non-financial corporations	25,514	25,492	22	779	507	33	33	33	49	24	100	779
Of which SMEs	10,878	10,859	19	487	312	27	22	25	28	11	62	487
Households	32,554	32,450	104	2,580	1,216	169	187	178	302	209	319	2,580
Debt securities	16,680	16,680	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	7,803	7,803	-	-	-	-	-	-	-	-	-	-
Credit institutions	7,262	7,262	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1,100	1,100	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	515	515	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	12,088	-	-	162	-	-	-	-	-	-	-	162
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	230	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	136	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	363	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	7,520	-	-	137	-	-	-	-	-	-	-	137
Households	3,839	-	-	25	-	-	-	-	-	-	-	25
Total	100,431	88,217	126	3,525	1,724	202	221	211	351	233	421	3,525

[(1)] The 2019 tables follow Taxonomy 2.8 for FinRep reporting and as such, cash balances at central banks and other demand deposits are included within the Central banks category. The June 2020 tables follow Taxonomy 2.9 for FinRep reporting and, consequently, cash balances at central banks and other demand deposits are not included on this table.

Table 25: Performing and non-performing exposures and related provisions.

The table below presents gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, accumulated partial write-off, and collateral and financial guarantees received, according to the scope of regulatory consolidation [(1)].

30 June 2020

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		On performing exposures	On non-performing exposures
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances	58,066	47,458	10,532	3,839	-	3,734	(1,134)	(387)	(745)	(1,219)	-	(1,189)	(1,818)	37,972	2,104
Central banks[(1)]	391	391	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	19	19	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	853	853	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	722	581	141	2	-	3	(11)	(3)	(8)	(2)	-	(2)	(1)	52	-
Non-financial corporations	24,219	16,856	7,287	1,294	-	1,192	(789)	(235)	(553)	(440)	-	(411)	(891)	9,425	456
Of which SMEs	10,437	6,581	3,856	782	-	690	(454)	(143)	(311)	(278)	-	(251)	(554)	5,724	304
Households	31,862	28,758	3,104	2,543	-	2,539	(334)	(149)	(184)	(777)	-	(776)	(926)	28,495	1,648
Debt securities	19,356	19,294	62	-	-	-	(3)	(2)	(1)	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	10,437	10,437	-	-	-	-	(1)	(1)	-	-	-	-	-	-	-
Credit institutions	7,167	7,167	-	-	-	-	(1)	(1)	-	-	-	-	-	-	-
Other financial corporations	1,175	1,165	10	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	577	525	52	-	-	-	(1)	-	(1)	-	-	-	-	-	-
Off-balance sheet exposures	12,290	10,549	1,741	147	-	147	(69)	(31)	(37)	(19)	-	(19)	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	323	318	5	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	145	144	1	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	308	300	8	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	7,725	6,241	1,484	124	-	124	(61)	(28)	(32)	(19)	-	(19)	-	-	-
Households	3,789	3,546	243	23	-	23	(8)	(3)	(5)	-	-	-	-	-	-
Total	89,712	77,301	12,335	3,986	-	3,881	(1,206)	(420)	(783)	(1,238)	-	(1,208)	(1,818)	37,972	2,104

Table 25: Performing and non-performing exposures and related provisions.

31 December 2019

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		On performing exposures	On non-performing exposures
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances	71,663	67,656	4,007	3,363	-	3,338	(340)	(137)	(203)	(899)	-	(895)	(1,919)	39,074	2,164
Central banks [(1)]	11,790	11,790	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	27	18	9	-	-	-	(1)	-	(1)	-	-	-	-	-	-
Credit institutions	1,008	1,008	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	770	761	9	4	-	3	(4)	(3)	(1)	(2)	-	(2)	(2)	58	1
Non-financial corporations	25,514	24,022	1,492	779	-	759	(205)	(102)	(103)	(258)	-	(254)	(969)	10,007	331
Of which SMEs	10,878	10,078	800	487	-	474	(128)	(62)	(66)	(168)	-	(165)	(614)	6,048	225
Households	32,554	30,057	2,497	2,580	-	2,576	(130)	(32)	(98)	(639)	-	(639)	(948)	29,009	1,832
Debt securities	16,680	16,680	-	-	-	-	(3)	(3)	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	7,803	7,803	-	-	-	-	(2)	(2)	-	-	-	-	-	-	-
Credit institutions	7,262	7,262	-	-	-	-	(1)	(1)	-	-	-	-	-	-	-
Other financial corporations	1,100	1,100	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	515	515	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	12,088	11,755	333	162	-	162	(22)	(13)	(9)	(19)	-	(19)		-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
General governments	230	230	-	-	-	-	-	-	-	-	-	-		-	-
Credit institutions	136	136	-	-	-	-	-	-	-	-	-	-		-	-
Other financial corporations	363	363	-	-	-	-	-	-	-	-	-	-		-	-
Non-financial corporations	7,520	7,345	175	137	-	137	(17)	(11)	(6)	(19)	-	(19)		-	-
Households	3,839	3,681	158	25	-	25	(5)	(2)	(3)	-	-	-		-	-
Total	100,431	96,091	4,340	3,525	-	3,500	(365)	(153)	(212)	(918)	-	(914)	(1,919)	39,074	2,164

[(1)] The 2019 tables follow Taxonomy 2.8 for FinRep reporting and as such, cash balances at central banks and other demand deposits are included within Central banks category. The June 2020 tables follow Taxonomy 2.9 for FinRep reporting and, consequently, the cash balances at central banks and other demand deposits are not included on this table.

Table 26: Quality of non-performing exposures by geography

The table below presents gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk, according to the scope of regulatory consolidation.
For movements regarding performing and non-performing exposures refer to the business review section of the Half-Yearly Financial Report 2020.

30 June 2020

	Gross carrying/nominal amount	Of which non-performing	Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	€m	€m	€m	€m	€m	€m	€m
On-balance sheet exposures	96,110	3,839	3,839	96,034	(2,356)		-
ROI	64,795	3,307	3,307	64,720	(1,885)		-
UK	15,278	435	435	15,278	(315)		-
US	4,142	54	54	4,142	(73)		-
Other Countries [1]	11,895	43	43	11,894	(83)		-
Off-balance sheet exposures	12,437	147	147			(88)	
ROI	9,971	111	111			(73)	
UK	2,179	33	33			(13)	
US	61	-	-			(1)	
Other countries	226	3	3			(1)	
Total	108,547	3,986	3,986	96,034	(2,356)	(88)	-

31 December 2019

	Gross carrying/nominal amount	Of which non-performing	Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	€m	€m	€m	€m	€m	€m	€m
On-balance sheet exposures	91,705	3,362	3,362	91,629	(1,241)		-
ROI	60,139	3,025	3,025	60,062	(1,083)		-
UK	15,915	311	311	15,915	(128)		-
US	4,433	3	3	4,433	(14)		-
Other Countries [1]	11,218	23	23	11,219	(16)		-
Off-balance sheet exposures	12,250	162	162			(42)	
ROI	9,561	142	142			(34)	
UK	2,215	19	19			(7)	
US	104	-	-			-	
Other countries	370	1	1			(1)	
Total	103,955	3,524	3,524	91,629	(1,241)	(42)	-

[1] Other countries comprises less than 4% of the total exposures and comprises predominantly France, Canada, Spain, Netherlands, Australia, Sweden, Luxembourg, Norway, Germany and Italy.

Table 27: Credit quality of loans and advances by industry

The table below presents gross carrying amount of loans and advances to non-financial corporations and the related accumulated impairment and accumulated change in fair value due to credit risk, according to the scope of regulatory consolidation.
For movements regarding performing and non-performing exposures refer to the business review section of the Half-Yearly Financial Report 2020.

30 June 2020

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
	€m	€m	€m	€m	€m	€m
Agriculture, forestry and fishing	**1,696**	**104**	**104**	**1,696**	**(72)**	**-**
Mining and quarrying	**48**	**4**	**4**	**48**	**(3)**	**-**
Manufacturing	**2,969**	**72**	**72**	**2,969**	**(107)**	**-**
Electricity, gas, steam and air conditioning supply	**1,326**	**25**	**25**	**1,326**	**(17)**	**-**
Water supply	**184**	**-**	**-**	**184**	**(4)**	**-**
Construction	**1,255**	**62**	**62**	**1,255**	**(90)**	**-**
Wholesale and retail trade	**1,932**	**158**	**158**	**1,932**	**(128)**	**-**
Transport and storage	**1,174**	**36**	**36**	**1,174**	**(25)**	**-**
Accommodation and food service activities	**3,303**	**213**	**213**	**3,303**	**(230)**	**-**
Information and communication	**1,112**	**44**	**44**	**1,112**	**(25)**	**-**
Financial and insurance activities	**-**	**-**	**-**	**-**	**-**	**-**
Real estate activities	**5,833**	**439**	**439**	**5,757**	**(381)**	**-**
Professional, scientific and technical activities	**734**	**29**	**29**	**734**	**(35)**	**-**
Administrative and support service activities	**267**	**25**	**25**	**267**	**(19)**	**-**
Public administration and defense, compulsory social security	**-**	**-**	**-**	**-**	**-**	**-**
Education	**374**	**7**	**7**	**374**	**(5)**	**-**
Human health services and social work activities	**1,704**	**22**	**22**	**1,704**	**(32)**	**-**
Arts, entertainment and recreation	**630**	**33**	**33**	**630**	**(31)**	**-**
Other services	**972**	**21**	**21**	**972**	**(25)**	**-**
Total	**25,513**	**1,294**	**1,294**	**25,437**	**(1,229)**	**-**

31 December 2019

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
	€m	€m	€m	€m	€m	€m
Agriculture, forestry and fishing	1,726	78	78	1,726	(39)	-
Mining and quarrying	52	4	4	52	(2)	-
Manufacturing	3,146	55	55	3,146	(41)	-
Electricity, gas, steam and air conditioning supply	1,294	-	-	1,294	(4)	-
Water supply	166	3	3	166	(2)	-
Construction	1,119	72	72	1,119	(48)	-
Wholesale and retail trade	2,016	122	122	2,016	(61)	-
Transport and storage	1,170	30	30	1,170	(12)	-
Accommodation and food service activities	3,285	59	59	3,285	(63)	-
Information and communication	1,102	6	6	1,102	(8)	-
Financial and insurance activities	-	-	-	-	-	-
Real estate activities	6,100	275	275	6,024	(126)	-
Professional, scientific and technical activities	672	27	27	672	(15)	-
Administrative and support service activities	585	10	10	585	(12)	-
Public administration and defense, compulsory social security	-	-	-	-	-	-
Education	416	6	6	416	(1)	-
Human health services and social work activities	1,742	14	14	1,742	(12)	-
Arts, entertainment and recreation	628	3	3	628	(4)	-
Other services	1,074	15	15	1,074	(13)	-
Total	26,293	779	779	26,217	(463)	-

Table 28: Collateral obtained by taking possession and execution processes

The table below presents information on the instruments that were cancelled in exchange for the collateral obtained by taking possession and on the value of the collateral obtained by taking possession.

	30 June 2020	
	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
	€m	€m
Property, plant and equipment (PP&E)	-	-
Other than PP&E	14	-
Residential immovable property	14	-
Commercial Immovable property	-	-
Movable property (auto, shipping, etc.)	-	-
Equity and debt instruments	-	-
Other	-	-
Total	**14**	**-**

	31 December 2019	
	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
	€m	€m
Property, plant and equipment (PP&E)	-	-
Other than PP&E	16	-
Residential immovable property	16	-
Commercial Immovable property	-	-
Movable property (auto, shipping, etc.)	-	-
Equity and debt instruments	-	-
Other	-	-
Total	16	-

Chapter 8. Market risk

Table 29: EU MR1 – Market risk under the standardised approach

	30 June 2020		31 December 2019	
	Risk weighted assets	Capital requirements	Risk weighted assets	Capital requirements
	€m	€m	€m	€m
Outright products				
1 Interest rate risk (general and specific)	613	48	468	37
2 Equity risk (general and specific)	-	-	2	-
3 Foreign exchange risk	-	-	-	-
4 Commodity risk	-	-	-	-
Options				
5 Simplified approach	-	-	-	-
6 Delta-plus method	5	1	4	1
7 Scenario approach	-	-	-	-
8 Securitisation (specific risk)	-	-	-	-
9 Total [1]	618	49	473	38

[1] The movement in market risk RWA is driven by an increase in credit default swaps which resulted in an increase in specific risk of €124 million RWA and an increase in interest rate risk which resulted in a€21 million increase in RWA.

Chapter 9. COVID-19 measures disclosure

Introduction

During the period, the Group introduced payment break options to support customers in response to COVID-19. The following information relates to loans and advances that meet the definition of EBA Guidelines (EBA – Compliant moratoria) and are not reported as having received forbearance. (Specific conditions that must be met so that a moratorium is considered a general payment moratorium include that a) it applies to a wide group of borrowers, b) the moratorium only changes the schedule of payments and c) the same conditions for changes to payment schedules are offered to all).

Table 30: Information on loans and advances subject to legislative and non-legislative moratoria

The table below covers loans and advances subject to EBA-compliant moratoria (legislative and non-legislative). It provides a breakdown of the gross carrying amount and the related loss allowances by the status of the exposure (performing and non-performing).

30 June 2020

	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances subject to moratorium	5,518	5,312	152	1,973	206	161	192	(252)	(212)	(16)	(141)	(40)	(32)	(37)	52
of which: Households	2,608	2,487	88	537	121	110	117	(88)	(68)	(6)	(30)	(20)	(18)	(18)	16
of which: Collateralised by residential immovable property	2,245	2,135	76	430	110	101	107	(60)	(45)	(4)	(18)	(15)	(14)	(14)	13
of which: Non-financial corporations	2,910	2,825	64	1,436	85	51	75	(164)	(144)	(10)	(111)	(20)	(14)	(19)	36
of which: Small and Medium-sized Enterprises	2,019	1,946	58	921	73	41	63	(107)	(91)	(9)	(64)	(16)	(11)	(15)	34
of which: Collateralised by commercial immovable property	1,453	1,393	49	749	60	40	58	(96)	(84)	(8)	(64)	(12)	(10)	(12)	19

Table 31: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

The table below covers EBA-compliant moratoria (legislative and non-legislative) loans and advances that meet the requirements described in paragraph 10 of the EBA Guidelines on moratoria. It provides information on the number of obligors and gross carrying amount of loans and advances subject to different statuses of EBA-compliant moratoria (requested/granted). In addition, the template contains a breakdown by the residual maturity of EBA-compliant moratoria and information on the gross carrying amount of legislative moratoria as per the definition of the EBA Guidelines on moratoria.

30 June 2020

		Gross carrying amount							
					Residual maturity of moratoria				
	Number of obligors		Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
		€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances for which moratorium was offered	63,528	8,659							
Loans and advances subject to moratorium (granted)	50,214	7,414	-	1,896	4,841	643	34	-	-
of which: Households		3,619	-	1,011	2,260	348	-	-	-
of which: Collateralised by residential immovable property		3,223	-	978	1,942	303	-	-	-
of which: Non-financial corporations		3,795	-	885	2,581	295	34	-	-
of which: Small and Medium-sized Enterprises		2,592	-	573	1,862	155	2	-	-
of which: Collateralised by commercial immovable property		2,049	-	596	1,160	260	33	-	-

Table 32: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

The table below covers newly originated loans and advances as referred to in paragraph 15 of the guidelines (EBA/GL/2020/07) that are subject to public guarantee schemes that Member States introduced in response to the COVID-19 crisis. In the case of refinancing of previous debt with a new loan or of repackaging of several debts into a new loan, the new loan recognised in the financial statements is reported in this template provided that it is covered by a public guarantee scheme related to the COVID-19 crisis.

30 June 2020

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
	€m	€m	€m	€m
Newly originated loans and advances subject to public guarantee schemes	140	1	132	1
of which: Households	25			-
of which: Collateralised by residential immovable property	1			-
of which: Non-financial corporations	115	1	107	1
of which: Small and Medium-sized Enterprises	84			-
of which: Collateralised by commercial immovable property	15			-

CRR Roadmap

CRR Ref	High Level Summary	AIB Group compliance reference
CRR 431:	**Scope of disclosure requirements**	
431(1)	Institutions to publish Pillar 3 disclosures.	AIB Group Pillar 3 Disclosures at 30 June 2020 ("P3").
431(2)	Firms with permission to use specific operational risk methodologies must disclose operational risk information.	P3: Chapter 3; and AIB Group Annual Financial Report 2019 ("AFR 2019"): pages 163 and 164.
431(3)	Institutions must have a policy to comply with disclosure requirements and have policies for assessing the appropriateness including their verification and frequency of their disclosures. Institutions must also have policies for assessing whether their disclosures convey their risk profile comprehensively to market participants.	AIB Group has a Pillar 3 Disclosure Policy – P3 Chapter 1.
431(4)	Explanation of ratings decision upon request.	Not applicable.
CRR 432:	**Non-material, proprietary or confidential information**	
432(1)	Institutions may omit certain disclosures provided that they are not regarded as material if certain conditions are respected.	AIB complies with all relevant disclosure requirements with regards to materiality.
432(2)	Institutions may omit certain disclosures that are proprietary or confidential if certain conditions are met.	AIB does not omit any information on the grounds that it may be proprietary or confidential.
432(3)	Where 432 (2) applies this must be stated in the disclosures, and more general information must be disclosed.	Not applicable.
432(4)	Use of paragraphs 1, 2 and 3 is without prejudice to the scope of liability for failure to disclose material information.	Not applicable.
CRR 433:	**Frequency of disclosure**	
433	Disclosures must be published once a year at a minimum and more frequently if necessary.	P3: Chapter 1.
CRR 434:	**Means of disclosures**	
434(1)	Disclosures should be provided in one appropriate medium or location with clear cross references.	P3: Chapter 1.
434(2)	Disclosure made for accounting requirements can be used for Pillar 3 Disclosure purposes if appropriate.	Certain cross references are made to Annual Financial Report 2019 and Half Yearly Financial Report June 2020, where appropriate. Sign posting to relevant page references are provided.
CRR 435:	**Risk management objectives and policies**	
435(1)	Disclose information as follows:	
435(1)(a)	The strategies and processes to manage risks.	P3: Chapter 3 and AFR 2019: page 72.
435(1)(b)	Structure and organisation of risk management function.	P3: Chapter 3 and AFR 2019: pages 72 to 74.
435(1)(c)	Risk reporting and measurement systems.	AFR 2019: pages 88 to 101; and pages 145 to 170.
435(1)(d)	Hedging and mitigating risk – policies and processes.	P3: Chapter 6 and AFR 2019: pages 84 to 87.
435(1)(e)	Adequacy of risk management arrangements approved by the Board.	AFR 2019: pages 219 to 221.
435(1)(f)	Concise risk statement approved by the Board.	AFR 2019: pages 219 to 221.
435(2)	435(2) Information on governance arrangements, including information on Board composition and recruitment and risk committees.	P3: Chapter 3 and AFR 2019: pages 32 to 45; and 194 to 207.
435(2)(a)	Number of directorships held by Board members.	P3: Chapter 3 and AFR 2019: pages 44 and 45.
435(2)(b)	Recruitment policy of Board members, their actual knowledge, skills and expertise.	P3: Chapter 3 and AFR 2019: pages 204 to 207.
435(2)(c)	Policy on diversity of Board membership and results against targets.	P3: Chapter 3 and AFR 2019: page 204.
435(2)(d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	P3: Chapter 3 and AFR 2019: pages 200 to 203.
435(2)(e)	Description of information flow on risk to the Board.	P3: Chapter 3 and AFR 2019: pages 200 to 203.
CRR 436:	**Scope of application**	
436	Disclose information as follows:	
436(a)	Name of institution.	AIB Group plc.
436(b)	Difference in basis of consolidation for accounting and prudential purposes, describing entities that are:	P3: Chapter 1 - Table 1 and P3 2019 page 9.
436(b)(i)	Fully consolidated.	P3: Chapter 1 – Table 1.
436(b)(ii)	Proportionally consolidated.	Not applicable.
436(b)(iii)	Deducted from own funds.	Not applicable.
436(b)(iv)	Neither consolidated nor deducted.	Not applicable.
436(c)	Impediments to transfer of own funds between parent and subsidiaries.	P3 2019 - page 10.
436(d)	Capital shortfalls in any subsidiaries outside the scope of consolidation.	Not applicable.
436(e)	Making use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries/entities	P3: Chapter 1.

CRR Roadmap

CRR Ref	High Level Summary	AIB Group compliance reference
CRR 437:	**Own funds**	
437(1)(a)	A full reconciliation of Common equity tier 1 items, Additional tier 1 items, Tier 2 items and filters and deductions to own funds of the institution and to the statutory balance sheet in the audited financial statements of the institution.	P3: Chapter 2 – Table 5 and Table 6 and Appendix 2 table 33 Transitional and fully loaded own funds.
437(1)(b)	A description of the main features of capital instruments issued by the institution.	P3: Appendix 1. Own funds. Also see separate document on website along with Pillar 3 document.
437(1)(c)	The full terms and conditions of all capital instruments issued by the institution.	P3: Appendix 1. Own funds. Also see separate document on website along with Pillar 3 document.
437(1)(d)	Disclosure of the nature and amounts of the following:	
437(1)(d)(i)	Each prudential filter applied.	P3: Chapter 2 – Table 5 footnotes; and Appendix 2. Table 33 Transitional and fully loaded own funds.
437(1)(d)(ii)	Each capital deduction applied.	P3: Chapter 2 – Table 4 to Table 6; and Appendix 1. Own funds.
437(1)(d)(iii)	Items not deducted from capital.	P3: Chapter 2 – Table 4 to Table 7
437(1)(e)	A description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply.	P3: Chapter 2 – Table 4 to Table 6; and Appendix 1. Own funds.
437(1)(f)	Where institutions disclose capital ratios calculated using elements of own funds determined on a different basis.	Not applicable.
437(2)	EBA shall develop draft implementing technical standards to specify uniform templates for disclosure.	EBA published technical standards introducing Common Disclosure templates for Own funds - Regulation (EU) No - 1423/2013.
CRR 438:	**Capital requirements**	
438(a)	Summary of institution's approach to assessing adequacy of capital levels.	AFR 2019: page 154
438(b)	Result of ICAAP on demand from authorities.	Not applicable.
438(c)	Capital requirement amounts for credit risk for each Standardised Approach exposure class.	P3: Chapter 2 – Table 9.
438(d)	Capital requirement amounts for credit risk for each Internal Ratings Based Approach exposure class.	P3: Chapter 2 – Table 9.
438(d)(i)-(iv)	Capital requirement amounts for credit risk for each Internal Ratings Based Approach exposure class.	P3: Chapter 2 – Table 9.
438(e)	Capital requirement amounts for market risk or settlement risk.	P3: Chapter 2 – Table 7; and Chapter 10.
438(f)	Capital requirement amounts for operational risk, separately for the Basic Indicator Approach, the Standardised Approach, and the Advanced Measurement Approaches as applicable.	P3: Chapter 2 – Table 7.
438(f) (last paragraph)	Requirement to disclose specialised lending exposures and equity exposures in the banking book falling under the simple risk weight approach.	Not applicable.
CRR 439:	**Exposure to counterparty credit risk**	
439(a)	Description of process to assign internal capital and credit limits to CCR exposures.	P3: 2019 Chapter 8
439(b)	Discussion of policies to secure collateral and establishing credit reserves.	P3: 2019 Chapter 8
439(c)	Discussion of management of wrong-way risk exposures.	P3: 2019 Chapter 8
439(d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	P3: 2019 Chapter 8
439(e)	Derivation of net derivative credit exposure.	Immaterial, not disclosed.
439(f)	Exposure values for mark-to-market, original exposure, Standardised and Internal model methods.	Immaterial, position reflected in OV1.
439(g)	Notional amounts of credit derivative hedges for own credit, intermediation, bought and sold and current credit exposure by type of exposure.	Immaterial, not disclosed.
439(h)	Notional amounts of credit derivative transactions.	Immaterial, not disclosed.
439(i)	Estimate of alpha, if applicable.	Not applicable.
CRR 440:	**Capital buffers**	
440(1)(a)	Geographical distribution of relevant credit exposures for calculation of countercyclical capital buffer.	P3: Appendix 3 – Table 33.
440(1)(b)	Amount of the institution specific countercyclical capital buffer.	P3: Appendix 3 – Table 34.
440(2)	EBA will issue technical implementation standards related to 440 (1).	AIB Group follows the current standards.
CRR 441:	**Indicators of global systemic importance**	
441(1)	Disclosure of the indicators of global systemic importance.	Not applicable.
441(2)	EBA will issue technical implementation standards related to 441 (1).	Not applicable.

CRR Roadmap

CRR Ref	High Level Summary	AIB Group compliance reference
CRR 442:	**Credit risk adjustments**	
442(a)	Disclosure of bank's definitions of past due and impaired.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 7 - page 58 ; Definition of non-performing/defaulted loans outlined on pages 82 and 83 of the AFR 2019. Details of the Group's NPEs are disclosed on page 52 of the IFR 2020.
442(b)	Approaches for calculating specific and general credit risk adjustments.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 7 page 58; AFR 2019: pages 88 to 98 and IFR 2020: pages 38 to 44.
442(c)	Disclosure of pre-CRM EAD by exposure class.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 5 – Table 14
442(d)	Disclosure of pre-CRM EAD by geography and exposure class.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 Chapter 5 – Table 15 and and Chapter 7 – Table 30
442(e)	Disclosure of pre-CRM EAD by industry and exposure class.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 5 – Table 16 and Chapter 7 – Table 29
442(f)	Disclosure of pre-CRM EAD by residual maturity and exposure class.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 5 – Table 17.
442(g)	Breakdown of impaired, past due, specific and general credit risk adjustments, and impairment charges for the period, by industry.	P3: AIB Group Pillar 3 Disclosures at 30 June 2020 - Appendix 4 – Table 36.
442(h)	Impaired, past due exposures, by geographical area, and amounts of specific and general impairment for each geography.	P3: AIB Group Pillar 3 Disclosures at 30 June 2020 - Appendix 4 – Table 36.
442(i)	Reconciliation of changes in specific and general credit risk adjustments.	P3: AIB Group Pillar 3 Disclosures at 30 June 2020 - Chapter 7– Table 22.
442	Specific credit risk adjustments recorded in income statement to be disclosed separately.	P3: AIB Group Pillar 3 Disclosures at 30 June 2020 - Appendix 4 – Table 36.
CRR 443:	**Unencumbered assets**	
443	Disclosures on unencumbered assets.	Annual Template
CRR 444:	**Use of ECAIs**	
444(a)	Names of the ECAIs used in the calculation of Standardised Approach risk-weighted assets and reasons for any changes.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 4 – page 36
444(b)	Exposure classes associated with each ECAI.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 5 – Table 25
444(c)	Process used to transfer credit assessments to nontrading book items.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 4 – page 36
444(d)	Mapping of external rating to Credit Quality Step.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 Chapter 4 – Table 25 and Table 26.
444(e)	Exposure value pre and post-credit risk mitigation, by Credit Quality Step.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 Chapter 4– pages 36 to 55 and Chapter 6 – page 56.
CRR 445:	**Exposure to market risk**	
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	P3: Chapter 8.
CRR 446:	**Operational risk**	
446	Scope of approaches used to calculate operational risk.	P3: Chapter 3 and AFR 2019: pages 163 and 164.
CRR 447:	**Exposures in equity not included in the trading book**	
447(a)	Differentiation of exposures based on objectives and an overview of accounting techniques and valuation methodologies.	Immaterial, not disclosed.
447(b)	Comparison between balance sheet value, the fair value and, for those exchange-traded, a comparison to the market price where it is materially different from the fair value.	Immaterial, not disclosed.
447(c)	The types, nature and amounts of exchange-traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures.	Immaterial, not disclosed.
447(d)	Realised gains or losses arising from sales and liquidations in the period.	Immaterial, not disclosed.
447(e)	Total unrealised gains or losses, the total latent revaluation gains or losses, and any of these amounts included in the original or additional own funds.	Immaterial, not disclosed.
CRR 448:	**Exposure to interest rate risk on positions not included in the trading book**	
448(a)	Nature of the interest rate risk and the key assumptions, and frequency of measurement of the interest rate risk.	Annual disclosure.
448(b)	Variation in earnings, economic value or other relevant measure used by the bank for upward and downward rate shocks according to the banks method for measuring the interest rate risk, broken down by currency.	Annual disclosure.

CRR Roadmap

CRR Ref	High Level Summary	AIB Group compliance reference
CRR 449:	**Exposure to securitisation positions**	
449(a)	Objectives in relation to securitisation activity.	Immaterial, position reflected in OV1.
449(b)	Nature of other risks in securitised assets, including liquidity.	Immaterial, position reflected in OV1.
449(c)	Risks in re-securitisation activity stemming from seniority of underlying securitisations and ultimate underlying assets.	Immaterial, position reflected in OV1.
449(d)	The roles played by the institution in the securitisation process.	Immaterial, position reflected in OV1.
449(e)	Indication of the extent of involvement in roles.	Immaterial, position reflected in OV1.
449(f)	Processes in place to monitor changes in credit and market risks of securitisation exposures, and how the processes differ for re-securitisation exposures.	Immaterial, position reflected in OV1.
449(g)	Description of the institution's policies with respect to hedging and unfunded protection, and identification of material hedge counterparties.	Immaterial, position reflected in OV1.
449(h)	Approaches to the calculation of risk-weighted assets for securitisations mapped to types of exposures.	Immaterial, position reflected in OV1.
449(i)	Types of SSPEs used to securitise third-party exposures as a sponsor.	Not applicable.
449(j)	Summary of accounting policies for securitisations.	Immaterial, position reflected in OV1.
449(k)	Names of ECAIs used for securitisations and type.	Immaterial, position reflected in OV1.
449(l)	Full description of Internal Assessment Approach.	Immaterial, position reflected in OV1.
449(m)	Explanation of significant changes in quantitative disclosures.	Immaterial, position reflected in OV1.
449(n)	Banking and trading book securitisation exposures separately as appropriate:	
449(n)(i)	Amount of outstanding exposures securitised.	Immaterial, position reflected in OV1.
449(n)(ii)	On-balance sheet securitisation retained or purchased, and off-balance sheet exposures.	Immaterial, position reflected in OV1.
449(n)(iii)	Amount of assets awaiting securitisation.	None.
449(n)(iv)	Early amortisation treatment; aggregate drawn exposures, capital requirements.	None.
449(n)(v)	Deducted or 1,250%-weighted securitisation positions.	None.
449(n)(vi)	Amount of exposures securitised and recorded gains or losses on sales.	Immaterial, position reflected in OV1.
449(o)	Banking and trading book securitisations by risk band.	Immaterial, position reflected in OV1.
449(o)(i)	Retained and purchased positions and associated capital requirements, broken down by risk-weight bands.	Immaterial, position reflected in OV1.
449(o)(ii)	Retained and purchased re-securitisation positions before and after hedging and insurance before and after hedging and insurance; exposure to financial guarantors broken down by guarantor credit worthiness.	Not applicable.
449(p)	Impaired assets and recognised losses related to banking book securitisations, by exposure type.	Not applicable.
449(q)	Exposure and capital requirements for trading book securitisations, separated into traditional and synthetic.	Not applicable.
449(r)	449(r) Whether the institution has provided non-contractual financial support to securitisation vehicles.	None.
CRR 450:	**Remuneration policy**	
450	Remuneration.	Annual disclosure.
CRR 451:	**Leverage**	
451 (1)	Institutions shall disclose:	
451(1)(a)	The leverage ratio;	P3: Chapter 2 – Table 12
451(1)(b)	A breakdown of the total exposure measure as well as a reconciliation of the total exposure measure to that disclosed in the published financial statements;	P3: Chapter 2 –Table 11, 12 and 13
451(1)(c)	Where applicable, the amount of derecognised fiduciary items;	Not applicable.
451(1)(d)	A description of the processes used to manage the risk of excessive leverage;	P3: Chapter 2 LRQua: Disclosure on qualitative items
451(1)(e)	Factors that had an impact on the leverage ratio during the period.	P3: Chapter 2 LRQua: Disclosure on qualitative items
451(2)	EBA shall develop draft implementing technical standards.	AIB follows the current standards.

CRR Roadmap

CRR Ref	High Level Summary	AIB Group compliance reference
CRR 452:	**Use of the IRB Approach to credit risk**	
452(a)	Permission for use of the IRB approach from the competent authority.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 Chapter 4 – pages 32 to 35.
452(b)(i)	Internal rating scales, mapped to external ratings.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 4 – page 35.
452(b)(ii)	Use of internal ratings for purposes other than capital requirement calculations.	AFR 2019: pages 82 and 83.
452(b)(iii)	Management and recognition of credit risk mitigation.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 4 – page 33.
452(b)(iv)	Controls around ratings systems.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 4 – pages 32 to 35.
452(c)	Description of ratings processes for each IRB asset class.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 4 – pages 33 to 35.
452(d)	Exposure values by IRB exposure class, separately for Advanced and Foundation IRB.	P3: Chapter 5 – Table 15.
452(e)(i)	Total exposure, separating drawn and undrawn exposure.	P3: Chapter 5 – Table 15.
452(e)(ii)	Exposure-weighted average risk weight.	P3: Chapter 5 – Table 15.
452(e)(iii)	Undrawn commitments and the exposure-weighted average Credit Conversion Factor (CCF).	P3: Chapter 5 – Table 15.
452(f)	The requirements laid out in 452(e) for the Retail exposure class.	P3: Chapter 5 – Table 15.
452(g)	Actual specific risk adjustments for the period and explanation of changes.	P3: Chapter 7 - Table 20 and Table 22
452(h)	Commentary on drivers of losses in preceding period.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 7 - Table 34.
452(i)	Estimates against actual losses for sufficient period, and historical analysis to help assess the performance of the rating system over a sufficient period.	P3: AIB Group Pillar 3 Disclosures at 31 December 2019 - Chapter 7 - Table 34.
452(j)	For all IRB exposures: Where applicable, PD and LGD by each country where the bank operates.	Annual disclosure.
CRR 453:	**Use of credit risk mitigation techniques**	
453(a)	Use of on and off-balance sheet netting.	AFR 2019: page 84.
453(b)	How collateral valuation is managed.	AFR 2019: pages 84 and 85.
453(c)	Description of types of collateral used by the institution.	P3: Chapter 6, and AFR 2019: pages 84 and 85.
453(d)	Main types of guarantor and credit derivative counterparty, creditworthiness.	AFR 2019: page 85.
453(e)	Market or credit risk concentrations within risk	P3: Chapter 6.
453(f)	Standardised or Foundation IRB Approach, exposure value covered by eligible collateral.	P3: Chapter 6.
453(g)	Exposures covered by guarantees or credit derivatives.	P3: Chapter 5 - Table 16; and Chapter 6.
CRR 454:	**CRR 454: Use of the Advanced Measurement Approaches to operational risk**	
454	Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk.	Not applicable.
CRR 455:	**Use of Internal Market Risk Models**	
455(a)(i)	Disclosure of the characteristics of the market risk models.	Not applicable.
455(a)(ii)	Disclosure of the methodologies used to measure incremental default and migration risk.	Not applicable.
455(a)(iii)	Descriptions of stress tests applied to the portfolios.	Not applicable.
455(a)(iv)	Methodology for back-testing and validating the models.	Not applicable.
455(b)	Scope of permission for use of the models.	Not applicable.
455(c)	Policies and processes to determine trading book classification, and to comply with prudential valuation requirements.	Not applicable.
455(d)	High/Low/Mean values over the year of VaR, SVaR and incremental risk charge.	Not applicable.
455(e)	The elements of the own fund calculation.	Not applicable.
455(f)	Weighted average liquidity horizons of portfolios covered by models.	Not applicable.
455(g)	Comparison of end-of-day VaR measures compared with one day changes in the portfolio's value.	Not applicable.

Disclosures of non-performing and forborne exposures

Guidelines on disclosure of non-performing and forborne exposures - EBA/GL/2018/10 are disclosed in this report as located in the table below.

EBA Template	Template title	Pillar 3 location
Template 1	Credit quality of forborne exposures	Table 23
Template 2	Quality of forbearance	Only prepared annually
Template 3	Credit quality of performing and non-performing exposures by past due days	Table 24
Template 4	Performing and non-performing exposures and related provisions	Table 25
Template 5	Quality of non-performing exposures by geography	Table 26
Template 6	Credit quality of loans and advances by industry	Table 27
Template 7	Collateral valuation – loans and advances	Only prepared annually
Template 8	Changes in the stock of non-performing loans and advances	Only prepared annually
Template 9	Collateral obtained by taking possession and execution processes	Table 28
Template 10	Collateral obtained by taking possession and execution processes – vintage breakdown	Only prepared annually

Glossary

Glossary of definitions and explanations

A

Additional Tier 1 capital – ("AT1") are securities issued by AIB and included in its capital base as fully CRD IV compliant additional tier 1 capital on a fully loaded basis.

Arrears – Relate to any interest or principal on a loan which was due for payment, but where payment has not been received. Customers are said to be in arrears when they are behind in fulfilling their obligations with the result that an outstanding loan is unpaid or overdue.

B

Banking book (also non-trading book) – A regulatory classification to support the regulatory capital treatment that applies to all exposures which are not in the trading book. Banking book positions tend to be structural in nature and, typically, arise as a consequence of the size and composition of a bank's balance sheet. Examples include the need to manage the interest rate risk on fixed rate mortgages or rate insensitive current account balances. The banking book portfolio will also include all transactions/ positions which are accounted for on an interest accruals basis or, in the case of financial instruments in a held to collect and sell business model, on a fair value through other comprehensive income (FVOCI) basis.

Basel II – A set of banking regulations issued in 2004 by the Basel Committee on Bank Supervision, which regulated finance and banking internationally. It was implemented into EU law by Directive 2006/48/EC and Directive 2006/49/EC. Basel II attempted to integrate Basel capital standards with national regulations, by setting the minimum capital requirements of financial institutions with the goal of ensuring institution liquidity.

Basel III – A comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector. These measures aim to:
– improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source;
– improve risk management and governance; and
– strengthen banks' transparency and disclosures. Basel III is part of the Committee's continuous effort to enhance the banking regulatory framework.
Basel III builds on the International Convergence of Capital Measurement and Capital Standards document (Basel II). CRD IV implements the Basel III agreement in the EU framework.

Basis points ("bps") – One hundredth of a per cent (0.01%), so 100 basis points is 1%. Used in quoting movements in interest rates or yields on securities.

C

Carrying value – An accounting measure of value, where the value of an asset or a company is based on the figures in the company's statement of financial position (balance sheet). This is the amount at which an asset is recognised in the balance sheet after deducting accumulated depreciation and accumulated impairment. This is different from market value, as it can be higher or lower depending on the circumstances, the asset in question and the accounting practices that affect those assets.

Capital Requirements Directive ("CRD") – Capital adequacy legislation implemented by the European Union and adopted by Member States designed to ensure the financial soundness of credit institutions and certain investment firms and give effect in the EU to the Basel II proposals which came into force on 20 July 2006.

Capital Requirements Directive IV ("CRD IV") – Which came into force on 1 January 2014, comprises a Capital Requirements Directive and a Capital Requirements Regulation which implements the Basel III capital proposals together with transitional arrangements for some of its requirements. The Regulation contains the detailed prudential requirements for credit institutions and investment firms. Requirements Regulation (No. 575/2013) ("CRR") and the Capital Requirements Directive (2013/36/EU).

Central Bank of Ireland – ("Central Bank" or "CBI") is responsible for both central banking and financial regulation and was created under the Central Bank Reform Act 2010. The Central Bank has a legal mandate, in both domestic legislation and under the Maastricht Treaty, to contribute to financial stability both in Ireland and across the eurozone. Historically, the Central Bank had overall responsibility for the authorisation and supervision of credit institutions operating in Ireland. From 4 November 2014, a number of supervisory responsibilities and decision making powers moved to the ECB (see Single Supervisory Mechanism below).

Common equity tier 1 capital ("CET1") – The highest quality form of regulatory capital under Basel III that comprises common shares issued and related share premium, retained earnings and other reserves excluding cash flow hedging reserves, and deducting specified regulatory adjustments.

Common equity tier 1 ratio – A measurement of a bank's common equity tier 1 capital expressed as a percentage of its total risk weighted assets.

Counterparty credit exposure ("CCE") – A measure of the amount that would be lost in the event that a counterparty to a financial contract defaults prior to its maturity. If, at that time the Group were to incur a loss to replace the contract, this would give rise to a claim on the counterparty. CCE consists partly of the contract's current replacement cost (or mark-to-market) and partly of potential future exposure. The potential future exposure component is an estimation which reflects possible changes in market values during the remaining life of the individual contract. The CCE for an individual counterparty will take into account the existence of valid bilateral netting or collateral agreements, where these are in place.

Credit conversion factor ("CCF") – Converts off-balance sheet items and items which are committed but undrawn into onbalance sheet credit exposure equivalents. An estimate is made of the proportion of undrawn commitments expected to have been drawn at the point of default. Conversion factor is the ratio of the currently undrawn amount of a commitment that will be drawn and outstanding at default to the currently undrawn amount of the commitment. The extent of the commitment is determined by the advised limit, unless the unadvised limit is higher.

Credit default swap ("CDS") – An agreement between two parties whereby one party pays the other a fixed coupon over a specified term. The other party makes no payment unless a specified credit event, such as a default, occurs, at which time a payment is made and the swap terminates. Credit default swaps are typically used by the purchaser to provide credit protection in the event of default by a counterparty.

Credit derivatives – Financial instruments where credit risk connected with loans, bonds or other risk weighted assets or market risk positions is transferred to counterparties providing credit protection. The credit risk might be inherent in a financial asset such as a loan or might be a generic credit risk such as the bankruptcy risk of an entity.

Credit impaired – Under IFRS 9, these are Stage 3 financial assets where there is objective evidence of impairment and, therefore, considered to be in default. A lifetime ECL is recognised for such assets.

Credit risk mitigation ("CRM") – Techniques used by lenders to reduce the credit risk associated with an exposure by the application credit risk mitigants. Examples include: collateral; guarantees; and credit protection.

Glossary

D

Default – When a customer breaches a term and/or condition of a loan agreement, a loan is deemed to be in default for case management purposes. Depending on the materiality of the default, if left unmanaged it can lead to loan impairment. Default is also used in a CRD IV context when a loan is greater than 90 days past due and/or the borrower is unlikely to pay his credit obligations. This may require additional capital to be set aside.

E

EBA – The European Banking Authority ("EBA") is an independent EU Banking Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector.

Expected credit loss ("ECLs") – The weighted average of credit losses with the respective risks of a default occurring as the weights. This is an accounting measure of losses under IFRS 9 for financial reporting purposes.

Expected loss ("EL") – The amount expected to be lost on an exposure from a potential default of a counterparty over a one year period. EL is calculated by multiplying the EAD (an amount) by the PD (a percentage) and by LGD (a percentage).

Exposure at default ("EAD") – The expected or actual amount of exposure to the borrower at the time of default.

Exposure value – For on-balance sheet exposures, it is the amount outstanding less provisions and collateral held taking into account relevant netting agreements. For off-balance sheet exposures, including commitments and guarantees, it is the amount outstanding less provisions and collateral held taking into account relevant netting agreements and credit conversion factors.

F

Fair value – The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

Forbearance – Is the term used when repayment terms of a loan contract have been renegotiated in order to make these terms more manageable for borrowers. Standard forbearance techniques have the common characteristic of rescheduling principal or interest repayments, rather than reducing them. Standard forbearance techniques employed by the Group include: - interest only; a reduction in the payment amount; a temporary deferral of payment (a moratorium); extending the term of the loan; and capitalising arrears amounts and related interest.

G

Gross exposure – The exposure at default before Credit Risk Mitigation ("CRM"), Credit Conversion Factors ("CCF") and other offsets. See Credit Risk Mitigation and Credit Conversion Factor defined above.

I

Impaired loans – See credit impaired above.

Internal Ratings Based Approach ("IRBA") – Allows banks, subject to regulatory approval, to use their own estimates of certain risk components to derive regulatory capital requirements for credit risk across different asset classes. The relevant risk components are: Probability of Default ("PD"); Loss Given Default ("LGD"); and Exposure at Default ("EAD").

Items associated with particularly high risk – A CRD IV exposure class whereby institutions assign a 150% risk weight to exposures, including exposures in the form of shares or units in a CIU that are associated with particularly high risks, where appropriate. Exposures with particularly high risks include any of the following exposures:
– investments in venture capital firms;
– investments in Alternative Investment Funds as defined in Article 4(1)(a) of Directive 2011/61/EU except where the mandate of the fund does not allow a leverage higher than that required under Article 51(3) of Directive 2009/65/EC;
– investments in private equity; and
– speculative immovable property financing.

L

Leverage ratio – To prevent an excessive build-up of leverage on institutions' balance sheets, Basel III introduced a non-riskbased leverage ratio to supplement the risk-based capital framework of Basel II. It is defined as the ratio of tier 1 capital to total exposures. Total exposures include on-balance sheet items, off-balance sheet items and derivatives, and should generally follow the accounting measure of exposure.

Liquidity Coverage Ratio ("LCR") – The ratio of the stock of high quality liquid assets to expected net cash outflows over the next 30 days under a stress scenario. CRD IV requires that this ratio exceeds 100% on 1 January 2018.

Loss Given Default ("LGD") – The expected or actual loss in the event of default, expressed as a percentage of 'exposure at default'.

Loans past due – When a borrower fails to make a contractually due payment, a loan is deemed to be past due. 'Past due days' is a term used to describe the cumulative number of days that a missed payment is overdue. Past due days commence from the close of business on the day on which a payment is due but not received. In the case of overdrafts, past due days are counted once a borrower:
– has breached an advised limit;
– has been advised of a limit lower than the then current amount outstanding; or
– has drawn credit without authorisation.
When a borrower is past due, the entire exposure is reported as past due, rather than the amount of any excess or arrears.

M

Mark-to-market – The mark-to-market of a derivative security represents its replacement cost at a point in time.

N

Net Stable Funding Ratio ("NSFR") – The ratio of available stable funding to required stable funding over a 1 year time horizon.

Non-performing exposures ("NPEs") – Non-performing exposures are defined by the European Banking Authority to include material exposures which are more than 90 days past due (regardless of whether they are impaired) and/or exposures in respect of which the debtor is assessed as unlikely to pay his/her credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or the number of days the exposure is past due.

Glossary

O

Off-balance sheet items – Include undrawn commitments to lend, guarantees, letters of credit, acceptances and other items as listed in Annex I of the CRR.

Operational risk – The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk, but excludes strategic and business risk. In essence, operational risk is a broad canvas of individual risk types which include product and change risk, outsourcing, information security, cyber, business continuity, health and safety risks, people risk and legal risk.

P

Pillar 1 – minimum capital requirements – The part of the Basel Accord setting out the calculation of regulatory capital for credit, market and operational risk.

Pillar 2 – supervisory review process - The part of the Basel Accord intended to ensure that banks have adequate capital to support all the risks in their business and also develop and use better risk management techniques in monitoring and managing these risks.

Pillar 3 – market discipline – The part of the Basel Accord which sets out the disclosure requirements for banks to publish certain details of their risks, capital and risk management, with the aim of strengthening market discipline.

Potential future exposure ("PFE") – A measure of counterparty risk/credit risk and is defined as the maximum expected credit exposure over a specified period of time calculated at some level of confidence.

Probability of default ("PD") – The likelihood that a borrower will default on an obligation to repay.

R

Regulatory capital – Regulatory capital which AIB holds, determined in accordance with rules established by the SSM/ECB for the consolidated Group and by local regulators for individual Group companies.

Repurchase agreement ("repo") – A short-term funding agreement that allows a borrower to create a collateralised loan by selling a financial asset to a lender. As part of the agreement, the borrower commits to repurchase the financial asset at a date in the future, repaying the proceeds of the loan. For the counterparty to the transaction it is termed a reverse repurchase agreement or a reverse repo.

Risk weighted assets ("RWAs") – A measure of assets (including off-balance sheet items converted into asset equivalents e.g. credit lines) which are weighted in accordance with prescribed rules and formulas as defined in the Basel Accord to reflect the risks inherent in those assets.

S

Securitisation – The process of aggregating and repackaging non-tradable financial instruments such as loans and advances, or company cash flows into securities that can be issued and traded in the capital markets.

Securitisation position – An exposure to a securitisation.

Single Supervisory Mechanism ("SSM") – A system of financial supervision comprising the European Central Bank ("ECB") and the national competent authorities of participating EU countries. The main aims of the SSM are to ensure the safety and soundness of the European banking system and to increase financial integration and stability in Europe.

T

Tier 1 capital – A measure of a bank's financial strength defined by the Basel Accord. It captures common equity tier 1 capital and other instruments in issue that meet the criteria for inclusion as additional tier 1 capital. These are subject to certain regulatory deductions.

Tier 2 capital – Broadly includes qualifying subordinated debt and other tier 2 securities in issue. It is subject to adjustments relating to the excess of expected loss on the IRBA portfolios over the accounting expected credit losses on the IRBA portfolios, securitisation positions and material holdings in financial companies.

Total exposure – See exposure value.

Trading book – Includes all securities and interest rate derivatives that are held for trading purposes in the Treasury function. These are revalued daily at market prices (marked to market) and any changes in value are immediately recognised in the income statement.

Appendix 1. Own funds

Summary information on the main components of own funds, and their terms and conditions as applicable, is set out below. Further information relating to the terms and conditions is published separately at http://aib.ie/investorrelations.

Common equity tier 1

Common equity tier 1 ("CET1") comprises shareholders' equity adjusted as appropriate in accordance with the provisions of CRD IV.

Shareholders' equity

The principal components of shareholders' equity are set out below:

Share capital/share premium

Ordinary share capital comprising shares of the parent company represent funds raised by issuing shares in return for cash or other consideration. When shares are issued at a premium whether for cash or otherwise, the excess of the amount received over the par value of the shares is transferred to share premium.

Other capital reserves

Other capital reserves represent transfers from retained earnings in accordance with relevant legislation.

Capital contributions

Capital contributions represent the receipt of non-refundable consideration arising from transactions with the Irish Government. These contributions comprise both financial and non-financial net assets. The contributions are classified as equity and may be either distributable or non-distributable. Capital contributions are distributable if the assets received are in the form of cash or another asset that is readily convertible to cash, otherwise, they are treated as non-distributable. Capital contributions arose during 2011 from (a) EBS transaction; (b) Anglo transaction; (c) issue of contingent capital notes; and (d) non-refundable receipts from the Irish Government.

The capital contribution from the EBS transaction is treated as non-distributable as the related net assets received were largely non-cash in nature.

In the case of the Anglo transaction, the excess of the assets over the liabilities comprised of NAMA senior bonds. On initial recognition, this excess was accounted for as a non-distributable capital contribution. However, according as NAMA repaid these bonds, the proceeds received were deemed to be distributable and the relevant amount was transferred from the capital contribution account to revenue reserves. All NAMA senior bonds were fully repaid at 31 December 2017.

Non-refundable capital contributions amounting to € 6,054 million received from the Irish Government in 2011 are considered distributable. These are included in revenue reserves.

Revaluation reserves

Revaluation reserves represent the unrealised surplus, net of tax, which arose on revaluation of properties prior to the implementation of IFRS at 1 January 2004.

Investment securities reserves

Investment securities reserves represent the net unrealised gains and losses, net of tax, arising from the recognition in the statement of financial position of investment securities at fair value through other comprehensive income ("FVOCI"). The CRR transitional provisions in relation to investment securities expired at the end of 2017. At 30 June 2020, 100% of investment securities reserves are included in common equity tier 1 capital.

Cash flow hedging reserves

Cash flow hedging reserves represent the gains and losses, net of tax, on effective cash flow hedging instruments that will be reclassified to the income statement when the hedged transaction affects profit or loss. These reserves are not allowable for capital adequacy purposes.

Dividends and distributions

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders, or in the case of the interim dividend when they become irrevocable having already been approved for payment by the Board of Directors.

The interim dividend may be cancelled at any time prior to the actual payment. Proposed dividends and foreseeable charges are deducted from Common Equity Tier 1 capital in accordance with Article 26(2) of the Capital Requirements Regulations.

Revenue reserves

Revenue reserves represent retained earnings of the parent company, subsidiaries and associated undertakings together with amounts transferred from issued share capital, share premium and capital redemption reserves following Irish High Court approval. They also include amounts arising from the capital reduction which followed the 'Scheme of Arrangement' undertaken by the Group in December 2017.

The cumulative surplus/deficit within the defined benefit pension schemes and other appropriate adjustments are included in/offset revenue reserves.

Appendix 1. Own funds

Foreign currency translation reserves

Foreign currency translation reserves represent the cumulative gains and losses on the retranslation of the Group's net investment in foreign operations, at the rate of exchange at the year end reporting date net of the cumulative gain or loss on instruments designated as net investment hedges.

Merger reserve

Under the Scheme of Arrangement ('the Scheme') approved by the High Court on 6 December 2017 which became effective on 8 December 2017, a new company, AIB Group plc ('the Company'), was introduced as the holding company of AIB Group. AIB Group plc is a public limited company registered in Ireland. The share capital of Allied Irish Banks, p.l.c., other than a single share owned by AIB Group plc, was cancelled and an equal number of new shares were issued by the Company to the shareholders of Allied Irish Banks, p.l.c. The difference between the carrying value of the net assets of Allied Irish Banks, p.l.c. entity on acquisition by the Company and the nominal value of the shares issued on implementation of the Scheme was accounted for as a merger reserve. Impairment losses arising from AIB Group plc's investment in Allied Irish Banks, p.l.c. will be charged to the profit or loss account and transferred to the merger reserve in so far as a credit balance remains in the merger reserve.

In the consolidated financial statements of AIB Group plc, the transaction was accounted for under merger accounting. Accordingly, the carrying value of the investment in Allied Irish Banks, p.l.c. by AIB Group plc is eliminated against the share capital and share premium account in Allied Irish Banks, p.l.c. and the merger reserve in AIB Group plc resulting in a negative merger reserve.

Regulatory adjustments to shareholders' equity

The following deductions have been made in accordance with CRD IV in computing regulatory capital:

– Intangibles - deducted from capital;

– Cash flow hedging reserves - not included in capital;

– Investment securities reserves - 100% of the investment securities reserves are recognised at 30 June 2020.

– Pension reserves in surplus - deduct from capital the total pension reserves of schemes in surplus;

– Pension deficit - 100% of the pension deficit is deducted from CET1 as per CRD IV;

– Deferred tax assets that rely on future profitability - deducted from capital at 10% per annum, which commenced in 2015. Therefore, 60% is deducted from capital in 2020;

– Excess of expected loss over IRB provisions - deducted from capital; and

– IFRS 9 - The Group applies the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds as per Regulation (EU) 2017/2395 of the European Parliament and of the Council. The phase in rate at 30 June 2020 was 30% (2019: 15%). The Group also applies the new transitional arrangements as per Regulation (EU) 2020/873 of the European Parliament and of the Council which allows any increase in new expected credit loss provisions on non-credit impaired loans to be fully added back to CET1 in 2020.

Tier 1 capital
€294m Additional Tier 1 perpetual contingent write down securities issued 3 December 2015

€294m AT1 outstanding of the €500m issued in 2015 following the buy back of €206m in June 2020.

Interest on the securities, at a fixed rate of 7.375% per annum, is payable semi-annually in arrears on 3 June and 3 December, commencing on 3 June 2016. On the first reset date on 3 December 2020, in the event that the securities are not redeemed, interest will be reset to the relevant 5 year rate plus a margin of 7.339%. Allied Irish Banks, p.l.c. has sole and absolute discretion at all times to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date. In addition, there are certain limitations on the payment of interest if such payments are prohibited under Irish banking regulations or regulatory capital requirements, if Allied Irish Banks, p.l.c. has insufficient reserves available for distribution or if Allied Irish Banks, p.l.c. fails to satisfy the solvency condition as defined in the securities terms. Any interest not paid on an interest payment date by reason of the provisions as to cancellation of interest or by reason of the solvency condition set out in the terms and conditions, will not accumulate or be payable thereafter.

The securities are perpetual securities with no fixed redemption date. Allied Irish Banks, p.l.c. may, in its sole and full discretion, redeem all (but not some only) of the securities on the first call date or on any interest payment date thereafter at the prevailing principal amount together with accrued but unpaid interest. However, redemption is subject to the permission of the Single Supervisory Mechanism/Central Bank of Ireland who have set out certain conditions in relation to redemption, purchase, cancellation and modification of these securities. In addition, the securities are redeemable at the option of Allied Irish Banks, p.l.c. for certain regulatory or tax reasons.

The securities, which do not carry voting rights, rank pari passu with holders of other tier 1 instruments (excluding the Company's ordinary shares) and with the holders of preference shares, if any, which have a preferential right to a return of assets in a windingup of Allied Irish Banks, p.l.c. They rank ahead of the holders of ordinary share capital of the Company but junior to the claims of senior creditors.

If the CET1 ratio of Allied Irish Banks, p.l.c. or of the Group at any time falls below 7% (a Trigger Event) and is not in winding-up, subject to certain conditions, Allied Irish Banks, p.l.c. may write down the AT1s by the lower of the amount necessary to generate sufficient common equity tier 1 capital to restore the CET1 ratio to 7% or the amount that would reduce the prevailing principal amount to zero. To the extent permitted, in order to comply with regulatory capital and other requirements, Allied Irish Banks, p.l.c. may at its sole and full discretion reinstate any previously written down amount.

Under CRD IV, a portion of the capital reserves attributable to the Additional Tier 1 Securities issued by Allied Irish Banks, p.l.c., which exceed the minimum own funds requirement, is not recognised for AIB Group plc consolidated regulatory capital purposes. This restriction reduced qualifying transitional tier 1 capital by € 122 million at June 2020.

Appendix 1. Own funds

€500m Additional Tier 1 perpetual contingent write down securities issued 2 October 2019

On 2 October 2019 part of its capital reorganisation, AIB Group plc. issued € 500 million nominal value of Additional Tier 1 Perpetual Contingent Temporary Write-down Securities ('AT1s'). The securities, which are accounted for as equity in the statement of financial position, are included in the Group consolidated capital position. The securities have been downstreamed in the same form to its subsidiary, Allied Irish Banks, p.l.c.

Interest on the securities, at a fixed rate of 5.25% per annum, is payable semi-annually in arrears on 9 April and 9 October, commencing on 9 April 2020. On the first reset date in the event that the securities are not redeemed, interest will be reset to the relevant 5 year rate plus a margin. AIB Group plc. has sole and absolute discretion at all times to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date. In addition, there are certain limitations on the payment of interest if such payments are prohibited under Irish banking regulations or regulatory capital requirements, if AIB Group plc. has insufficient reserves available for distribution or if AIB Group plc. fails to satisfy the solvency condition as defined in the securities terms. Any interest not paid on an interest payment date by reason of the provisions as to cancellation of interest or by reason of the solvency condition set out in the terms and conditions, will not accumulate or be payable thereafter.

The securities are perpetual securities with no fixed redemption date. AIB Group plc. may, in its sole and full discretion, redeem all (but not some only) of the securities on the first call date or on any interest payment date thereafter at the prevailing principal amount together with accrued but unpaid interest. However, redemption is subject to the permission of the Single Supervisory Mechanism/Central Bank of Ireland who have set out certain conditions in relation to redemption, purchase, cancellation and modification of these securities. In addition, the securities are redeemable at the option of AIB Group plc. for certain regulatory or tax reasons.

The securities, which do not carry voting rights, rank pari passu with holders of other tier 1 instruments (excluding the Company's ordinary shares) and with the holders of preference shares, if any, which have a preferential right to a return of assets in a windingup of AIB Group plc. They rank ahead of the holders of ordinary share capital of the Company but junior to the claims of senior creditors.

If the CET1 ratio of the Group at any time falls below 7% (a Trigger Event) and is not in winding-up, subject to certain conditions, the issuer. may write down the AT1s by the lower of the amount necessary to generate sufficient common equity tier 1 capital to restore the CET1 ratio to 7% or the amount that would reduce the prevailing principal amount to zero. To the extent permitted, in order to comply with regulatory capital and other requirements, the issuer may at its sole and full discretion reinstate any previously written down amount.

€625m Additional Tier 1 perpetual contingent write down securities issued 23 June 2020

On 23 June 2020 AIB Group plc. issued € 625 million nominal value of Additional Tier 1 Perpetual Contingent Temporary Write-down Securities ('AT1s'). The securities, which are accounted for as equity in the statement of financial position, are included in the Group consolidated capital position. The securities have been downstreamed in the same form to its subsidiary, Allied Irish Banks, p.l.c.

Interest on the securities, at a fixed rate of 6.25% per annum, is payable semi-annually in arrears on 23 June and 23 December, commencing on 23 December 2020. On the first reset date in the event that the securities are not redeemed, interest will be reset to the relevant 5 year rate plus a margin. AIB Group plc. has sole and absolute discretion at all times to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date. In addition, there are certain limitations on the payment of interest if such payments are prohibited under Irish banking regulations or regulatory capital requirements, if AIB Group plc. has insufficient reserves available for distribution or if AIB Group plc. fails to satisfy the solvency condition as defined in the securities terms. Any interest not paid on an interest payment date by reason of the provisions as to cancellation of interest or by reason of the solvency condition set out in the terms and conditions, will not accumulate or be payable thereafter.

The securities are perpetual securities with no fixed redemption date. AIB Group plc. may, in its sole and full discretion, redeem all (but not some only) of the securities on the first call date or on any interest payment date thereafter at the prevailing principal amount together with accrued but unpaid interest. However, redemption is subject to the permission of the Single Supervisory Mechanism/Central Bank of Ireland who have set out certain conditions in relation to redemption, purchase, cancellation and modification of these securities. In addition, the securities are redeemable at the option of AIB Group plc. for certain regulatory or tax reasons.

The securities, which do not carry voting rights, rank pari passu with holders of other tier 1 instruments (excluding the Company's ordinary shares) and with the holders of preference shares, if any, which have a preferential right to a return of assets in a windingup of AIB Group plc. They rank ahead of the holders of ordinary share capital of the Company but junior to the claims of senior creditors.

If the CET1 ratio of the Group at any time falls below 7% (a Trigger Event) and is not in winding-up, subject to certain conditions, the issuer. may write down the AT1s by the lower of the amount necessary to generate sufficient common equity tier 1 capital to restore the CET1 ratio to 7% or the amount that would reduce the prevailing principal amount to zero. To the extent permitted, in order to comply with regulatory capital and other requirements, the issuer may at its sole and full discretion reinstate any previously written down amount.

Tier 2 capital

Broadly includes qualifying subordinated debt and other tier 2 securities in issue. It is subject to adjustments relating to the excess of expected loss on the IRBA portfolios over the accounting expected credit losses on the IRBA portfolios, securitisation positions and material holdings in financial companies.

Instruments issued by subsidiaries that are given recognition in tier 2 capital
€750m Subordinated Tier 2 Notes due 2025, Callable 2020

On 26 November 2015, Allied Irish Banks, p.l.c. issued € 750 million Subordinated Tier 2 Notes due 2025, Callable 2020. These notes mature on 26 November 2025 but can be redeemed in whole, but not in part, at the option of Allied Irish Banks, p.l.c. on the optional redemption date on 26 November 2020, subject to the approval of the Financial Regulator, with approval being conditional on meeting the requirements of the EU Capital Requirements Regulation.

The notes bear interest on the outstanding nominal amount at a fixed rate of 4.125%, payable annually in arrears on 26 November each year. The interest rate will be reset on 26 November 2020 to Eur 5 year Mid Swap rate plus the initial margin of 395 basis points.

Appendix 1. Own funds

Other subordinated term loan capital

Following the liability management exercises in 2011 and the Subordinated Liabilities Order ("SLO") in April 2011, residual balances remained on certain dated loan capital instruments. The SLO, which was effective from 22 April 2011, changed the terms of all of those outstanding dated loan agreements. The original liabilities were derecognised and new liabilities were recognised, with their initial measurement based on the fair value at the SLO effective date. The contractual maturity date changed to 2035 as a result of the SLO, with coupons to be payable at the option of Allied Irish Banks, p.l.c. These instruments will amortise to their nominal value in the period to their maturity in 2035.

Under CRD IV, a portion of the capital reserves attributable to the tier 2 capital instruments issued by Allied Irish Banks, p.l.c. as outlined above, which exceed the minimum own funds requirement, is not recognised for AIB Group plc consolidated regulatory capital purposes. This restriction* reduced qualifying transitional tier 2 capital by € 387 million.

€500m Subordinated Tier 2 Notes due 2029, Callable 2024

On 19 November 2019, AIB Group plc. issued € 500 million Subordinated Tier 2 Notes due 2029, callable 2024. These notes mature on 19 November 2029 but can be redeemed in whole, but not in part, at the option of AIB Group plc. on the optional redemption date on 19 November 2024, subject to the approval of the Financial Regulator, with approval being conditional on meeting the requirements of the EU Capital Requirements Regulation. The notes bear interest on the outstanding nominal amount at a fixed rate of 1.875%, payable annually in arrears on 19 November each year.

IRB excess of provisions over expected eligible losses

For IRB exposures, the total regulatory expected loss ("EL") on IRB loans is compared to the total expected credit loss ("ECL") attributed to those loans in the financial statements. If EL is greater than ECL, the excess is deducted from CET1. An excess of ECL over EL on exposures in default cannot be used to cover a deficit on non-default exposures, i.e. the CET 1 deduction is the greater of (i) the total excess of EL over ECL and (ii) the non-default excess of EL over ECL. Any excess of ECL over EL is added to tier 2 capital up to a limit of 0.6% of IRB risk weighted assets.

Other: Warrants

Warrants to acquire a fixed number of the Company shares for a fixed amount of currency are classified as equity instruments and are recognised on initial recognition at the fair value of consideration received.

Appendix 2. Transitional and fully loaded own funds

Table 33: Own funds

The table below sets out the own funds of AIB Group in accordance with Articles 4 and 5 of the commission implementing Regulation (EU) no 1423/2013.

	Transitional CRD IV		Fully loaded CRD IV	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	€m	€m	€m	€m
Common equity tier 1 capital: Instruments and reserves				
1 Capital instruments and the related share premium accounts				
- Ordinary stock	1,696	1,696	1,696	1,696
2 Retained earnings	13,032	13,088	13,032	13,088
3 Accumulated other comprehensive income (and other reserves)	(2,376)	(1,910)	(2,376)	(1,910)
5a Independently reviewed interim profits net of any foreseeable charge or dividend	-	138	-	138
6 Common equity tier 1 (CET 1) capital before regulatory adjustment	12,352	13,012	12,352	13,012
Common equity tier 1 (CET 1) capital: regulatory adjustments				
7 Additional value adjustments	(35)	(35)	(35)	(35)
8 Intangible assets (net of related tax liability)	(805)	(798)	(805)	(798)
10 Deferred tax asset that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(1,679)	(1,334)	(2,759)	(2,667)
11 Fair value reserves related to gains or losses on cash flow hedges	(573)	(469)	(573)	(469)
12 Negative amounts resulting from the calculation of expected loss amounts	-	(8)	-	(8)
15 Defined benefit pension fund assets	(42)	(31)	(42)	(31)
27a Other regulatory adjustments (including IFRS 9 transitional adjustments when relevant)	943	251	-	-
28 Total regulatory adjustments to common equity tier 1 (CET 1)	(2,191)	(2,424)	(4,214)	(4,008)
29 Common equity tier 1 (CET 1) capital	10,161	10,589	8,138	9,004
Additional tier 1 (AT1) capital: Instruments				
30 Capital instruments and the related share premium accounts				
31 - Classified as equity under applicable accounting standards	1,116	496	1,116	496
34 Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	122	129	152	159
Additional tier 1 (AT1) capital: before regulatory adjustments	1,238	625	1,268	655
43 Total regulatory adjustments to additional tier 1 (AT1)	-	-	-	-
44 Additional tier 1 (AT1) capital	1,238	625	1,268	655
45 Tier 1 capital (T1 = CET 1 + AT1)	11,399	11,214	9,406	9,659
Tier 2 (T2) capital: Instruments and provisions				
46 Capital instruments and the related share premium accounts	500	500	500	500
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	402	426	480	507
50 Credit Risk adjustments	110	-	110	-
Tier 2 (T2) capital before regulatory adjustments	1,012	926	1,090	1,007
Tier 2 (T2) capital: Regulatory adjustments				
56 Other regulatory adjustments (including IFRS 9 transitional adjustments when relevant)	(110)	-	-	-
57 Total regulatory adjustments to Tier 2 (T2) capital	(110)	-	-	-
58 Tier 2 (T2) capital	902	926	1,090	1,007
59 Total capital (TC = T1 + T2)	12,301	12,140	10,496	10,666
60 Total risk-weighted assets	50,395	52,121	49,763	51,999

Table 33: Own funds

	Capital ratios and buffers				
61	Common equity tier 1	**20.2%**	20.3%	**16.4%**	17.3%
62	Tier 1	**22.6%**	21.5%	**18.9%**	18.6%
63	Total Capital	**24.4%**	23.3%	**21.1%**	20.5%
64	Institution specific buffer requirement (CET 1 requirement in accordance with Article 92 (1) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount	**7.5036%**	8.3851%	**8.5036%**	9.3851%
65	of which: capital conservation buffer requirement	**2.5%**	2.5%	**2.5%**	2.5%
66	of which : countercyclical buffer requirement	**0.00356%**	0.8851%	**0.00356%**	0.8851%
67a	of which: Other Systemically Important Institution (O-SII) buffer	**0.50%**	0.5%	**1.5%**	1.5%
68	Common equity tier 1 available to meet buffers (1) (as a percentage of risk exposure amount)	**15.7%**	15.8%	**11.9%**	12.8%
	Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities				
	(amount below 10% threshold and net of eligible short positions)	**194**	188	**194**	188
73	Direct and indirect holdings of the capital of financial sector entities where the institution has a significant investment in those entities				
	(amount below 10% threshold and net of eligible short positions)	**111**	106	**111**	106
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	**68**	70	**68**	70
	Applicable caps on the inclusion of provision in Tier 2				
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**322**	344	**314**	342
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings based approach	**110**	113	**110**	113

(1) CET 1 in excess of 4.5%

Appendix 3. Countercyclical capital buffer

Table 34: Countercyclical capital buffer – geographical distribution of credit exposures

The following table sets out the Group's countercyclical capital buffer by geographical location:

30 June 2020

	General Credit Exposures		Trading Book Exposures	Securitisation Exposures		Own Funds Requirements [1]					
	Exposure Value for SA	Exposure Value for IRB	Sum of long and short positions of trading book exposures	Exposure Value for Securitisation positions	Total	General Credit Exposures	Trading book Exposures	Securitisation Exposures	Total	Own funds requirements weights [2]	Counter-cyclical capital buffer rate [3]
	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%
Breakdown by country:											
ROI	24,566	26,854	520	412	52,352	2,239	23	38	2,300	67.05	0.00
UK	9,313	718	-	-	10,031	720	-	-	720	20.98	0.00
Norway	-	10	-	-	10	1	-	-	1	0.02	1.00
Hong Kong	-	-	-	-	-	-	-	-	-	0	1.00
Luxembourg	215	452	-	-	667	46	-	-	46	1.33	0.25
Bulgaria	-	-	-	-	-	-	-	-	-	0	0.50
Czech Republic	-	-	-	-	-	-	-	-	-	0	1.00
Slovakia	-	-	-	-	-	-	-	-	-	0	1.50
Other	581	4,607	-	553	5,741	341	-	23	364	10.61	-
Total	34,675	32,641	520	965	68,801	3,347	23	61	3,431	100.00	0.0036

31 December 2019

	Exposure Value for SA	Exposure Value for IRB	Sum of long and short positions of trading book exposures	Exposure Value for SEC-ERBA	Exposure Value for SEC- IRB	Total	General Credit Exposures	Trading book Exposures	Securitisation Exposures	Total	Own funds requirements weights [2]	Counter-cyclical capital buffer rate [3]
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%
Breakdown by country:												
ROI	26,271	27,041	241	219	155	53,927	2,303	13	24	2,340	65.64	1.00
UK	10,241	759	-	-	-	11,000	786	-	-	786	22.05	1.00
France	83	593	-	-	14	690	44	-	-	44	1.23	0.25
Denmark	17	40	-	-	-	57	4	-	-	4	0.12	1.00
Sweden	-	45	-	-	-	45	5	-	-	5	0.13	2.50
Norway	-	10	-	-	-	10	1	-	-	1	0.02	2.50
Hong Kong	-	-	-	-	-	-	-	-	-	-	0	2.00
Slovakia	-	-	-	-	-	-	-	-	-	-	0	1.50
Bulgaria	-	-	-	-	-	-	-	-	-	-	0	0.50
Czech Republic	-	-	-	-	-	-	-	-	-	-	0	1.50
Iceland	-	-	-	-	-	-	-	-	-	-	-	1.75
Lithuania	-	-	-	-	-	-	-	-	-	-	0	1.00
Other	804	4,684	-	187	348	6,023	372	-	13	385	10.80	-
Total	37,416	33,172	241	406	517	71,752	3,515	13	37	3,565	100.00	0.8851

[1] Based on 8% of risk weighted assets.

[2] This is the own funds requirement of each country expressed over the total own funds requirement for CCyB.

[3] This is calculated as a weighted average of the CCyB rates applied to the own funds requirements weights for the countries included above.

The CCyB set by both the Central Bank of Ireland and the Bank of England was reduced to 0% in 2020.

Table 35: Countercyclical capital buffer

The additional countercyclical capital buffer requirement is shown below.

	30 June 2020	31 December 2019
Total risk exposure amount (€m)	**50,395**	52,121
Institution specific countercyclical capital buffer rate (%) [1]	**0.0036**	0.8851
Institution specific countercyclical capital buffer requirement (€m)	**2**	461

[1] Countercyclical capital buffer rate multiplied by Own funds requirement weights by country breakdown.

Appendix 4. Further analysis of the loan profile

Table 36: Loans and advances, loans past due but not impaired, impaired loans and provisions – industry and geographic distribution

The following table profiles the customer loan portfolio, loans past due, credit impaired, ECL allowance and credit impairment losses/(writeback) by industry sector and geography [1]

30 June 2020

	Gross loans and advances to customers [2]	Of which: past due	Of which: credit impaired [3]	ECL [4] allowance on gross loans and advances to customers - Balance sheet	ECL [4] allowance on credit impaired gross loans and advances to customers - Balance sheet	Credit impairment losses/(writeback) - Income statement
	€m	€m	€m	€m	€m	€m
Agriculture	1,713	57	102	73	35	32
Energy	1,553	4	29	22	2	15
Manufacturing	2,968	36	79	110	39	70
Property and construction	7,212	347	441	490	179	307
Distribution	5,196	237	362	357	102	235
Transport	1,904	75	54	32	11	21
Financial	725	4	3	13	2	4
Other services	5,564	107	174	183	64	126
Personal - Residential mortgages	31,027	1,341	2,255	836	618	279
Personal - Other	2,707	227	227	237	138	79
	60,569	2,435	3,726	2,353	1,190	1,168
Ireland	46,218	2,182	3,198	1,872	1,063	815
United Kingdom	8,836	233	417	310	108	201
Rest of World	5,515	20	111	171	19	152
	60,569	2,435	3,726	2,353	1,190	1,168

[1] The geographic breakdown in this table is based primarily on the country of risk.

[2] Includes loans and advances to customers at amortised cost and at FVTPL.

[3] Loans and advances to customers classifed as stage 3 under IFRS 9. Also included are loans and advances which were purchased or orignated as credit impaired.

[4] Expected credit loss ("ECL")

31 Decmber 2019

	Gross loans and advances to customers [2]	Of which: past due	Of which: credit impaired [3]	ECL [4] allowance on gross loans and advances to customers - Balance sheet	ECL [4] allowance on credit impaired gross loans and advances to customers - Balance sheet	Credit impairment losses/(writeback) - Income statement
	€m	€m	€m	€m	€m	€m
Agriculture	1,741	54	78	40	23	(17)
Energy	1,490	8	4	7	2	-3
Manufacturing	3,143	25	57	41	24	14
Property and construction	7,376	216	367	189	132	(47)
Distribution	5,257	86	173	125	49	-38
Transport	1,936	10	29	14	6	14
Financial	764	4	4	6	1	-
Other services	5,981	71	93	72	36	1
Personal - residential Mortgages	31,454	1,832	2,338	569	507	93
Personal : Other	2,984	259	191	175	115	10
	62,126	2,565	3,334	1,238	895	27
Ireland	46,970	2,336	3,002	1,087	828	(12)
United Kingdom	9,589	208	311	125	65	17
Rest of World	5,567	21	21	26	2	22
	62,126	2,565	3,334	1,238	895	27

[1] The geographic breakdown in this table is based primarily on the country of risk.

[2] Includes loans and advances to customers at amortised cost and at FVTPL.

[3] Loans and advances to customers classifed as stage 3 under IFRS 9. Also included are loans and advances which were purchased or orignated as credit impaired.

[4] Expected credit loss ("ECL")