



**EBS d.a.c.**

Annual Financial Report  
for the financial year ended 31 December 2024

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## Directors and other information

|                                     |                                                                                                               |                                              |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| <b>Directors at date of signing</b> | Peter Hagan                                                                                                   | Independent Non-Executive Director and Chair |
|                                     | Paul Butler                                                                                                   | Managing Director                            |
|                                     | Paula Duffy                                                                                                   | Non-Executive Director                       |
|                                     | Gerry Gaffney                                                                                                 | Executive Director                           |
|                                     | Yvonne Hill                                                                                                   | Independent Non-Executive Director           |
|                                     | Ann O'Brien                                                                                                   | Non-Executive Director                       |
|                                     | Paul Owens                                                                                                    | Independent Non-Executive Director           |
|                                     | Edel Shine                                                                                                    | Non-Executive Director                       |
| <b>Company secretary</b>            | Diane Lumsden                                                                                                 |                                              |
| <b>Registered office</b>            | 10 Molesworth Street<br>Dublin 2<br>Ireland                                                                   |                                              |
| <b>Registered number</b>            | 500748                                                                                                        |                                              |
| <b>Independent auditor</b>          | PricewaterhouseCoopers<br>Chartered Accountants<br>One Spencer Dock<br>North Wall Quay<br>Dublin 1<br>Ireland |                                              |
| <b>Banker</b>                       | Allied Irish Banks, p.l.c.<br>7/12 Dame Street<br>Dublin 2<br>Ireland                                         |                                              |

## Directors' report

The Directors of EBS d.a.c. present their Directors' report (the 'Report') and audited financial statements for the financial year ended 31 December 2024. The Statement of Directors' responsibilities in relation to the financial statements is on page 14.

### Principal activities

EBS d.a.c. (the 'Company'), a designated activity company, registered and domiciled in Ireland, is a wholly owned subsidiary of Allied Irish Banks, p.l.c. ('AIB'), which is a wholly owned subsidiary of AIB Group plc ('Group'). The Company operates as a separately branded subsidiary with its own distribution network. The Company has an Irish banking licence under the Irish Central Bank Act, 1971 (as amended).

The Company operates in the Republic of Ireland and has a countrywide network of 66 offices and a direct telephone based distribution division ('EBS Direct'). The Company's network gives it a physical presence in communities across Ireland and this is important in allowing it to provide a high quality service to its customers. The Company provides residential mortgages, savings and bancassurance products through its office network.

The majority of the Company's activities are outsourced to AIB under a Managed Services Agreement ('MSA'), this includes servicing of mortgage loans, customer funding and provision of treasury services as well as a range of support services.

### Results for the financial year

The Company is reporting a profit before taxation for 2024 of €236m (2023: €214m), as set out in the income statement on page 24.

Net interest income decreased to €322m for 2024, from €337m in 2023. The decrease is due to higher average market rates for funding, partially offset by higher average mortgage balances over the course of 2024.

Other income increased by €1m to €53m in 2024 (2023: €52m) driven by €3m intercompany income and €2m in net gain on other financial assets measured at fair value through profit or loss ('FVTPL') offset by €4m reduction in net fee and commission income.

Total operating expenses decreased to €171m in 2024, from €178m in 2023 driven mainly by a reduction of €4m in amounts payable as determined under the transfer pricing agreement between AIB and EBS subsidiaries and lower other operating expenses of €3m.

Gain on disposal of business of €17m in 2024 (2023: nil) is the amount received on the exit of a non-core legacy business.

Net credit impairment writeback is €15m in 2024 (2023: €3m writeback), an improvement of €12m. The net credit impairment writeback of €15m in 2024 reflects recoveries of amounts previously written-off of €3m and net remeasurement writeback of €12m. For further information on credit impairment see note 32.

### Business review

Following a sharp fall in GDP in 2023 due to a downturn in the pharma sector, GDP remained weak in 2024, mostly due to ongoing developments in the information and communications technology (ICT) sector. According to the CSO flash estimate, GDP expanded by 0.3% in 2024, having declined by 5.5% in 2023. However, this needs to be viewed in the context of the very strong performances seen in 2021 and 2022, when GDP rose by 16.3% and 8.6%, respectively. Furthermore, the domestic economy has continued to grow at a solid pace, with the available data indicating modified domestic demand expanded by 3.1% year-on-year between Q1-Q3. Consumer spending increased by 2.4% over the same period also.

Growth in the domestic economy was driven by the Irish labour market, which continued to perform very strongly in 2024. Ongoing strong net inward migration helped sustain robust growth in the workforce. Employment rose sharply and was up by 2.6% year-on-year in the fourth quarter. The number of people in employment has risen by circa 70,000 people during 2024, to just below 2.8 million people. Meantime, the unemployment rate averaged 4.3% for the year. Encouragingly, inflation fell substantially over the course of 2024, with the annual HICP (harmonised index of consumer prices – an indicator of inflation) declining to 0.0% by September, before edging higher to 1.0% in December. Overall, HICP inflation averaged just 1.3% in 2024.

House price inflation trended higher throughout 2024. The latest CSO data show prices were up by 8.7% year-on-year in December, compared to 4.1% at end 2023. In terms of supply, housing completions totalled around 30,300 in 2024, compared to circa 32,500 in 2023, and just below 30,000 in 2022. Completions numbered around just 20,500 per annum in the period 2019-2021. Meanwhile, official government data show housing commencements picked up sharply in 2024, totalling circa 60,000 for the year, up from 32,800 in 2023. At the same time, household savings were maintained at a very high level in 2024. This manifested itself in a further rise in levels of Irish banking deposits. These stood at €324bn in December, up from €307bn at the start of 2024.

## Directors' report

### Business review (continued)

Real income growth and high levels of savings contributed to the sharp rise in residential property prices in 2024. However, the main factor influencing house prices remained the mismatch between supply and demand. Despite the recent increase in housing supply, the number of new units built per annum to meet demographic and pent-up demand, which has been accumulating over the last number of years, needs to be higher. In this regard, the latest forecast from the Central Bank of Ireland indicates that housing completions could amount to 37,500 in 2025 and 41,000 in 2026.

Mortgage market drawdowns amounted to €12.6bn in 2024, up from €12.1bn in 2023, largely driven by house price inflation.

The impact of the above factors on the Company's financial performance, was an increase in customer loans of €1,290m (+12.6%) to €11,498m and a stable credit quality position at year end. In addition increased competition for household fixed term deposits resulted in a decrease in customer funding of €419m in 2024.

The Company continues to provide competitive home loans in the Irish market, offering a range of fixed and variable rates and channel options including Branch, Direct and Intermediary. The Company's main focus is to support viable owner-occupier customers, including First Time Buyers, Home Movers, Home Improvements and those switching their mortgage to EBS.

During 2024, the Company's priorities have been to continue to support customers, maintain a strong capital position and improve operational resilience.

### Asset quality

The Company's customer mortgage portfolio before loss allowance increased by 3.4% during 2024 (2023: increase of 1.9%) to €8,589m as at 31 December 2024 (2023: €8,305m) as new business growth outpaced redemptions. The Company's mortgage portfolio comprises owner-occupier mortgages €8,544m (2023: €8,246m), buy-to-let mortgages €33m (2023: €41m) and commercial mortgages €12m (2023: €18m).

Non-performing loans at 31 December 2024 were €296m (2023: €321m). The main drivers for the reduction was net redemptions exceeding net flows during the year. Non-performing loans as a percentage of gross loans and advances to customers decreased from 3.9% at 31 December 2023 to 3.4% at 31 December 2024 principally driven by increased total loan balance, repayments and loans returning to performing.

Expected credit loss ('ECL') provisions are €111m (2023: €130m). The reduction in ECL balance in 2024 is driven mainly by utilisation of provisions as part of ongoing credit management.

The Company has outsourced the management and servicing of its mortgage portfolio to AIB. AIB has credit policies and strategies, implementation guidelines and monitoring structures as adopted by the Company to manage its mortgage portfolio, including non-performing loans. Through a range of forbearance solutions, AIB employs a dedicated approach to loan workout, monitoring and proactive management of non-performing loans. A specialised recovery function focuses on managing the majority of criticised loans and deals with customers in default, collection or insolvency. Their mandate is to support customers in difficulty while maximising the return on non-performing loans.

### Funding activities

The Company is funded by customer deposits and a loan facility provided by AIB.

#### Customer funding

The Company continued to have a presence in the retail deposit market and at 31 December 2024 had total customer accounts of €5,398m (2023: €5,817m). The reduction of €419m is due to increased competition for fixed term customer funding.

#### Deposits by banks

Deposits by Banks at 31 December 2024 were €4,016m (2023: €3,561m). The increase of €455m is due to utilisation of unsecured funding from AIB. There was no direct European Central Bank ('ECB') funding in 2024 or 2023.

#### Securities financing

Securities financing increased by €960m to €5,306m in 2024 (2023: €4,346m), due to higher utilisation of secured funding arrangements provided by AIB.

### Share capital

Information on the structure of the Company's share capital, including the rights and obligations attaching to each class of shares, is set out in note 29 to the financial statements.

## Directors' report

### Capital resources and regulatory capital ratios

The objectives of the Company's capital management policy are to at all times comply with regulatory capital requirements and to ensure that the Company has sufficient capital to cover the current and future risk inherent in its business and to support its future development. Details on the management of capital adequacy risk can be found in note 32 on page 92.

The Company's capital requirement at 31 December 2024 is a minimum own funds requirement of 12.0%, comprised of a Pillar 1 requirement of 8.0%, Capital Conservation Buffer ('CCB') of 2.5% and a Countercyclical Capital Buffer ('CCyB') for Irish exposures of 1.5%. The CBI increased the CCyB to 1.5% in June 2024 and the Company's minimum capital requirement will increase accordingly.

At 31 December 2024, the fully loaded CET1 and total capital ratio was 36.4% (2023: 38.2%).

### Minimum Requirement for Own Funds and Eligible Liabilities ('MREL')

At 31 December 2024 the Company has a MREL ratio of 8.7% of the Leverage Ratio Exposure ('LRE') measure (2023: 9.6%).

The Single Resolution Board ('SRB') has set the minimum MREL requirement on both a Total Risk Exposure Amount ('TREA') and LRE basis under the Bank Recovery and Resolution Directive ('BRRD II') legislative framework. The binding requirement at 31 December 2024 is 5.91% of the LRE for the Company.

### Leverage ratio

The leverage ratio at 31 December 2024 was 8.7% (2023: 9.4%) on a fully loaded basis. The regulatory requirement at 31 December 2024 is 3%.

### Risk management

The Company adopts the same risk management framework and risk mitigation initiatives as AIB. The risk management framework provides an AIB Group-wide definition of risk and lays down principles of how risk is to be identified, assessed, measured, monitored and controlled / mitigated, and the associated allocation of capital against same. Further information in relation to risk management, including the principal risks and uncertainties facing the Company, is set out in the Risk management report on page 10.

### Outlook for 2025

All the main international forecasters are projecting another year of modest growth for the global economy in 2025. World output is forecast to expand by 3.3% again this year according to the IMF. However, there are significant downside risks to the outlook amid elevated levels of uncertainty, most notably owing to current geopolitical tensions and conflict around the globe. The potential ratcheting up of protectionist policies by the new US administration also poses a significant downside risk to the outlook. In the US, growth is projected to remain robust, amid still strong underlying demand conditions and a tight labour market. Growth in Europe is expected to accelerate, as falling inflation and interest rates stimulate activity, but it is set to remain well below that of the US.

From an Irish perspective, IDA Ireland is indicating that there is a more challenging backdrop for foreign direct investment (FDI). However, GDP is forecast to return to growth in 2025, underpinned by the rebound in exports seen in 2024. Furthermore, the domestic economy is set to continue to grow at a solid pace, aided by ongoing employment growth and a renewed rise in real wages. The public finances are in strong shape, allowing fiscal policy to remain supportive of activity also. Meanwhile, private sector balance sheets are characterised by low debt and high savings. Thus, most forecasts are for Irish modified domestic demand and GDP to grow by between 3-4% in 2025.

### Sustainability and climate change

As a subsidiary of AIB Group, the Company continues to integrate climate risk into its overall risk management approach and broader sustainability strategy. In support of AIB's sustainability strategy the Company offers a Green 4 year fixed rate mortgage available to new and existing owner occupier customers whose property has a Building Energy Rating ('BER') of between A1-B3 inclusively. Customers who are building their own home, can now avail of the full range of EBS mortgage products, including our Green 4 year fixed rate (where compliance with nearly Zero Energy Building (nZEB) standards is demonstrated). New lending in respect of properties with a BER of A1 to B3 accounted for 51% of the Company's new lending in 2024 (2023: 25%). The Company is committed to continue supporting customers' transition to a low carbon economy with enhanced green products, propositions and support.

### Going concern

The Directors are satisfied that it continues to be appropriate to prepare the financial statements of the Company on a going concern basis, having concluded there are no material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. The considerations assessed by the Directors are set out in the 'Going concern' section of note 1.2.

## Directors' report

### Directors

At 31 December 2024, the Board of Directors of the Company comprised of Peter Hagan, Paul Butler, Paula Duffy, Gerry Gaffney, Yvonne Hill, Ann O'Brien, Paul Owens and Edel Shine. The Directors and Company Secretary, as set out on page 2, served for the entire financial year.

### Directors' and Secretary's interests in shares

The Directors and Company Secretary did not hold any interests in the Company's shares or debentures at the beginning of the year, during the year or at the year end, pursuant to Section 267 and 329 of the Companies Act 2014.

Shares held by the Directors and Company Secretary in the ultimate parent company, AIB Group plc, were below 1% and not disclosable, pursuant to Section 260 of the Companies Act 2014.

There were no changes in the Directors' and Secretary's interests between 31 December 2024 and 3 March 2025.

### Share options

Share options were not granted or exercised during the year. Independent Non-Executive Directors do not participate in share option schemes.

### Long term incentive plans

There were no conditional grants of awards of ordinary shares outstanding to Executive Directors or the Company Secretary at 31 December 2024. Independent Non-Executive Directors do not participate in long term incentive plans.

### Directors' remuneration

Details of total remuneration of the Directors in office during 2024 and 2023 are shown in the Remuneration table in note 35.

### Proposed Dividend

Subject to shareholder approval, the Board proposes to pay a dividend of 60.5 cent per share totalling €250m based on the total number of ordinary shares currently outstanding. There was no dividend paid in 2023.

### Accounting policies

The principal accounting policies, together with the basis on which the financial statements have been prepared, are set out in note 1 to the financial statements.

### Adoption of FRS 101 *Reduced Disclosure Framework*

For periods up to and including the year ended 31 December 2023, the Company prepared its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU adopted IFRS'). In 2024, the Company adopted FRS 101 *Reduced Disclosure Framework* ('FRS 101') which means, in preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of EU adopted IFRS, but makes amendments where necessary in order to comply with the Companies Act 2014. There were no differences between the recognition and measurement basis applied under previous EU adopted IFRS at 1 January 2023 and FRS 101. See accounting policy 1.2 'Basis of preparation' and note 33 for further information.

### Political donations

The Directors have satisfied themselves that there were no political contributions during the year that require disclosure under the Electoral Act 1997.

### Corporate governance

The Corporate Governance Statement on pages 8 and 9 form part of the Directors' report.

In accordance with Section 167 of the Companies Act 2014, the Directors confirm that a Board Audit Committee is established. Details on the Board Audit Committee's membership and activities are shown on page 9.

### Branches outside the State

The Company has not established any branches outside the State.

### Disclosure Notice under Section 33AK of the Central Bank Act 1942

The Company did not receive a Disclosure Notice under Section 33AK of the Central Bank Act 1942 during 2024.

## Directors' report

### Accounting records

The Directors have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the Company's obligation to keep adequate accounting records by ensuring that AIB allocate adequate resources with appropriate expertise to the finance function under the MSA, for the provision of accounting and other financial services to the Company. The Directors monitor AIB's performance against agreed service levels through receipt of regular reports covering the services provided. The accounting records of the Company are maintained at the registered office of its ultimate parent at AIB Group plc, 10 Molesworth Street, Dublin 2, Ireland.

### Directors' Compliance Statement

As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)).

The Directors confirm that:

- (a) a compliance policy statement (as defined in section 225(3)(a)) has been drawn up that sets out the Company's policies, and, in the Directors' opinion, is appropriate to ensure compliance with the Company's relevant obligations;
- (b) appropriate arrangements or structures that are, in the Directors' opinion, appropriate to the Company and designed to secure material compliance with the relevant obligations have been put in place; and
- (c) a review of those arrangements and structures has been conducted in the financial year to which this report relates.

### Non-adjusting events after the reporting period

There have been no significant events affecting the Company since the reporting date which require disclosure or amendment to the financial statements.

### Statement of relevant audit information

Each of the persons who is a Director at the date of approval of this report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) the Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 330 of the Companies Act 2014.

### Independent auditor

The auditor, PricewaterhouseCoopers ('PwC') have indicated a willingness to continue in office under Section 383(2) of the Companies Act, 2014, their continued appointment is subject to approval by the shareholder.

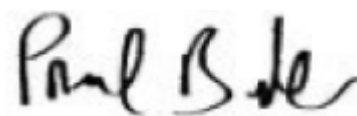
On behalf of the Board,



Peter Hagan

Chair

3 March 2025



Paul Butler

Managing Director

# Corporate governance statement

## Corporate governance

The Company's corporate governance practices are designed to ensure compliance with applicable legal and regulatory requirements including, Irish company law and the 2015 Requirements (as defined below).

## Corporate governance requirements

The Company is a credit institution and is subject to the provisions of the 2015 Requirements (as defined below), including compliance with requirements specifically relating to 'high impact institutions'. Acknowledging the Company's position as part of the wider AIB Group, derogations have been granted to the Company by the Central Bank of Ireland in respect of specified provisions of its Corporate Governance Requirements for Credit Institutions 2015 (the '2015 Requirements'). In 2024, the Company was materially compliant with the provisions of the 2015 Requirements.

## The Board of Directors

The Board is responsible for corporate governance encompassing leadership, direction and control of the Company and is responsible for financial performance to its shareholder and ultimate parent AIB Group plc.

The Board ensures a clear division of responsibilities between the Chair, who is responsible for the overall leadership of the Board and for ensuring its effectiveness, and the Managing Director, who manages and leads the business. The Chair leads the Board, setting its agenda, ensuring the Directors receive adequate and timely information, facilitating the effective contribution of Non-Executive Directors, ensuring the ongoing training and development of all Directors, and reviewing performance of individual Directors.

Independent Non-Executive Directors provide a key layer of oversight, scrutinising the performance of management in meeting agreed objectives and monitoring and reporting against performance. They bring an independent viewpoint to the deliberations of the Board that is objective and independent of the activities of management and the Group. They constructively challenge proposals on strategy and other key matters.

The Directors have access to the advice and services of the Company Secretary, who advises the Board on governance matters ensuring that Board procedures are followed and that the Company is in compliance with applicable rules and regulations.

The governance and organisational structure is sufficient to ensure that no one individual has unfettered powers of decision or exercises excessive influence. Key roles and responsibilities are clearly defined, documented and communicated.

The Board is supported in discharging its duties by its Audit Committee and the Group Board's Risk, Remuneration and Nomination, and Corporate Governance Committees. While arrangements have been made by the Directors for the delegation of the management, organisation and administration of the Company's affairs, certain matters are reserved specifically for decision of the Board.

The Board approved Code of Conduct and Conflicts of Interest Policy sets out how actual, potential or perceived conflicts of interest are to be evaluated, reported and managed to ensure that the Directors act at all times in the best interests of the Company. Executive Directors are also subject to the Group's Code of Conduct and Conflicts of Interest Policy for employees.

The Board met on eight occasions during 2024. The Chair ensures meetings are structured to facilitate open discussion, constructive challenge and debate. The Board receives a comprehensive executive management report at each of its scheduled quarterly meetings. The remainder of the agenda is built from the Board's indicative annual work programme, and includes strategic items for consideration, any activities out of the ordinary course of business, requested in depth reviews and scheduled updates on key projects.

The effectiveness of the Board and its Audit Committee is reviewed annually.

The Board is responsible for ensuring that appropriate systems of internal controls and risk management are maintained, specifically the Board sets the Risk Appetite Statement ('RAS') and approves the Company strategy and financial plans. The Company benefits as a subsidiary of AIB from the wider AIB governance and operating structure, such as oversight of audit and risk related activities. AIB provides services to the Company through a formal MSA, updates in respect of the performance against agreed service levels are provided to the Board regularly.

The Company has robust governance arrangements, which include (i) a clear organisational structure with well defined, transparent, and consistent lines of responsibility, (ii) effective processes to identify, manage, monitor and report the risks to which it is or might be exposed; and (iii) adequate internal controls, including sound administrative and accounting procedures, IT systems and controls. The Board receives regular updates on the Company's risk profile together with updates on the Company's internal control system from the Audit Committee.

## Corporate governance statement

### Financial reporting processes

The Board, supported by its Audit Committee, rely on AIB's system of internal control which is designed to manage the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, through established processes regarding internal control and risk management systems ensures effective oversight of the financial reporting process. The Company's control system around the financial reporting process includes:

- clearly defined organisational structure and authority levels with reporting mechanisms to the Board;
- a comprehensive set of policies and procedures relating to the controls around financial reporting and the process of preparing the financial statements; and
- ensuring the integrity of the financial statements and the accounting policies therein.

The Board evaluates and discusses significant accounting and reporting issues as the need arises.

### Audit Committee

The Audit Committee complies with the 2015 Requirements and section 1551 of the Companies Act 2014. The Board is assisted in the discharge of its duties by its Audit Committee, which operates under its Terms of Reference and is annually reviewed and approved by the Board.

The Audit Committee is chaired by Paul Owens and the other members of the Audit Committee are Yvonne Hill, independent Non-Executive Director, and Ann O'Brien, Non-Executive Director. They each possess the requisite degree of independence so as to be able to contribute effectively to the Audit Committee's functions. The Chair ensures meetings are structured to facilitate open discussion, constructive challenge and debate. The Audit Committee also completes an annual effectiveness evaluation as part of the overall Board effectiveness review.

During 2024, the Audit Committee met on six occasions, and amongst other activities, reviewed the Company's annual financial statements and related accounting policies, key judgements, and practices; the effectiveness of internal controls, and the findings, conclusions and recommendations of the Auditor and Internal Auditor. The Audit Committee satisfied itself through regular reports from Internal Audit and the Auditor that the system of internal controls was effective. The Audit Committee also supported the Board with its review of the Company's risk frameworks and policies.

The Audit Committee ensures that appropriate measures are taken to consider and address any control issues identified by Internal Audit and the Auditor.

The Audit Committee Chair attended a meeting of the Group Board Audit Committee and provided an annual update on the key themes and discussions at the Audit Committee meetings.

### Attendance at Board and Audit Committee Meetings during 2024

#### Directors' Attendance at Board Meetings during 2024

|                                                            | Eligible to Attend | Attended |
|------------------------------------------------------------|--------------------|----------|
| Paul Butler - Managing Director                            | 8                  | 8        |
| Paula Duffy - Non-Executive Director                       | 8                  | 8        |
| Gerry Gaffney - Executive Director                         | 8                  | 6        |
| Peter Hagan - Independent Non-Executive Director and Chair | 8                  | 8        |
| Yvonne Hill - Independent Non-Executive Director           | 8                  | 8        |
| Ann O'Brien - Non-Executive Director                       | 8                  | 8        |
| Paul Owens - Independent Non-Executive Director            | 8                  | 8        |
| Edel Shine - Non-Executive Director                        | 8                  | 8        |

#### Members' attendance at Audit Committee Meetings during 2024

|                                                           | Eligible to Attend | Attended |
|-----------------------------------------------------------|--------------------|----------|
| Yvonne Hill - Independent Non-Executive Director          | 6                  | 6        |
| Ann O'Brien - Non-Executive Director                      | 6                  | 6        |
| Paul Owens - Independent Non-Executive Director and Chair | 6                  | 6        |

# Risk management report

## Introduction

All of the Company's activities involve, to varying degrees, the measurement, evaluation, acceptance and management of risks which are assessed across the AIB Group. Certain risks can be mitigated by the use of safeguards and appropriate systems and actions which form part of AIB Group's Risk Management Frameworks and Policies which are adopted by the Company where relevant. The Company experiences similar risks and uncertainties facing AIB Group and adopts the same risk mitigation initiatives as AIB Group.

## Individual risk types

This section and note 32 provide details of the exposure to, and risk management of, the following individual risk types which have been identified through the Company's Material Risk Assessment ('MRA') process.

The Company faces 10 Principal Risks which are key areas of management focus:

- Credit risk; (see note 32, section 32.1);
- Market risk (see note 32, section 32.2);
- Capital adequacy risk (see note 32, section 32.3);
- Liquidity and funding risk (see note 32, section 32.4);
- Business model risk;
- Operational risk;
- Climate and Environmental risk;
- Model risk;
- Culture risk and Conduct risk; and
- Regulatory compliance risk.

## Business model risk

Business model risk is the risk of not achieving the agreed Strategy or approved business plan either as a result of an inadequate implementation plan, or failure to execute the implementation plan as a result of inability to secure the required investment. This also includes the risk of implementing an unsuitable Strategy, or maintaining an obsolete business model, in light of known internal and external factors.

Business model risk was identified as part of the Company's annual MRA process. The Company also identifies and assesses the risk as part of its integrated financial planning process, which encapsulates strategic, business and financial planning. Every year, the Company prepares three-year business plans based on macroeconomic and market forecasts across a range of scenarios (including a range of 'downside' scenarios). The plan includes an evaluation of planned performance against a suite of key metrics, supported by detailed analysis and commentary on underlying trends and drivers, across income statement, balance sheet and targets. The plan is subject to robust review and challenge through the governance process including an independent review and challenge by the AIB Group Risk function prior to approval by the Company's Board.

The Company's Financial Plan is aligned to its strategy and risk appetite. The business plan typically describes the market in which the Company operates, market and competitor dynamics, business strategy, financial assumptions underpinning the strategy, actions/investment required to achieve financial outcomes and any risks/opportunities to the strategy.

The Company reviews underlying assumptions on its external operating environment to identify potential risks and, by extension, its strategic objectives on a periodic basis. The frequency of this review is determined by a number of factors including the speed of change of the economic environment, changes in the financial services industry and the competitive landscape, regulatory change and deviations in actual business out turn from strategic targets.

The Company manages business model risk within its risk appetite, by setting limits in respect of measures such as financial performance, capital constraints, portfolio concentration and risk-adjusted return. At a more operational level, the risk is mitigated through regular periodic monitoring of actual performance versus plan. Where performance/progress against the plans are outside of agreed tolerances or risk appetite metrics, proposed mitigating actions are presented and evaluated, and tracked thereafter.

Performance against plan is monitored at a Company level by Executive Management and Board on a quarterly basis. Risk profile against risk appetite measures, some of which reference performance against plan, is monitored monthly by the AIB Group Risk Function. The escalation process, as stipulated under the AIB Group's RAS policy, is commenced in the event of a breach of RAS watch trigger or limit for any of the metrics which may directly or indirectly impact on Business Model Risk, with breaches of risk appetite relating to the Company reported to the AIB Group Risk Committee. The Company's risk appetite is reported to the Company's Executive Management and Board.

## Risk management report

### Operational risk

Operational risk is the risk arising from inadequate or failed internal processes, people and systems or from external events. This includes legal risk – the potential for loss arising from the uncertainty of legal proceedings and potential legal proceedings but excludes strategic and reputational risk.

Operational risk is identified and assessed by the Company's MRA and the risk and control assessment process ('RCA'). The RCA is the core bottom-up process for the identification and assessment of operational risk across the Company. This process serves to ensure that key operational risks are proactively identified, assessed, recorded, and reported, and that appropriate action is taken for risk mitigation.

Operational risk events are identified and captured in AIB Group's SHIELD system. These are escalated through a defined process depending on impact and severity. Root causes of events are determined, and action plans are implemented to ensure there are enhanced controls in place to keep customers and the business safe.

From 1 January 2025 Information Security (including Cyber) Risk has been deemed as a Principal Risk to the Company and will no longer be a sub risk of Operational Risk. This is an outcome of a review performed of the materiality of sub risks in Operational Risk as part of the MRA process which considered a number of factors including impact on capital, historical loss events, external loss events sourced from the Operational Risk data eXchange Association ('ORX') network, the RCA, the evaluation of emerging risks and consideration of the regulatory horizon.

The key people, systems and processes are provided by AIB Group and this relationship is governed by an Master Service Agreement. It is underpinned by service level agreements with specific AIB Group teams who provide services to the Company. AIB Group's Operational Risk Framework applies across all areas of AIB Group including the Company. It sets out the principles, supporting policies, roles and responsibilities, governance arrangements and processes for operational risk management. A key focus of operational risk management in AIB Group is the oversight of outsourced service activities.

Operational risk is measured through the Company's Board approved risk appetite metrics and key risk indicators are monitored monthly and reported quarterly to the Board.

### Climate and Environmental risk

Climate and Environmental ('C&E') Risk encompasses the financial and non-financial impacts on the Company arising from climate change, environmental change and the transition to a sustainable economy. These risks can affect the Company directly through our operations or indirectly through our relationships with customers and third party suppliers.

Following the approval to elevate C&E Risk to a principal risk in 2024, the Company continued to embed C&E Risk during the year. Risk identification and assessment for C&E Risk is completed in line with the Groups Risk Management Framework as well as other internal processes which consist of top-down and bottom-up approaches. The processes identify the sub-risks associated such as Physical Risk, Transition Risk and Liability Risk. C&E risk drivers are far reaching in breadth and magnitude over uncertain, often long-term time horizons with dependency on short term action to mitigate. The Group undertakes regular processes, which takes into account risks which are relevant for the Company, for the identification and assessment of C&E impacts, risks and opportunities. These include: MRA, RCA, Transmission Channel Analysis, Business Environment Scans, 'House Views' on key sectors, compilation of Heatmaps, C&E Stress Testing and regulatory horizon scanning together with a materiality assessment. The outputs from these processes inform areas for focus in the strategic, financial and investment planning processes. Further information on C&E assessment can be found on the "Sustainability Reporting" section of the AIB Group plc 2024 Annual Financial Report.

The MRA is a key input into the Company's risk management processes, including the Risk Appetite Statement ('RAS'), which sets out the maximum amount of risk the Company is willing to accept in pursuit of its strategic objectives. The 2024 materiality assessment showed that main impacts of C&E risk are expected to materialise in the areas of Credit Risk and Operational Risk. This has been reflected in the development of RAS metrics.

C&E Risk is actively managed through the Group's C&E Risk Framework and Policy. The C&E Risk Framework sets out the principles, roles and responsibilities, governance arrangements and processes for C&E risk management across the Group. The C&E Risk Framework and Policy was approved and adopted by the Company during the year. Both were further updated and approved through appropriate governance fora in December 2024.

The changes reflect the maturing approach to C&E Risk management providing greater clarity on roles and responsibilities, due diligence, monitoring and reporting.

Due to the pervasive nature of C&E risk and its impact on other principal risks, the C&E risk management aspects for these principal risks are incorporated within their relevant risk frameworks and policies.

## Risk management report

### Climate and Environmental risk (continued)

In 2024, a number of updates were made across the principal risk policies and frameworks to enhance the management, measurement, mitigation and reporting of C&E Risk.

The impact of C&E risk is incorporated in AIB Group's stress testing framework by conducting a comprehensive scenario analysis to evaluate the potential impact of various climate-related events on AIB Group's portfolios, operations and overall financial position. Scenario testing enables AIB Group to assess the interconnectedness of risks, considering not only direct physical risks but transition risks arising from shifts in market dynamics, investor sentiment and regulatory landscapes. The Company has identified that flooding is the most material physical risk to the Company. The Company's exposures are included in climate stress testing activities and climate modelling is primarily focused on the credit risk implications for the Company's loan portfolio via both transition and physical risk.

### Model risk

Model risk is the potential loss to the Company, as a consequence of decisions that could be principally based on the output of models, due to errors in the development, implementation or use of such models.

The Company's MRA and RCA forms the basis for identifying the key elements of the risk. The MRA identifies the key sub-risks including model oversight risk, model data risk, model methodology and performance risk and model use and implementation risk. The RCA is the Group's core bottom-up process in the identification and assessment of model risk for the Company.

The RCA includes a requirement to perform a self-assessment of the risks at each business unit level. The potential impact of model risk is assessed through the ICAAP. Model risk is generally mitigated through specific model adjustments. There is no explicit capital requirement generated from this risk; it is indirectly assessed through the other risks.

AIB Group mitigates model risk by having an AIB Group Model Risk Management Framework and supporting policies in place to drive the consistent management of this risk. These set out the key controls required to mitigate model risk across the model lifecycle, from initiation of a model build through to implementation, use and ongoing monitoring. A complete inventory of all models in the Group, with a clear tiering of models to ensure key controls such as model validation and monitoring are being applied on a risk-based approach. Requirement for clear hand-offs between each stage in the lifecycle to mitigate the risk of issues propagating through the lifecycle of the model. Models are built, validated and monitored by suitably qualified analytical personnel, supported by relevant business and finance functions. Models are built using the best available data, both internal and external, and any data weaknesses are appropriately mitigated through the model build. The use of industry standard techniques are applied for stages in the model lifecycle, where appropriate. All material models are validated by an appropriately qualified team, which is independent of the model build process. Where issues are identified, appropriate mitigants are applied. This can include temporary post model adjustments which are put in place until a model is re-developed. Model risk is measured using a composite assessment of model outcomes across the lifecycle for all models in the inventory.

The Group Risk Committee and its sub-committee, the Model Risk Committee, are the primary committees for overseeing model risk in the Group. Model materiality is defined in the Group Model Risk Management Policy. The outcomes of validation and other reviews are brought to the committee(s) for the oversight to ensure all models remain fit for their intended use and that any issues are appropriately escalated.

Model monitoring on material models is reported to committee(s) regularly to monitor model performance with appropriate actions raised when models fall below the required performance levels.

An overall assessment of model risk is performed on a quarterly basis and is reported quarterly to the Model Risk Committee and the Company and semi-annually to the Group Risk Committee and Board Risk Committee. The status of model risk is reported on a monthly basis in the CRO report, which includes an update on recent significant events and any remediation actions that are underway.

### Conduct risk and Culture risk

Culture Risk and Conduct Risk are two distinct risks. Culture Risk is the risk that the core values of the Company are not shared by all AIB Group staff and as a consequence are not consistently demonstrated through staff behaviour. This includes the risk that consistent, fully understood and risk adjusted performance measures are not in place resulting in outcomes that are not aligned to the Company's Strategy, Behaviour or Values.

Conduct risk is defined as the risk that inappropriate actions or inactions by the Company cause poor or unfair customer outcomes or negatively impact on market integrity. The effective management of conduct risk requires embedding of a strong conduct culture with a customer centric approach to conduct risk management as articulated in the Company's values, behaviours and Code of Conduct.

## Risk management report

### Conduct risk and Culture risk (continued)

The amalgamation of Culture risk within conduct has commenced and further integration through frameworks, policies, procedures and metrics is planned for 2025. Culture forms an integral part of overall conduct risk management and is core to all customer and market facing decisions and interactions. It is imperative that the Company maintains a strong customer culture in order to deliver appropriate customer outcomes. Culture risk captures the need for the Company's core values to be shared by all staff, demonstrated through staff behaviour and that consistent fully understood performance measures are in place resulting in outcomes aligned to the Company's strategy.

Conduct risks are identified during the RCA process which provides documentary evidence of risk assessments. It determines the risk profile of the business, drives risk management and actions plans including key risk indicator development and reporting. The RCA has identified a number of key conduct risks relating to customer satisfaction and employee behaviour as well as clients, business and product practice.

The Group's Culture and Conduct Risk Framework and Conduct Risk Policy applies to the Company. This Framework and Policy, as well as other supporting policies, are in place to drive consistent management of Culture risk and Conduct risk.

Conduct risks are monitored across the Company in line with AIB Group's risk management procedures. Significant conduct events are assessed and remedial actions implemented where necessary. These are escalated based on a materiality assessment, in line with the Group's Culture and Conduct Risk Framework and Conduct Risk Policy.

The Group Head of Culture and Conduct and team provides independent oversight and governance of Conduct risk and is a mandatory approver of product / propositions proposals, including training and awareness building.

The Regulatory and Conduct Risk Committee ('RCR') is the forum that provides risk oversight of regulatory and conduct risks. The RCR was established by, and is accountable to, the AIB Group Risk Committee to oversee regulatory and conduct risks across AIB Group. This includes monitoring and reviewing the Company's regulatory and conduct risk profile, compliance with risk appetite and reviewing risk policies.

### Regulatory compliance risk

Regulatory compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation the Company may suffer as a result of its failure to comply with principal laws, regulations, rules, related self-regulatory codes and related supervisory expectations which relate to the Company's regulated banking and financial service activities i.e., those activities which the Company is licenced to conduct business.

The Company's MRA and AIB Group's RCA forms the basis for identifying the key elements of regulatory compliance risk. The MRA process also identified that the complexity and volume of regulatory change and the rapidly evolving international sanctions environment, raises the risk of regulatory compliance failure and/or regulatory sanction.

AIB Group's Regulatory Compliance Risk Management Framework which applies to the Company, sets out the principles, roles and responsibilities, and governance arrangements and is supported by a number of key policies. The AIB Group Regulatory Compliance Risk Management Framework and the Regulatory Compliance risk management lifecycle commences with upstream regulation risk management.

The AIB Group's Regulatory Change Team ('RCT') provides oversight and support in respect of regulatory change risk management for all entities within AIB Group, including the Company. The approach to regulatory change has been designed to ensure regulatory requirements are clearly understood from the outset with end-to-end traceability monitored by the Regulatory Forum as part of the AIB Group Programme Board ('GPB'). It involves an up-front partnership between the RCT and Change Operations to ensure business stakeholders are identified with roles and accountabilities assigned. The process provides a platform for clear monitoring, communication, effective oversight, robust challenge and the pursuit of regulatory compliance in a collaborative manner across both first and second line of defence.

The regulatory compliance risk management lifecycle is reviewed on an annual basis by the various teams within Compliance. In order to produce a comprehensive holistic view of Regulatory Compliance risks across the Company, detailed risk assessments are completed based on the premise of identifying the Regulatory Compliance risks which pose the most significant threat to the Company. Risk identification and assessment is carried out through a combined top-down and bottom-up approach. The output of this risk assessment process is to produce the Compliance & Risk Assurance Plan.

The Regulatory and Conduct Risk Committee ('RCR') is the forum that provides risk oversight of regulatory and conduct risks of the Company. AIB Group Regulatory Compliance establish written guidance to staff on the appropriate implementation of relevant laws, rules and standards through relevant regulatory compliance policies and supports the business units in understanding and implementing their regulatory compliance obligations and management of the associated regulatory compliance risks in line with the Regulatory Compliance and Conduct Risk Appetite Statements. Regulatory Compliance assist the business in maintaining a positive and transparent relationship with the Regulators in respect of regulatory compliance and conduct matters. The Company's Risk Appetite is also reported to the Board quarterly.

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Financial Report and the financial statements for EBS and the Company in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Company's financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 101 *Reduced Disclosure Framework* and Irish law), and the European Communities (Credit Institutions: Financial Statements) Regulations, 2015.

Under Irish law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies for the Company's financial statements and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

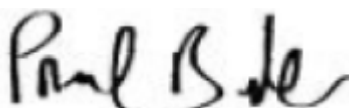
The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that its financial statements comply with the Companies Act 2014. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Under applicable law and corporate governance requirements, the Directors are also responsible for preparing the Directors' report, the Corporate Governance Statement and disclosures relating to the Directors' remuneration that comply with that law.

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

For and on behalf of the Board,



Peter Hagan  
*Chair*



Paul Butler  
*Managing Director*



Gerry Gaffney  
*Executive Director*

3 March 2025

# Independent auditors' report

## Independent auditors' report to the members of EBS d.a.c.

### Report on the audit of the financial statements

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#### Opinion

In our opinion, EBS d.a.c.'s financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Financial Report, which comprise:

- the Statement of financial position as at 31 December 2024;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in shareholders' equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 January 2024 to 31 December 2024.

## Independent auditors' report

### Our audit approach

#### Overview

|                          |                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Materiality</b>       | <p>Overall materiality</p> <ul style="list-style-type: none"> <li>• €15 million (2023: €9 million)</li> <li>• Based on c. 0.8% of net assets (2023: c. 0.5% of net assets).</li> </ul> <p>Performance materiality</p> <ul style="list-style-type: none"> <li>• €11.25 million (2023: €6.8 million)</li> </ul>                                               |
| <b>Audit scope</b>       | <ul style="list-style-type: none"> <li>• We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the activities of the Company. We performed a full scope audit of the Company's financial statements, based on materiality levels.</li> </ul> |
| <b>Key audit matters</b> | <ul style="list-style-type: none"> <li>• Expected credit loss - (completeness and valuation of the post model adjustments)</li> <li>• Recoverability of the Deferred Tax Asset</li> <li>• IT (Privileged User Access)</li> </ul>                                                                                                                            |

#### *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

#### *Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

## Independent auditors' report

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p><b>Expected credit loss (completeness and valuation of the post model adjustments)</b></p> <p>Refer to Note 1.14 "Impairment of financial assets" within Note 1 "Accounting policies", "Impairment of financial assets" within Note 2 "Critical accounting judgements and estimates", Note 10 "Net credit impairment writeback", Note 15 "Loans and advances to customers" and "32.1 Credit risk" within note 32 "Risk management".</p> <p>At 31 December 2024, the Company reported total gross mortgage loans to customers classified at amortised cost of €8.6bn and €111m of expected credit loss (ECL).</p> <p>The measurement of expected credit losses is required to reflect an unbiased probability-weighted range of possible future outcomes. Complex models and significant judgements are used to estimate the probability of default (PD), loss given default (LGD) and exposure at default (EAD) as well as in applying the staging criteria under IFRS 9.</p> <p>The calculation of ECL requires a high degree of judgement to reflect recent developments in credit quality, arrears experience and / or emerging macroeconomic risks.</p> <p>The area where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's compliance with IFRS 9 was the completeness and valuation of post model adjustments (PMAs).</p> <p><b>Completeness and valuation of post model adjustments (PMAs)</b></p> <p>The judgement surrounding the completeness and valuation of PMA's represents a significant estimation risk. The modelling methodologies used to estimate ECL are developed using historical experience. Adjustments are made to model outcomes to address known model and data limitations, and emerging or non-modelled risks. In addition, modelling methodologies do not incorporate all factors that are relevant to estimating ECL. The current economic environment continues to be uncertain and differs from recent experience, which is characterised by elevated inflation, increased cost of living and increasing costs of financing, which affects the debt servicing capability for borrowers. As a result, the judgements around if and when the Company recognise adjustments to model outcomes to account for potential model weaknesses in coping with the current economic environment and outlook are highly judgemental and inherently uncertain.</p> | <p><b>Controls</b></p> <ul style="list-style-type: none"> <li>• In conjunction with our credit modelling specialists, we performed end-to-end process walkthroughs to understand and identify the key systems, applications and key controls used in the ECL processes.</li> <li>• We tested the design and operating effectiveness of key controls across the processes relevant to management's ECL calculation, including those relating to the key judgements and estimates involving our credit modelling specialists where appropriate. We also tested the design and operating effectiveness of key controls over the governance of the estimation of ECL. We attended key executive finance and risk committee meetings of AIB Group where the inputs, assumptions and adjustments to the ECL were discussed and approved and observed management's review and challenge in these governance forums including the assessment of model limitations and any resulting judgemental post model adjustments.</li> </ul> <p><b>Conceptual Soundness</b></p> <ul style="list-style-type: none"> <li>• We involved credit modelling specialists to assist us in testing the ECL models by testing the assumptions, inputs and implementation of model formulae. This included a combination of assessing the appropriateness of model design and model outcomes.</li> </ul> <p><b>Post Model Adjustments</b></p> <ul style="list-style-type: none"> <li>• In conjunction with our credit modelling specialists, we evaluated the conceptual soundness of the PMAs by critically assessing management's rationale and methodology, including the limitation and / or risk that the PMA is seeking to address.</li> <li>• We inspected the PMA calculation methodology and tested, on a sample basis, the completeness and accuracy of key data inputs into the PMA calculation.</li> <li>• We challenged the overall completeness and reasonableness of post model adjustments by comparing the PMAs recognised by management to the key model limitations and / or data limitations that we considered to exist in the portfolio.</li> </ul> |

## Independent auditors' report

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| <p><b>Other assumptions</b><br/>Management makes other assumptions which are less judgemental or for which variations have a less significant impact on ECL. These assumptions include:</p> <ul style="list-style-type: none"> <li>• Conceptual soundness of the modelling methodologies;</li> <li>• Quantitative and qualitative criteria used to assess significant increases in credit risk which drives the allocation of assets to Stage 1, 2, or 3 using criteria in accordance with the accounting standards;</li> <li>• Accounting interpretations, modelling assumptions and data used to build and run the ECL models; and</li> <li>• Inputs and assumptions used to reflect the impact of multiple economic scenarios, including any changes to the forward looking scenarios.</li> </ul> | <p><b>Quantitative and Qualitative criteria in determining specific increases in credit risk</b></p> <ul style="list-style-type: none"> <li>• We challenged the appropriateness and application of the quantitative and qualitative criteria used to assess significant increases in credit risk (SICR) which determine the allocation of an asset to Stage 1, 2 or 3 in accordance with IFRS 9.</li> <li>• For a selection of performing loans, we critically assessed, by reference to the underlying documentation and through inquiries with management, whether the trigger for credit impaired classification had occurred.</li> </ul> <p><b>Economic Scenarios</b></p> <ul style="list-style-type: none"> <li>• In conjunction with our credit modelling specialists, we considered the base case and alternative economic scenarios. We challenged and assessed the reasonableness of the significant assumptions underpinning management's economic scenarios which we determined to be unemployment and residential property prices by comparing to independent and observable economic forecasts, leveraging a number of external data points. We assessed whether forecasted macroeconomic variables were reasonable and supportable.</li> <li>• With the support of our credit modelling specialists, we evaluated the overall impact of the macroeconomic factors to the ECL. This assessment considered the sensitivity of ECL to variations in the probability weighting of the economic forecasts.</li> <li>• We challenged the reasonableness of management's forward-looking information (FLI) upside / downside scenario weightings, having regard to relevant available information. Specifically, we challenged the appropriateness of management's change in the weightings in the current year.</li> </ul> <p><b>Overall setback</b></p> <ul style="list-style-type: none"> <li>• We performed an overall assessment of ECL provision levels by IFRS 9 stage to determine if they were reasonable by considering the overall credit quality of the Company's portfolios, risk profile, credit risk management practices and the macroeconomic environment by considering trends in the economy and sectors to which the Company is exposed. We performed peer benchmarking where available to assess overall staging and provision coverage levels.</li> </ul> <p><b>Disclosures</b></p> <ul style="list-style-type: none"> <li>• We assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards and the process and controls management had in place to prepare and approve the disclosures.</li> </ul> <p><b>Conclusion</b><br/>On the basis of the work performed we have concluded the stock of Expected Credit Loss reserves at year end is within the range of acceptable outcomes.</p> |

## Independent auditors' report

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| <p><b>IT (Privileged User Access)</b></p> <p>The IT environment is complex and pervasive to the operations of the Company due to the multiplicity of systems and the large volume of transactions processed and its reliance on automated and IT dependent manual controls. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in a controlled manner.</p> <p>Our audit approach includes reliance on automated and IT dependent manual controls and therefore on the effectiveness of controls over IT systems impacting financial reporting. Privileged user access management controls are an integral part of the IT environment to ensure both system access and changes made to systems are authorised and appropriate. An integral part of our audit testing is therefore on the effectiveness of privileged user access management controls.</p> <p>In the context of our audit scope, we consider privileged user access management controls at the application layer to be critical to ensuring that only appropriately authorised changes are made to IT systems deemed relevant to our audit. Moreover, appropriate privileged user access management controls contribute to mitigating the risk of potential fraud or error.</p> <p>We considered this to be a key audit matter owing to the high level of reliance on IT operations within the Company as well as the risk that key IT Audit Dependencies such as automated controls and system generated reports are not designed and operating effectively.</p> | <p>Through inquiries with management and inspection of internal governance documents, we obtained an understanding of the Company's IT environment.</p> <p>In conjunction with our Digital Audit specialists, we:</p> <ul style="list-style-type: none"> <li>• Tested the design, implementation and where relevant, the operating effectiveness of preventative and detective IT General Controls (ITGC) over privileged user access management (i.e. those relating to privileged user access provisioning, revocation, recertification and authentication).</li> <li>• Inquired of AIB Group Internal Audit (GIA) and inspected IT related GIA reports produced during the period to understand the nature of findings, if any, and consider the impact on our audit.</li> <li>• Where control deficiencies were identified at the design level we considered the compensating controls in place and sought to obtain additional evidence for the in scope IT Dependencies to obtain reasonable assurance that there were no unauthorised changes made to these during the financial year.</li> <li>• Our risk assessment procedures included an assessment of those deficiencies to determine the impact on our audit plan and designed and executed additional procedures where required.</li> </ul> <p><b>Conclusion</b></p> <p>Having completed the additional audit procedures we concluded that we obtained sufficient evidence for the purposes of our audit.</p> |
| <p><b>Recoverability of the Deferred Tax Assets</b></p> <p>Refer to Note 1.6 "Income tax, including deferred income tax" within Note 1 "Accounting policies", "Deferred taxation" within Note 2 "Critical accounting judgements and estimates" and Note 20 "Deferred taxation".</p> <p>The Company has net deferred tax assets of €142m that primarily arise due to historical operating losses. A key judgement in the recognition of a deferred tax asset is whether there is convincing evidence of sufficient future taxable profits against which those losses can be utilised. This judgement relies on the assessment of the probability and the sufficiency of future taxable profits, which in turn is based on assumptions concerning future economic conditions and business performance.</p> <p>The Company's considerations in respect of the recognition of the net deferred tax assets are outlined in the Critical accounting judgements and estimates section within the financial statements, which also provides an overview of the key assumptions underpinning the financial projections.</p> <p>We regard the recoverability of the DTA as a key audit matter owing to the degree of uncertainty given the length of recovery period involved. The recovery period is driven by management's judgement over the quantum and timing of future profitability which is, by its nature, subject to estimation uncertainty.</p>                                                                                                                                                 | <p>Management prepares a Financial Plan to forecast financial performance over a three year period. The projections are then extrapolated based on estimated annual long term growth rates for the Irish economy for the purposes of projecting future taxable profits beyond three years.</p> <p>We assessed whether estimated future profits used within the forecasts were reasonable by reference to recent performance and challenged the key assumptions underpinning the Company's future forecasts using our knowledge of the business, the Company's strategy and wider initiatives within the Company.</p> <p>We assessed and challenged the reasonableness of the external economic assumptions applied in the future forecast assessment with reference to observable market data.</p> <p>We considered whether the forecast of taxable profits provides convincing evidence that sufficient taxable profits will be available to utilise unused tax losses.</p> <p>We assessed the adequacy of the financial statement disclosures in respect of the recoverability of the deferred tax asset.</p> <p><b>Conclusion</b></p> <p>On the basis of the work performed we have concluded the recognition of the deferred tax asset is reasonable.</p>                                                                                                                                                                                                               |

## Independent auditors' report

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

|                                        |                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overall materiality</b>             | €15 million (2023: €9 million).                                                                                                                                                                                                                                                                                    |
| <b>How we determined it</b>            | c. 0.8% of net assets (2023: c. 0.5% of net assets).                                                                                                                                                                                                                                                               |
| <b>Rationale for benchmark applied</b> | EBS d.a.c. is a wholly owned banking subsidiary of AIB Group plc providing residential mortgages, savings and bancassurance products to customers. Having considered the key users of the financial statements, we believe that net assets provides us with the most appropriate basis for determining materiality |

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €11.25 million.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.75 million (2023: €0.5 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Independent auditors' report

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's going concern assessment;
- Performing a risk assessment to identify factors that could impact the going concern assessment;
- Considering the Company's Business and Financial Plan approved by the Board in December 2024. In evaluating management's base case forecasts and alternative stress scenarios we considered the Company's financial position, historic performance, its past record of achieving strategic objectives and management's assessment of the likely impact on financial performance, capital and liquidity for a period of 12 months from the date on which the financial statements are authorised for issue;
- Assessing the ability of Allied Irish Banks, p.l.c. to provide support if required during the period of assessment;
- Reading relevant correspondence from the Central Bank of Ireland and the ECB Joint Supervisory Team with regards to regulatory capital and liquidity requirements of the Company; and
- Considering the adequacy of relevant disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Financial Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

# Independent auditors' report

## Responsibilities for the financial statements and the audit

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of banking laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for management bias through judgement and assumptions in significant accounting estimates and manual journal entries being recorded in order to affect performance. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, management and AIB Group Legal including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Reading the meeting minutes of the Board of Directors and Audit Committee;
- Discussions with AIB Group Internal Audit and consideration of internal audit reports in so far as they related to the financial statements;
- Evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud;
- Inspection of relevant regulatory correspondence from the Central Bank of Ireland and the ECB Joint Supervisory Team;
- Challenging assumptions and judgements made by management in their accounting estimates, in particular in relation to the matters set out in our key audit matters;
- Applying risk-based criteria to journal entries posted in the audit period to determine journal entries for testing purposes; and
- Designing audit procedures to incorporate elements of unpredictability around the nature and extent of audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

## Independent auditors' report

### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the Company financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

## Other exception reporting

### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

## Appointment

We were appointed by the directors on 12 May 2023 to audit the financial statements for the year ended 31 December 2023 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2023 to 31 December 2024.



Emma Scott  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
4 March 2025

## Income statement

For the financial year ended 31 December 2024

|                                                                          | Note | 2024<br>€m   | 2023<br>€m   |
|--------------------------------------------------------------------------|------|--------------|--------------|
| Interest and similar income                                              | 3    | 527          | 451          |
| Interest and similar expense                                             | 4    | (205)        | (114)        |
| <b>Net interest income</b>                                               |      | <b>322</b>   | <b>337</b>   |
| Net fee and commission income                                            | 5    | 48           | 49           |
| Net gain on other financial assets measured at FVTPL                     | 6    | 5            | 3            |
| Net loss on derecognition of financial assets measured at amortised cost | 7    | —            | (1)          |
| Other operating income                                                   |      | —            | 1            |
| <b>Other income</b>                                                      |      | <b>53</b>    | <b>52</b>    |
| <b>Total operating income</b>                                            |      | <b>375</b>   | <b>389</b>   |
| Operating expenses                                                       | 8    | (165)        | (172)        |
| Impairment and amortisation of intangible assets                         | 18   | (3)          | (3)          |
| Impairment and depreciation of property, plant and equipment             | 19   | (3)          | (3)          |
| <b>Total operating expenses</b>                                          |      | <b>(171)</b> | <b>(178)</b> |
| <b>Operating profit before credit impairment writeback and taxation</b>  |      | <b>204</b>   | <b>211</b>   |
| Net credit impairment writeback                                          | 10   | 15           | 3            |
| Gain on disposal of business                                             | 11   | 17           | —            |
| <b>Operating profit before taxation</b>                                  |      | <b>236</b>   | <b>214</b>   |
| Income tax charge                                                        | 12   | (28)         | (27)         |
| <b>Profit for the year</b>                                               |      | <b>208</b>   | <b>187</b>   |

## Statement of comprehensive income

For the financial year ended 31 December 2024

|                                                                                                              | 2024         | 2023         |
|--------------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                              | €m           | €m           |
| <b>Profit for the year</b>                                                                                   | <b>208</b>   | <b>187</b>   |
| <b>Other comprehensive income</b>                                                                            |              |              |
| <i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>       |              |              |
| Net change in cash flow hedges, net of tax                                                                   | (103)        | (222)        |
| <i>Total items that will be reclassified subsequently to profit or loss when specific conditions are met</i> | <i>(103)</i> | <i>(222)</i> |
| <b>Other comprehensive loss for the year, net of tax</b>                                                     | <b>(103)</b> | <b>(222)</b> |
| <b>Total comprehensive income/(loss) for the year</b>                                                        | <b>105</b>   | <b>(35)</b>  |

# Statement of financial position

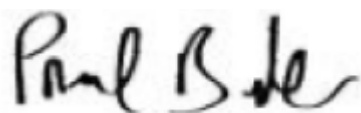
as at 31 December 2024

|                                                   | Note | 2024<br>€m    | 2023<br>€m    |
|---------------------------------------------------|------|---------------|---------------|
| <b>Assets</b>                                     |      |               |               |
| Cash and balances at central banks                |      | 60            | 74            |
| Derivative financial instruments                  | 13   | 40            | 139           |
| Loans and advances to banks                       | 14   | 3,644         | 3,680         |
| Loans and advances to customers                   | 15   | 11,498        | 10,208        |
| Securities financing                              | 16   | 1,354         | 1,346         |
| Intangible assets                                 | 18   | 36            | 25            |
| Property, plant and equipment                     | 19   | 29            | 31            |
| Other assets                                      |      | 3             | 4             |
| Deferred tax assets                               | 20   | 142           | 155           |
| Prepayments and accrued income                    | 21   | 11            | 6             |
| <b>Total assets</b>                               |      | <b>16,817</b> | <b>15,668</b> |
| <b>Liabilities</b>                                |      |               |               |
| Deposits by banks                                 | 22   | 4,016         | 3,561         |
| Customer accounts                                 | 23   | 5,398         | 5,817         |
| Securities financing                              | 16   | 5,306         | 4,346         |
| Derivative financial instruments                  | 13   | 125           | 83            |
| Lease liabilities                                 | 24   | 6             | 8             |
| Other liabilities                                 | 26   | 64            | 68            |
| Accruals and deferred income                      | 27   | 25            | 21            |
| Provisions for liabilities and commitments        | 28   | 19            | 11            |
| <b>Total liabilities</b>                          |      | <b>14,959</b> | <b>13,915</b> |
| <b>Shareholders' equity</b>                       |      |               |               |
| Share capital                                     | 29   | 413           | 413           |
| Capital reserves                                  | 30   | 349           | 349           |
| Reserves                                          |      | 1,096         | 991           |
| <b>Total shareholders' equity</b>                 |      | <b>1,858</b>  | <b>1,753</b>  |
| <b>Total liabilities and shareholders' equity</b> |      | <b>16,817</b> | <b>15,668</b> |



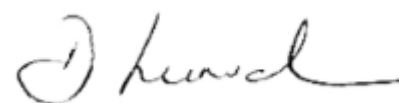
Peter Hagan

Chair



Paul Butler

Managing Director



Diane Lumsden

Company Secretary



Gerry Gaffney

Executive Director

## Statement of changes in shareholders' equity

For the financial year ended 31 December 2024

|                            | Share<br>capital | Capital<br>reserves | Cash flow<br>hedging<br>reserves | Revenue<br>reserves | Total<br>shareholders'<br>equity |
|----------------------------|------------------|---------------------|----------------------------------|---------------------|----------------------------------|
|                            | €m               | €m                  | €m                               | €m                  | €m                               |
| <b>At 1 January 2024</b>   | <b>413</b>       | <b>349</b>          | <b>80</b>                        | <b>911</b>          | <b>1,753</b>                     |
| Profit for the year        | —                | —                   | —                                | 208                 | 208                              |
| Other comprehensive loss   | —                | —                   | (103)                            | —                   | (103)                            |
| <b>At 31 December 2024</b> | <b>413</b>       | <b>349</b>          | <b>(23)</b>                      | <b>1,119</b>        | <b>1,858</b>                     |
| At 1 January 2023          | 413              | 349                 | 302                              | 724                 | 1,788                            |
| Profit for the year        | —                | —                   | —                                | 187                 | 187                              |
| Other comprehensive loss   | —                | —                   | (222)                            | —                   | (222)                            |
| At 31 December 2023        | 413              | 349                 | 80                               | 911                 | 1,753                            |

## Notes to the financial statements

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## Notes to the financial statements

### 1. ACCOUNTING POLICIES

The material accounting policies that the Company applied in the preparation of the financial statements are set out in this section. The Company has considered both quantitative and qualitative factors in its assessment of which accounting policies to disclose as material.

#### 1.1. Reporting entity

EBS d.a.c. (the 'Company') is a designated activity company, registered and domiciled in Ireland. The liability of the Company's member is limited by shares. The Company's registered office is 10 Molesworth Street, Dublin 2, Ireland and it is registered under the company number 500748.

The Company is a wholly owned subsidiary of Allied Irish Banks, p.l.c. ('AIB') which is a wholly owned subsidiary of AIB Group plc ('Group'), and is regulated by the Single Supervisory Mechanism ('SSM'). The Company is primarily involved in retail banking.

#### 1.2. Basis of preparation

The financial statements have been prepared in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 101 Reduced Disclosure Framework and Irish law) and the European Communities (Credit Institutions: Financial Statements) Regulations 2015. The financial statements have been prepared under the historical cost basis, with the exception of the following assets and liabilities which are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss, certain hedged financial assets and financial liabilities.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International financial Reporting Standards ('IFRS') as adopted by the European Union ('EU adopted IFRS'), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. There were no differences between the recognition and measurement basis applied under previous EU adopted IFRS at 1 January 2023 and FRS 101. See note 40.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a statement of cash flows and related notes (IAS 7 *Statement of cash flows*);
- the effects of new but not yet effective IFRS (IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*);
- disclosures required by IAS 24 *Related Party Disclosures* in respect of transactions with wholly owned subsidiaries of AIB Group;
- disclosures required by IAS 24 *Related Party Disclosures* in respect of the compensation of key management personnel; and
- the requirement of IFRS 1 *First-time Adoption of International Financial Reporting Standards* to present an additional statement of financial position for the beginning of the earliest comparative period following the transition to FRS 101.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 statement of financial position at 1 January 2023 for the purposes of the transition to FRS 101.

The Company has availed of the exemption from preparing consolidated accounts under Section 299 of the Companies Act 2014. The results of the Company and all of its subsidiaries are included in the consolidated financial statements of AIB with a registered address of 10 Molesworth Street, Dublin 2, Ireland. The consolidated financial statements of AIB can be viewed by accessing AIB's website at [www.aib.ie/investorrelations](http://www.aib.ie/investorrelations).

#### Functional and presentation currency

The financial statements are presented in Euro, which is the functional currency of the Company, rounded to the nearest million.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.2. Basis of preparation (continued)

#### Change in presentation for certain notes to the financial statements

##### (i) Derivative financial instruments

in 2024 the Company revised the maturity analysis disclosure to better align it with the current maturity profile of the Company's hedging instruments. The related comparatives for 2023 have been re-presented.

#### Use of judgements and estimates

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management's judgement may involve making estimates concerning the likelihood of future events, the actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year relate to:

- Impairment of financial assets;
- Deferred taxation;
- Retirement benefit obligations; and
- Provisions for liabilities and commitments.

A description of these judgements and estimates is set out in note 2.

#### Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change on the Company's financial reporting judgements and estimates and no material impact has been identified. As a subsidiary of AIB Group, the Company continues to integrate climate risk into its overall risk management approach and broader sustainability agenda and will participate as appropriate in the Group's commitment to be net zero by 2030.

#### Going concern

The financial statements for the year ended 31 December 2024 have been prepared on a going concern basis as the Directors are satisfied, having considered the risks and uncertainties impacting the Company, that it has the ability to continue in business for the period of assessment.

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions. This includes capital forecasts and internally generated stress scenarios that take account of geopolitical risks, the impacts of inflation, increased interest rates and related impacts on unemployment and property prices. The period of assessment used by the Directors is at least 12 months from the date of approval of these annual financial statements.

The Company is dependent on AIB for continued funding and is therefore dependent on the going concern status of the parent. The financial statements of AIB have been prepared on a going concern basis.

There is no intention to liquidate the Company or cease trading. In addition, AIB has provided a letter of financial support to the Company.

#### Conclusion

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

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.3. Interest income and expense recognition - Notes 3 and 4

Interest income and expense is recognised in the income statement using the effective interest method.

#### Effective interest rate

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The application of the method has the effect of recognising income receivable and expense payable on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating the effective interest rate for financial instruments, the Company estimates cash flows (using projections based on its experience of customers' behaviour) considering all contractual terms of the financial instrument but excluding expected credit losses (except in the case of purchased or originated credit impaired ('POCI') financial assets where expected credit losses are included in the calculation of a credit-adjusted effective interest rate). The calculation takes into account all fees, including those for any expected early redemption, and points paid or received between parties to the contract that are an integral part of the effective interest rate, as well as transaction costs and all other premiums and discounts.

All costs associated with mortgage incentive schemes are included in the effective interest rate calculation. Fees and commissions payable to third parties in connection with lending arrangements, where these are direct and incremental costs related to the issue of a financial instrument, are included in interest income as part of the effective interest rate.

#### Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost before adjusting for any loss allowance.

#### Calculation of interest income and interest expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability.

For financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, the calculation of interest income reverts to the gross basis.

However, for financial assets that were credit impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

When a financial asset is no longer credit impaired or has been repaid in full (i.e. cured without financial loss), the Company presents previously unrecognised interest income as a reversal of credit impairment/recovery of amounts previously written-off.

#### Presentation

Interest income and expense presented in the income statement include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis; and
- Net interest income and expense on qualifying hedge derivatives designated as cash flow hedges or fair value hedges which are recognised in interest income or interest expense

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.4. Fee and commission income - Note 5

The measurement and timing of recognition of fee and commission income is based on the core principles of IFRS 15 *Revenue from Contracts with Customers*.

Fee and commission income is recognised when the performance obligation in the contract has been performed, either at a 'point in time' recognition, or 'over time' recognition if the performance obligation is performed over a period of time unless the income has been included in the effective interest rate calculation.

The majority of the Company's fee and commission income arises from sale of insurance and bank assurance products.

### 1.5. Employee benefits - Note 25

#### Retirement benefit obligations

The Company operates three funded defined benefit pension schemes, as well as one defined contribution scheme. All defined benefit schemes were closed to future accrual with effect from 31 December 2013. In 2014, all the Company's employees transferred to AIB.

Full actuarial valuations of defined benefit schemes are undertaken every three years and are updated to reflect current conditions at each year end reporting date.

Scheme assets are measured at fair value determined by using current bid prices.

Scheme liabilities are measured on an actuarial basis by estimating the amount of future benefit that employees have earned for their service in current and prior periods and discounting that benefit at the market yield on a high quality corporate bond of equivalent term and currency to the liability. The calculation is performed by a qualified actuary using the projected unit credit method. The difference between the fair value of the scheme assets and the present value of the defined benefit obligation at the year end reporting date is recognised in the statement of financial position. Schemes in surplus are shown as assets and schemes in deficit, together with unfunded schemes, are shown as liabilities. A surplus is only recognised as an asset to the extent that it is recoverable through a refund from the scheme or through reduced contributions in the future. Actuarial gains and losses are recognised immediately in other comprehensive income.

The cost of providing defined benefit pension schemes to employees, comprising the net interest on the net defined benefit liability/(asset), calculated by applying the discount rate to the net defined benefit liability/(asset) at the start of the annual reporting period, taking into account contributions and benefit payments during the period, is charged to the income statement within personnel expenses.

Re-measurements of the net defined benefit liability/(asset), comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability/(asset)) are recognised in other comprehensive income. Amounts recognised in other comprehensive income in relation to remeasurements of the net defined benefit liability/(asset) will not be reclassified to profit or loss in a subsequent period.

The Company recognises the effect of an amendment to a defined benefit scheme when the plan amendment occurs, which is when the Company introduces or withdraws a defined benefit scheme, or changes the benefits payable under existing defined benefit schemes. A curtailment is recognised when a significant reduction in the number of employees covered by a defined benefit scheme occurs. A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit scheme. Gains or losses on plan amendments, curtailments and settlements are recognised in the income statement.

Changes with regard to benefits payable to retirees which represent a constructive obligation under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* are accounted for as a past service cost. These are recognised in the income statement.

The costs of managing the defined benefit scheme assets are deducted from the return on scheme assets. All costs of running the defined benefit schemes are recognised in the income statement when they are incurred. The cost of the Company's defined contribution schemes is charged to the income statement in the accounting period in which it is incurred. Any contributions unpaid at the year end reporting date are included as a liability. The Company has no further obligation under these schemes once these contributions have been paid.

## Notes to the financial statements

### 1. ACCOUNTING POLICIES

#### 1.6. Income tax, including deferred income tax - Notes 12 and 20

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Income tax relating to items in equity is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous financial years.

Deferred income tax is provided, using the balance sheet liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates based on legislation enacted or substantively enacted at the reporting date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred income tax assets are recognised when it is probable that future taxable profits will be available against which the temporary differences will be utilised. The deferred tax asset is reviewed at the end of each reporting period and the carrying amount will reflect the extent that it is probable that sufficient taxable profits will be available to allow all of the asset to be recovered.

The tax effects of income tax losses available for carry forward are recognised as an asset to the extent that it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle the current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

The principal temporary differences arise from the depreciation of property, plant and equipment, revaluation of certain financial assets and financial liabilities including derivative contracts, and provisions for pensions and other post-retirement benefits.

The Company adopted the amendments to IAS 12 by the IASB (International Tax Reform – Pillar Two Model Rules), in 2023. The amendments provide a mandatory temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules. Accordingly, the Company has not recognised any changes to its deferred tax assets or liabilities in respect of Pillar Two.

#### 1.7. Financial assets - Notes 6, 7, 15, 16, 19, 21 and 34

##### Recognition and initial measurement

The Company initially recognises financial assets on the trade date, being the date on which the Company commits to purchase the assets. Loan assets are recognised when cash is advanced to borrowers. In a situation where the Company commits to purchase financial assets under a contract which is not considered a regular-way transaction, the assets to be acquired are not recognised until the acquisition contract is settled. In this case, the contract to acquire the financial asset is a derivative that is measured at fair value through profit or loss ('FVTPL') in the period between the trade date and the settlement date.

Financial assets measured at amortised cost or at fair value through other comprehensive income ('FVOCI') are recognised initially at fair value adjusted for direct and incremental transaction costs. Financial assets FVTPL are recognised initially at fair value and transaction costs are taken directly to the income statement.

Derivatives are measured initially at fair value on the date on which the derivative contract is entered into. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. Profits or losses are only recognised on the initial recognition of derivatives when there are observable current market transactions or valuation techniques that are based on observable market inputs.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.7. Financial assets (continued)

#### Classification and subsequent measurement

On initial recognition, a financial asset is classified and subsequently measured at amortised cost, FVOCI or FVTPL.

The classification and subsequent measurement of financial assets depend on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset (for assets in a 'hold-to-collect' or 'hold-to-collect-and-sell' business model).

Based on these factors, the Company classifies its financial assets into one of the following categories:

#### - Amortised cost

Financial assets that have not been designated as at FVTPL, and are held within a 'hold-to-collect' business model whose objective is to hold assets to collect contractual cash flows; and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI'). The carrying amount of these assets is calculated using the effective interest rate method and is adjusted on each measurement date by the expected credit loss allowance for each asset, with movements recognised in profit or loss.

#### - Fair value through other comprehensive income ('FVOCI')

Financial assets that have not been designated as at FVTPL, and are held within a 'hold-to-collect-and-sell' business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and whose contractual terms give rise on specified dates to cash flows that are SPPI. Movements in the carrying amount of these assets are taken through other comprehensive income ('OCI'), except for the recognition of credit impairment gains or losses, interest revenue or foreign exchange gains and losses, which are recognised in profit or loss. When a financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss other than in the case of equity instruments designated at FVOCI.

#### - Fair value through profit or loss ('FVTPL')

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Gains or losses (excluding interest income or expense) on such assets are recognised in profit or loss on an ongoing basis.

In addition, the Company may irrevocably designate a financial asset as at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Business model assessment

The Company makes an assessment of the objective of the business model at a portfolio level, as this reflects how portfolios of assets are managed to achieve a particular objective, rather than management's intentions for individual assets.

The assessment considers the following:

- The strategy for the portfolio as communicated by management;
- How the performance of the portfolio is evaluated and reported to senior management;
- The risks that impact the performance of the business model, and how those risks are managed;
- How managers of the business are compensated (i.e. based on fair value of assets managed or on the contractual cash flows collected); and
- The frequency, value and timing of sales in prior periods, reasons for those sales, and expectations of future sales activity.

Financial assets that are held for trading or managed within a business model that is evaluated on a fair value basis are measured at FVTPL because the business objective is neither hold-to-collect contractual cash flows nor hold-to-collect-and-sell contractual cash flows.

#### Characteristics of the contractual cash flows

An assessment ('SPPI test') is performed on all financial assets at origination that are held within a 'hold-to-collect' or 'hold-to-collect-and-sell' business model to determine whether the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding, and for other basic lending risks and costs (i.e. liquidity, administrative costs), and profit margin.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.7. Financial assets (continued)

#### Characteristics of the contractual cash flows (continued)

The SPPI test requires an assessment of the contractual terms and conditions to determine whether a financial asset contains any terms that could modify the timing or amount of contractual cash flows of the asset, to the extent that they could not be described as solely payments of principal and interest. In making this assessment, the Company considers:

- Features that modify the time value of money element of interest (e.g. tenor of the interest rate does not correspond with the frequency within which it resets);
- Terms providing for prepayment and extension;
- Leverage features;
- Contingent events that could change the amount and timing of cash flows;
- Terms that limit the Company's claim to cash flows from specified assets; and
- Contractually linked instruments.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 1.8. Financial liabilities - Notes 22, 23, 26, 27 and 34

The Company categorises financial liabilities as at amortised cost or as at fair value through profit or loss.

The Company recognises a financial liability when it becomes party to the contractual provisions of the contract.

Issued financial instruments or their components are classified as liabilities where the substance of the contractual arrangement results in the Company having a present obligation to either deliver cash or another financial asset to the holder or to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares.

Financial liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost with any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement using the effective interest rate method.

### 1.9. Leases - Notes 19 and 24

The Company applies a single recognition and measurement approach for all leases, except for short-term leases of 12 months or less or leases of low-value assets, (i.e. the value of the underlying asset, when new, is less than € 5,000). The Company recognises lease liabilities that represent the present value of lease payments to be made over the lease term and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.10. Determination of fair value of financial instruments - Note 34

The fair value of a financial instrument is 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 market, or in its absence, the most advantageous market to which the Company has access at that date. The Company considers the impact of non-performance risk when valuing its financial liabilities.

Financial instruments are initially recognised at fair value and, with the exception of financial assets at fair value through profit or loss, the initial carrying amount is adjusted for direct and incremental transaction costs. In the normal course of business, the fair value on initial recognition is the transaction price (fair value of consideration given or received). If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is determined by a quoted price in an active market for the same financial instrument, or by a valuation technique which uses only observable market inputs, the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss. If the fair value is calculated by a valuation technique that features significant market inputs that are not observable, the difference between the fair value at initial recognition and the transaction price is deferred. Subsequently, the difference is recognised in the income statement on an appropriate basis over the life of the financial instrument, but no later than when the valuation is supported by wholly observable inputs; the transaction matures; or is closed out.

Subsequent to initial recognition, the methods used to determine the fair value of financial instruments include quoted prices in active markets where those prices are considered to represent actual and regularly occurring market transactions. Where quoted prices are not available or are unreliable because of market inactivity, fair values are determined using valuation techniques.

#### Quoted prices in active markets

Quoted market prices are used where those prices are considered to represent actual and regularly occurring market transactions for financial instruments in active markets.

Valuations for negotiable instruments such as debt and equity securities are determined using bid prices for asset positions and ask prices for liability positions.

Where securities are traded on an exchange, the fair value is based on prices from the exchange. The market for debt securities largely operates on an 'over the counter' basis which means that there is not an official clearing or exchange price for these security instruments. Therefore, market makers and/or investment banks ('contributors') publish bid and ask levels which reflect an indicative price that they are prepared to buy and sell a particular security. The Company's valuation policy requires that the prices used in determining the fair value of securities quoted in active markets must be sourced from established market makers and/or investment banks.

#### Valuation techniques

In the absence of quoted market prices, and in the case of over-the-counter derivatives, fair value is calculated using valuation techniques. These valuation techniques maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation techniques used incorporate the factors that market participants would take into account in pricing a transaction. Valuation techniques include the use of recent orderly transactions between market participants, reference to other similar instruments, option pricing models, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Fair value may be estimated using quoted market prices for similar instruments, adjusted for differences between the quoted instrument and the instrument being valued. Where the fair value is calculated using discounted cash flow analysis, the methodology is to use, to the greatest extent possible, market data that is either directly observable or is implied from instrument prices, such as interest rate yield curves, equities and commodities prices, credit spreads, option volatilities and currency rates. In addition, the Company considers the impact of own credit risk and counterparty risk when valuing its derivative liabilities.

The valuation methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- The likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. In addition, future cash flows may also be sensitive to the occurrence of future events, including changes in market rates; and
- Selecting an appropriate discount rate for the instrument, based on the interest rate yield curves including the determination of an appropriate spread for the instrument over the risk-free rate. The spread is adjusted to take into account the specific credit risk profile of the exposure.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.10. Determination of fair value of financial instruments (continued)

All adjustments in the calculation of the present value of future cash flows are based on factors market participants would take into account in pricing the financial instrument.

Certain financial instruments (both assets and liabilities) may be valued on the basis of valuation techniques that feature one or more significant market inputs that are not observable. When applying a valuation technique with unobservable data, estimates are made to reflect uncertainties in fair values resulting from a lack of market data, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on non-observable data are inherently uncertain because there is little or no current market data available from which to determine the price at which an orderly transaction between market participants would occur under current market conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments will be based on some market observable inputs even where the non-observable inputs are significant. All unobservable inputs used in valuation techniques reflect the assumptions market participants would use when fair valuing the financial instrument.

The Company tests the outputs of the valuation model to ensure that it reflects current market conditions. The calculation of fair value for any financial instrument may require adjustment of the quoted price or the valuation technique output to reflect the cost of credit risk and the liquidity of the market, if market participants would include one, where these are not embedded in underlying valuation techniques or prices used.

The choice of contributors, the quality of market data used for pricing, and the valuation techniques used are all subject to internal review and approval procedures.

### 1.11. Sale and repurchase agreements (including securities borrowing and lending) - Note 16

Financial assets may be lent or sold subject to a commitment to repurchase them ('repos'). Such securities are retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Company. The liability to the counterparty is included separately on the statement of financial position. Similarly, when securities are purchased subject to a commitment to resell ('reverse repos'), or where the Company borrows securities, but does not acquire the risks and rewards of ownership, the transactions are treated as collateralised loans, and the securities are not usually included in the statement of financial position. The exception to this is where these are sold to third parties, at which point the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in trading income. The difference between the sale and repurchase price is accrued over the life of the agreements using the effective interest rate method. Securities lent to counterparties are also retained in the financial statements. The Company does not trade repos.

### 1.12. Derivatives and hedge accounting - Note 13

Derivatives, such as interest rate swaps are used for risk management purposes.

#### Derivatives

Derivatives are measured initially at fair value on the date on which the derivative contract is entered into and subsequently remeasured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and from valuation techniques using discounted cash flow models and option pricing models as appropriate. Derivatives are included in assets when their fair value is positive and in liabilities when their fair value is negative, unless there is the legal ability and intention to settle an asset and liability on a net basis.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Profits or losses are only recognised on initial recognition of derivatives when there are observable current market transactions or valuation techniques that are based on observable market inputs.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.12. Derivatives and hedge accounting (continued)

#### Hedging

The Company avails of the hedge accounting requirements of IAS 39 *Financial Instruments: Recognition and Measurement* ('IAS 39') as adopted by the EU, until portfolio hedge accounting is addressed by the IASB, as permitted as an accounting policy choice under IFRS 9.

All derivatives are carried at fair value and the accounting treatment of the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Where derivatives are held for risk management purposes, and where transactions meet the criteria specified in IAS 39, the Company designates certain derivatives as hedges of the exposure to variability of cash flows attributable to a recognised asset or liability, or a highly probable forecasted transaction ('cash flow hedge');

When a financial instrument is designated as a hedge, the Company formally documents the relationship between the hedging instrument and hedged item as well as its risk management objectives and its strategy for undertaking the various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The Company discontinues hedge accounting when:

- (a) it is determined that a derivative is not, or has ceased to be, highly effective as a hedge;
- (b) the derivative expires, or is sold, terminated, or exercised;
- (c) the hedged item matures or is sold or repaid; or
- (d) a forecast transaction is no longer deemed probable.

To the extent that the changes in the fair value of the hedging derivative differ from changes in the fair value of the hedged risk in the hedged item; or the cumulative change in the fair value of the hedging derivative differs from the cumulative change in the fair value of expected future cash flows of the hedged item, ineffectiveness arises. The amount of ineffectiveness, taking into account the timing of the expected cash flows where relevant, provided that it is not so great as to disqualify the entire hedge for hedge accounting, is recorded in the income statement.

In certain circumstances, the Company may decide to cease hedge accounting even though the hedge relationship continues to be highly effective by no longer designating the financial instrument as a hedge.

#### Cash flow hedge accounting

The Company enters into portfolio cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is initially recognised directly in other comprehensive income and included in the cash flow hedging reserve in the statement of changes in equity. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in other comprehensive income from the time when the hedge was effective remains in equity and is reclassified to the income statement as a reclassification adjustment as the forecast transaction affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income from the period when the hedge was effective is reclassified to the income statement.

#### Derivatives that do not qualify for hedge accounting

Certain derivative contracts entered into as economic hedges do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the income statement.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.13. Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Relevant costs incurred with the disposal of a financial asset are deducted in computing the gain or loss on disposal.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. However, the amount held in investment securities reserves is transferred to revenue reserves on derecognition. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities sold under agreements to repurchase.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate or is less than adequate for performing the servicing.

The write-off of a financial asset constitutes a derecognition event. Where a financial asset is partially written-off, and the portion written-off comprises specifically identified cash flows, this will constitute a derecognition event for that part written-off.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Any gain or loss on the extinguishment or remeasurement of a financial liability is recognised in profit or loss.

### 1.14. Impairment of financial assets - Notes 10, 15 and 32

The Company recognises loss allowances for expected credit losses at each balance sheet date for the following financial instruments that are not measured at FVTPL:

- Financial assets at amortised cost;
- Financial assets at FVOCI (except for equity instruments); and
- Loan commitments issued.

Investments in equity instruments are recognised at fair value and accordingly, expected credit losses ('ECLs') are not recognised separately for equity instruments.

ECLs are the weighted average of credit losses. When measuring ECLs, the Company takes into account:

- probability-weighted outcomes;
- the time value of money so that ECLs are discounted to the reporting date; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of ECLs recognised as a loss allowance depends on the extent of credit deterioration since initial recognition. There are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items as long as there is no significant deterioration in credit quality since initial recognition; and
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.14. Impairment of financial assets (continued)

The 12 month ECL is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL is the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In the case of Stage 2, credit risk on the financial instrument has increased significantly since initial recognition but the instrument is not considered credit impaired. For a financial instrument in Stage 3, credit risk has increased significantly since initial recognition and the instrument is considered credit impaired.

Financial assets are allocated to stages dependent on credit quality relative to when the asset was originated.

A financial asset can only originate in either Stage 1 or POCI. The ECL held against an asset depends on a number of factors, one of which is its stage allocation. Assets allocated to Stage 2 and Stage 3 have lifetime ECLs. Collateral and other credit enhancements are not considered as part of stage allocation. Collateral is reflected in EBS's loss given default models ('LGD').

#### **Purchased or originated credit impaired**

POCI financial assets are those that are credit-impaired on initial recognition. The Company may originate a credit-impaired financial asset following a substantial modification of a distressed financial asset that resulted in derecognition of the original financial asset.

POCIs are financial assets originated credit impaired that have a discount to the contractual value when measured at fair value and the fair value at origination is greater than or equal to 5%. The Company uses an appropriate discount rate for measuring ECL in the case of POCIs which is the credit-adjusted effective interest rate.. This rate is used to discount the expected cash flows of such assets to fair value on initial recognition.

POCIs remain outside of the normal stage allocation process for the lifetime of the obligation. The ECL for POCIs is always measured at an amount equal to lifetime expected credit losses. The amount recognised as a loss allowance for these assets is the cumulative changes in lifetime expected credit losses since the initial recognition of the assets rather than the total amount of lifetime expected credit losses.

At each reporting date, the Company recognises the amount of the change in lifetime expected credit losses as a credit impairment gain or loss in the income statement. Favourable changes in lifetime expected credit losses are recognised as a credit impairment gain, even if the favourable changes exceed the amount previously recognised in profit or loss as a credit impairment loss.

#### **Modification**

From time to time, the Company will modify the original terms of a customer's loan either as part of the ongoing relationship or arising from changes in the customer's circumstances such as when that customer is unable to make the agreed original contractual repayments.

A modification refers to either:

- A change to the previous terms and conditions of a debt contract; or
- A total or partial refinancing of a debt contract.

Modifications may occur for both customers in distress and for those not in distress. Any financial asset that undergoes a change or renegotiation of cash flows and is not derecognised is a modified financial asset.

When modification does not result in derecognition, the modified assets are treated as the same continuous lending agreement and a modification gain or loss is taken to profit or loss immediately. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

The stage allocation for modified assets which are not derecognised is by reference to the credit risk at initial recognition of the original, unmodified contractual terms i.e. the date of initial recognition is not reset.

Where renegotiation of the terms of a financial asset leads to a customer granting equity to the Company in exchange for any loan balance outstanding, the new instrument is recognised at fair value with any difference to the loan carrying amount recognised in the income statement.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.14. Impairment of financial assets (continued)

#### Modification (continued)

Derecognition occurs if a modification or restructure is substantial on a qualitative or quantitative basis. Accordingly, certain forbore assets are derecognised. The modified/restructured asset (derecognised forbore asset ('DFA')) is considered a 'new financial instrument' and the date that the new asset is recognised is the date of initial recognition from this point forward. DFAs are allocated to Stage 1 on origination and follow the normal staging process thereafter.

If there is evidence of credit impairment at the time of initial recognition of a DFA, the asset is deemed to be a POCI. POCIs are not allocated to stages but are assigned a lifetime probability of default ('PD') and ECL for the duration of the obligation's life. Where the modification/restructure of a non-forborne credit obligation results in derecognition, the new loan is originated in Stage 1 and follows the normal staging process thereafter.

#### Collateralised financial assets – Repossessions

The ECL calculation for a collateralised financial asset reflects the cash flows that may result from foreclosure, costs for obtaining and settling the collateral, and whether or not foreclosure is probable.

For loans that are credit impaired, the Company may repossess collateral previously pledged as security in order to achieve an orderly realisation of the loan. The Company will then offer this repossessed collateral for sale. However, if the Company believes the proceeds of the sale will comprise only part of the recoverable amount of the loan with the customer remaining liable for any outstanding balance, the loan continues to be recognised and the repossessed asset is not recognised. However, if the Company believes that the sale proceeds of the asset will comprise all or substantially all of the recoverable amount of the loan, the loan is derecognised and the acquired asset is accounted for in accordance with the applicable accounting standard. Any further impairment of the repossessed asset is treated as an impairment of that asset and not as a credit impairment of the original loan.

#### Financial assets at FVOCI

The ECL allowance for financial assets measured at FVOCI does not reduce the carrying amount in the statement of financial position because the carrying amount of these assets is fair value. However, an amount equal to the ECL allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated credit impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit or loss upon derecognition of the assets (together with other accumulated gains and losses in OCI).

#### Write-offs and debt forgiveness

The Company reduces the gross carrying amount of a financial asset either partially or fully when there is no reasonable expectation of recovery.

Where there is no formal debt forgiveness agreed with the customer, the Company may write off a loan either partially or fully when there is no reasonable expectation of recovery. This is considered a non-contracted write-off. In this case, the borrower remains fully liable for the credit obligation and is not advised of the write-off. Once a financial asset is written-off either partially or fully, the amount written-off cannot subsequently be recognised on the balance sheet. It is only when cash is received in relation to the amount written-off that income is recognised in the income statement as a 'recovery of bad debt previously written-off'.

Debt forgiveness arises where there is a formal contract agreed with the customer for the write-off of a loan.

### 1.15. Collateral and netting

The Company enters into master netting agreements with counterparties, to ensure that if an event of default occurs, all amounts outstanding with those counterparties will be settled on a net basis.

#### Collateral

The Company obtains collateral in respect of customer advances where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Company a claim on these assets for both existing and future customer liabilities. The collateral is, in general, not recorded on the statement of financial position.

The Company also receives collateral in the form of cash or securities in respect of other credit instruments, such as securities borrowing contracts and derivative contracts in order to reduce credit risk. Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. Therefore, in the case of cash collateral, these amounts are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

## Notes to the financial statements

### 1. ACCOUNTING POLICIES

#### 1.15. Collateral and netting (continued)

##### Collateral (continued)

In certain circumstances, the Company will pledge collateral in respect of its own liabilities or borrowings. Collateral pledged in the form of securities or loans and advances continues to be recorded on the statement of financial position. Collateral paid away in the form of cash is recorded in loans and advances to banks or customers. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

##### Netting

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross on the statement of financial position.

#### 1.16. Property, plant and equipment - Note 19

Property, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and provisions for impairment, if any. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the asset. No depreciation is provided on freehold land. Property, plant and equipment are depreciated on a straight line basis over their estimated useful economic lives. Depreciation is calculated based on the gross carrying amount, less the estimated residual value at the end of the assets' economic lives.

The Company uses the following useful lives when calculating depreciation:

| Asset type                                             | Useful life                   |
|--------------------------------------------------------|-------------------------------|
| Freehold buildings and long-leasehold property         | 50 years                      |
| Short leasehold property                               | life of lease, up to 50 years |
| Costs of adaptation of freehold and leasehold property |                               |
| Branch properties                                      | up to 10 years <sup>(1)</sup> |
| Office properties                                      | up to 15 years <sup>(1)</sup> |
| Computers and similar equipment                        | 3 – 7 years                   |
| Fixtures and fittings and other equipment              | 5 – 10 years                  |

<sup>(1)</sup>Subject to the maximum remaining life of the lease.

The Company depreciates right-of-use assets arising under lease obligations from the commencement date of a lease to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term on a straight-line basis.

The Company reviews its depreciation rates, at least annually, to take account of any change in circumstances. When deciding on useful lives and methods, the principal factors that the Company takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the Company estimates the amount that it would currently obtain for the disposal of the asset, after deducting the estimated cost of disposal if the asset was already of the age and condition expected at the end of its useful life.

Gains and losses on disposal of property, plant and equipment are included in the income statement. It is the Company's policy not to revalue its property, plant and equipment.

#### 1.17. Intangible assets - Note 18

Computer software and other intangible assets are stated at cost, less amortisation on a straight-line basis and provisions for impairment, if any. The identifiable and directly associated external and internal costs of acquiring and developing software are capitalised where the software is controlled by the Company, and where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense when incurred. Capitalised computer software is amortised over 3 to 9 years. Other intangible assets are amortised over the life of the asset. Computer software and other intangible assets are reviewed for impairment when there is an indication that the asset may be impaired. Intangible assets not yet available for use are reviewed for impairment on an annual basis.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.18. Loan commitment contracts - Note 31

A loan commitment is a contract with a borrower to provide a loan or credit on specified terms at a future date. The contract may or may not be cancelled unconditionally at any time without notice depending on the terms of the contract.

The origination date for loan commitment contracts is the date when the contracts become irrevocable. The credit risk at this date is used to determine if a significant increase in credit risk has subsequently occurred.

Loan commitments are initially recognised in the financial statements at fair value on the date that the loan commitment is given. Subsequent to initial recognition, the Company applies the impairment provisions of IFRS 9 and calculates an ECL allowance for loan commitment contracts (i.e. those that are not measured at FVTPL).

The ECL allowance calculated on loan commitment contracts is reported within Provisions for liabilities and commitments.

### 1.19. Non-credit risk provisions - Note 28

Provisions are recognised for present legal or constructive obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

When the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Payments are deducted from the present value of the provision, and interest at the relevant discount rate is charged annually to interest expense using the effective rate interest rate method. These are reported within 'provisions for liabilities and commitments' in the statement of financial position.

### 1.20. Shareholders' equity - Note 29

#### *Share capital*

Share capital represents funds raised by issuing shares in return for cash or other consideration. Share capital comprises ordinary shares of the entity.

#### *Dividends and distributions*

Final dividends on ordinary shares are recognised as a liability in the Company's financial statements in the period in which they are approved by the shareholders of the Company. Proposed dividends that are declared after the end of the reporting date are not recognised as a liability.

#### *Capital reserves*

The capital reserves represents non-refundable cash contribution received from the Company's shareholder and the capital provided by the Minister for Finance on behalf of the Irish State on 17 June 2010.

#### *Cash flow hedging reserves*

Cash flow hedging reserves represent the net gains or 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.

#### *Revenue reserves*

Revenue reserves include the following:

- Retained earnings of the company;
- Amounts arising from the capital reduction undertaken by the Company in June 2019; and
- Remeasurements of defined benefit pension schemes.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### 1.21. Adoption of new accounting standards and amendments to standards

Other than the impact of the transition to FRS 101, the table below outlines the amendments to standards that have been adopted by the Company for the year ended 31 December 2024. The Company has not early adopted any standard or amendment that has been issued but is not yet effective.

| Accounting standard update                                                                                                                                                                                                                                                                                                 | Effective date                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| IAS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants                                                                                                                                                                     | Annual periods beginning on or after 1 January 2024.                |
| Nature of change                                                                                                                                                                                                                                                                                                           | Impact                                                              |
| Clarifies the requirements on determining whether a liability is current or non-current and requires additional disclosures when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. | The amendments had no impact on the Company's financial statements. |

## Notes to the financial statements

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The accounting judgements that have the most significant effect on the amounts recognised in the financial statements and the estimates that have a significant risk of material adjustment in the next year are set out below.

#### Significant judgements

The significant judgements made by the Company in applying its accounting policies are as follows.

- Deferred taxation;
- Impairment of financial assets; and
- Provisions for liabilities and commitments.

The application of certain of these judgements also involves estimations which are discussed separately.

#### Deferred taxation

The Company's accounting policy for deferred tax is set out in accounting policy 1.6 in note 1. Details of the Company's deferred tax assets and liabilities are set out in note 20.

*The Company's key judgement in relation to the recoverability of deferred tax assets for unused tax losses is that it is probable that there will be sufficient future taxable profits against which those tax losses can be used:*

- *The disclosed estimated utilisation period for those losses in Ireland is within the timeframe that taxable profits are considered probable.*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that there will be sufficient future taxable profits against which the losses can be used. For a company with a history of recent losses, there must be other convincing evidence to underpin this assessment.

The recognition of these deferred tax assets relies on the assessment of future profitability and the sufficiency of those profits to absorb losses carried forward. It requires significant judgements to be made about the projection of long-term future profitability because of the period over which recovery extends.

In assessing the future profitability of the Company, the Board has considered a range of positive and negative evidence for this purpose. Among this evidence, the principal positive factors include:

- The Company has a strong Irish franchise;
- The absence of any expiry dates for Irish tax losses;
- The changing banking landscape in Ireland;
- External economic forecasts for Ireland, with growth forecasted for 2025;
- The Irish economy remained robust in 2024, outperforming European peers, driven by domestic and FDI sectors;
- The turnaround evident in the Company's financial performance over the years 2021-2024;
- The introduction of the bank resolution framework under the BRRD and the establishment in 2017 of AIB Group plc as the new holding company of AIB Group. This provides greater confidence in relation to the future viability of EBS as there are now effective tools in place that should facilitate its recapitalisation in a future crisis; and
- The non-enduring nature of the loan impairments at levels which resulted in the losses between 2009 and 2013.

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

- The absolute level of deferred tax assets compared to the Company's equity;
- The quantum of profits required to be earned and the extended period over which it is projected that the tax losses will be utilised;
- The challenge of forecasting over a long period, taking account of the changing level of competition, and the evolving interest rate environment;
- The globalised nature of the Irish economy and its exposure to macroeconomic headwinds and geopolitical issues; and
- Taxation changes (including Organisation for Economic Co-operation and Development ('OECD') tax reform) and the likelihood of future developments and their impact on profitability.

## Notes to the financial statements

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

#### Deferred taxation (continued)

Taking account of all relevant factors, and in the absence of any expiry date for tax losses in Ireland, it is more likely than not that there will be future profits in the medium term, and beyond, against which to use the tax losses. In this regard, the Company has carried out an exercise to determine the likely number of years required to utilise the deferred tax asset under the following scenario. Using the Company's financial plan 2025 to 2027 as a base and a profit growth rate of 2% from 2027, it was assessed that it will take less than 10 years for the deferred tax asset of €138m to be utilised. If the growth rate assumption was decreased by 1%, then the utilisation period is unchanged. The Company's analysis of this and other scenarios examined would not alter the basis of recognition or the current carrying value. In 2023, the Company reported that it expected that it would take less than 10 years for the deferred tax asset of €166m to be utilised.

#### Impairment of financial assets

The Company's accounting policy for impairment of financial assets is set out in accounting policy 1.14 in note 1. Details of the Company's net credit impairment charge are set out in note 10 and ECL allowance are set out in note 15.

The calculation of the ECL allowance is complex and requires the use of a number of accounting judgements.

*The most significant judgements applied by EBS in determining the ECL allowance are as follows:*

- *Determining the criteria for a significant increase in credit risk and for being classified as credit impaired; and*
- *Determining the need for and an appropriate methodology for post-model adjustments.*

The significant management judgements and the governance process, relating to ECL, are set out in note 32 on pages 75 to 82.

#### Provisions for liabilities and commitments

The Company's accounting policy for provisions for liabilities and commitments is set out in accounting policy 1.19 in note 1. Details of the Company's provisions for liabilities and commitments are shown in note 28.

*Significant management judgement is required to determine whether the Company has a present obligation as a result of a past event and whether it is probable that an outflow of resources will be required to settle the obligation.*

The Company recognises liabilities where it has present legal or constructive obligations as a result of past events and it is more likely than not that these obligations will result in an outflow of resources to settle the obligations and the amount can be reliably estimated.

Judgement is required in determining whether the Company has a present obligation and whether it is probable that an outflow of economic benefits will be required to settle this obligation. This judgement is applied to information available at the time of determining the provision including, but not limited to, judgements around interpretations of legislation, regulations and case law depending on the nature of the provision.

#### Critical accounting estimates

The accounting estimates with a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year were in relation to:

- Impairment of financial assets; and
- Retirement benefit obligations;

#### Impairment of financial assets

The Company's accounting policy for impairment of financial assets is set out in accounting policy 1.14 in note 1. Details of the Company's ECL allowance are set out in note 15.

*The key estimates and assumptions that EBS have used in determining the ECL allowance are as follows:*

- *Establishing the number and relative weightings for forward looking scenarios;*
- *The assumptions for measuring ECL (e.g. PD, LGD and EAD and the parameters to be included within the models for modelled ECL); and*
- *The estimation of post model adjustments where required.*

## Notes to the financial statements

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

#### Critical accounting estimates (continued)

##### Impairment of financial assets (continued)

The calculation of the ECL allowance is complex and therefore an entity must consider large amounts of information in its determination. This process requires significant use of estimates and assumptions, some of which by their nature, are highly subjective and very sensitive to risk factors such as changes to economic conditions. Changes in the ECL allowance can materially affect net income.

On an ongoing basis, the various estimates and assumptions are reviewed in light of differences between actual and previously calculated expected losses. These are then recalibrated and refined to reflect current and evolving economic conditions. The ECL allowance is, in turn, reviewed and approved by the Group Credit Committee on a quarterly basis with final Company levels being recommended by the EBS Audit Committee and approved by the Board. Further detail on the ECL governance process is set out on page 71.

The macroeconomic variables used in models to calculate ECL allowance are based on assumptions, forecasts and estimates against a backdrop of an evolving economic landscape. Accordingly, developments in local and international factors could have a material bearing on the ECL allowance within the next financial year. The Company's sensitivity to a range of macroeconomic factors under the (i) base forecast; (ii) upside; and (iii) downside scenarios is set out on page 81 of note 32.

The Company has developed a standard approach for the measurement of ECL for the majority of the Company's exposures where each ECL input parameter (e.g. PD, LGD and EAD) is developed in line with standard modelling methodology. These are discussed further on page 72 and 79 of note 32. When considering changes in these assumptions collectively, there is a significant risk of a material adjustment to the Company's ECL allowance within the next financial year.

Where the estimate of ECL does not adequately capture all available forward looking information about the range of possible outcomes, or where there is a significant degree of uncertainty, management may consider it appropriate for an adjustment to ECL. These are referred to as post model adjustments and are set out in detail on page 82. The sensitivity of the carrying amounts of the ECL to changes in the assumptions for measuring ECL; and the estimation of post model adjustments where required have not been provided given their diverse nature, their interrelationship and the number of estimates and assumptions involved.

#### Retirement benefit obligation

The Company's accounting policy for retirement benefit obligations is set out in accounting policy 1.5 in note 1. Details of the Company's retirement benefit obligations are set out in note 25.

*The key estimates and assumptions that the Directors have used in determining the retirement benefit obligation are as follows:*

- *Increases to pensions in payment are subject to annual consideration and approval by the Board and the Trustees of the pension schemes have no discretion in this regard; and*
- *The significant demographic and financial actuarial assumptions used to determine the present value of the retirement benefit obligation.*

Increases to pensions in payment are specifically subject to the consent of the Company. The AIB Board has determined that the funding of the discretionary increases to pensions in payment is a decision to be made by the Board each year. A process, taking account of all relevant interests and factors has been implemented by the AIB Board. Under this annual process in March 2024, the AIB Group Board approved the funding of a discretionary increase of 2.25% for 2024 in relation to the three EBS defined benefit schemes and this was subsequently considered and approved by the EBS Board. In March 2025 the AIB Group Board approved the funding of a discretionary increase of 1.00% for 2025 in relation to the three EBS defined benefit schemes and this was subsequently considered and approved by the EBS Board.

The long term assumption for future increases in pension in payment reflect that a constructive obligation to grant discretionary increases to pensions and payment does not exist at 31 December 2024 and therefore the long term assumptions for future increases in pension and payment has been assessed at 0.00% per annum (2023: 0.00%).

The actuarial valuation of the schemes' liabilities is dependent upon a number of financial and demographic assumptions which are inherently uncertain. Changes to those assumptions could materially impact the reported amount for schemes' liabilities and the actuarial gains/losses reported in equity. Details of the assumptions adopted by EBS in calculating the schemes' liabilities are set out in note 25 to the financial statements. A sensitivity analysis for the principal assumptions used to measure the schemes' liabilities is set out in note 25 to the financial statements.

## Notes to the financial statements

### 3. INTEREST AND SIMILAR INCOME

|                                                                       | 2024       | 2023       |
|-----------------------------------------------------------------------|------------|------------|
|                                                                       | €m         | €m         |
| Interest on loans and advances to banks at amortised cost             | —          | 1          |
| Interest on loans and advances to customers at amortised cost         | 401        | 343        |
| Interest receivable from AIB                                          | 126        | 107        |
| <b>Interest income calculated using the effective interest method</b> | <b>527</b> | <b>451</b> |

### 4. INTEREST AND SIMILAR EXPENSE

|                                                                        | 2024       | 2023       |
|------------------------------------------------------------------------|------------|------------|
|                                                                        | €m         | €m         |
| Interest on customer accounts                                          | 19         | 11         |
| Interest payable to AIB                                                | 186        | 103        |
| <b>Interest expense calculated using the effective interest method</b> | <b>205</b> | <b>114</b> |

### 5. NET FEE AND COMMISSION INCOME

|                                                    | 2024      | 2023      |
|----------------------------------------------------|-----------|-----------|
|                                                    | €m        | €m        |
| Fee and commission receivable                      | 10        | 13        |
| Fee and commission receivable from Group companies | 46        | 43        |
| Fee and commission income                          | 56        | 56        |
| Fee and commission expense                         | (8)       | (7)       |
| <b>Net fee and commission income</b>               | <b>48</b> | <b>49</b> |

Included in Fees and commission receivable from Group companies are amounts receivable from AIB which are determined by the implementation of the transfer pricing agreements between AIB and the Company that reflect the OECD guidelines on transfer pricing, which are the internationally accepted principles in this area, and which take account of the functions, risks and assets involved. In 2024 this required a net payment by AIB to the Company of €35m (2023: €37m).

Commission receivable and payable relates to fees earned and paid by the Company on insurance and other services.

### 6. NET GAIN ON OTHER FINANCIAL ASSETS MEASURED AT FVTPL

|                                                             | 2024     | 2023     |
|-------------------------------------------------------------|----------|----------|
|                                                             | €m       | €m       |
| Loans and advances to customers                             | 5        | 3        |
| <b>Net gain on other financial assets measured at FVTPL</b> | <b>5</b> | <b>3</b> |

## Notes to the financial statements

### 7. NET GAIN/(LOSS) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

|                                 | 2024                                                                       |                                | 2023                                                                       |                         |
|---------------------------------|----------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------|-------------------------|
|                                 | Carrying value of derecognised financial assets measured at amortised cost | Gain/(loss) from derecognition | Carrying value of derecognised financial assets measured at amortised cost | Loss from derecognition |
|                                 | €m                                                                         | €m                             | €m                                                                         | €m                      |
| Loans and advances to customers | —                                                                          | —                              | 1                                                                          | (1)                     |

There were no loan disposals in 2024. The loss on derecognition was based on the sales proceeds, net of costs, computed at a customer connection level. Derecognition in 2023 arose from the sale of individual loans from a specific loan portfolio. The loans were disposed of for credit management purposes after credit deterioration had occurred.

### 8. OPERATING EXPENSES

|                                                  | 2024       | 2023       |
|--------------------------------------------------|------------|------------|
|                                                  | €m         | €m         |
| <i>Personnel expenses:</i>                       |            |            |
| Retirement benefits                              | 2          | 2          |
| <b>Total personnel expenses</b>                  | <b>2</b>   | <b>2</b>   |
| <i>General and administrative expenses:</i>      |            |            |
| Amounts payable to Group entities                | 119        | 123        |
| Other administrative expenses                    | 44         | 47         |
| <b>Total general and administrative expenses</b> | <b>163</b> | <b>170</b> |
| <b>Total operating expenses</b>                  | <b>165</b> | <b>172</b> |

Amounts payable to Group entities are determined by the implementation of the cost allocation and of the transfer pricing agreements between AIB, the Company and its' subsidiaries, that reflect the OECD guidelines on transfer pricing, which are the internationally accepted principles in this area, and which take account of the functions, risks and assets involved. Amounts payable to Group entities in 2024 were €119m (2023: €123m).

Other administrative expenses in 2024 were €44m (2023: €47m) and include statutory payments (regulatory charges/levies) of €10m (2023: €19m), professional and other fees of €11m (2023: €11m) and provisions for liabilities and commitments of €11m (2023: €6m).

For the financial year ended 31 December 2024 the monthly average number of employees was nil (2023: nil). As at 31 December 2024, the Company had no employees (2023: nil).

A small number of AIB employees maintain a parallel employment relationship with the Company in order to facilitate delivery of outsourced service activities under the Managed Services Agreement with AIB. These parallel employments are unremunerated. These employees of AIB in the Republic of Ireland have a primary employment relationship with AIB which maintains day-to-day control over them and remains responsible for the payment of their remuneration as well as accounting for tax and other payroll deductions.

#### Personnel expenses

Personnel expenses capitalised during the financial year were nil (2023: nil). Personnel expenses borne by AIB are allocated to the Company under an MSA.

## Notes to the financial statements

### 9. AUDITOR'S REMUNERATION

The disclosure of Auditor's remuneration is in accordance with Section 322 of the Companies Act 2014. This mandates disclosure of remuneration paid/payable to the Company's Auditor only (PricewaterhouseCoopers) for services relating to the audit of the Company's financial statements in the categories set out below.

|                                               | 2024<br>€'000 | 2023<br>€'000 |
|-----------------------------------------------|---------------|---------------|
| <i>Auditor's remuneration (excluding VAT)</i> |               |               |
| Audit of financial statements                 | 200           | 200           |
| Other assurance services                      | —             | —             |
| Other non-audit services                      | —             | —             |
|                                               | <b>200</b>    | <b>200</b>    |

The amounts in the table above relate to fees payable to the Company's statutory auditor PricewaterhouseCoopers in Ireland.

The Company policy on the provision of non-audit services includes the prohibition on the provision of certain services and the pre-approval by the AIB Group Board Audit Committee of the engagement of the Auditor for non-audit work.

### 10. NET CREDIT IMPAIRMENT WRITEBACK

The following table analyses the income statement net credit impairment writeback on financial instruments for the years ended 31 December 2024 and 2023:

|                                                      | 2024                             |           | 2023                             |          |
|------------------------------------------------------|----------------------------------|-----------|----------------------------------|----------|
|                                                      | Measured at<br>amortised<br>cost | Total     | Measured at<br>amortised<br>cost | Total    |
| Credit impairment writeback on financial instruments | €m                               | €m        | €m                               | €m       |
| Net measurement of ECL allowance:                    |                                  |           |                                  |          |
| Loans and advances to customers                      | 12                               | 12        | —                                | —        |
| <b>Credit impairment writeback</b>                   | <b>12</b>                        | <b>12</b> | <b>—</b>                         | <b>—</b> |
| Recoveries of amounts previously written-off         | 3                                | 3         | 3                                | 3        |
| <b>Net credit impairment writeback</b>               | <b>15</b>                        | <b>15</b> | <b>3</b>                         | <b>3</b> |

### 11. GAIN ON DISPOSAL OF BUSINESS

|                                     | 2024<br>€m | 2023<br>€m |
|-------------------------------------|------------|------------|
| <b>Gain on disposal of business</b> | <b>17</b>  | <b>—</b>   |
|                                     | <b>17</b>  | <b>—</b>   |

Gain on disposal of business is the amount received on the exit of a non-core legacy business.

## Notes to the financial statements

### 12. TAXATION

|                                                   | 2024<br>€m | 2023<br>€m |
|---------------------------------------------------|------------|------------|
| <b>Current taxation</b>                           |            |            |
| Current tax charge for the year                   | —          | —          |
| <b>Deferred taxation</b>                          |            |            |
| Tax losses utilised during the year               | (28)       | (28)       |
| Adjustments in respect of prior years             | —          | 1          |
| <b>Deferred tax charge for the year (note 20)</b> | (28)       | (27)       |
| <b>Total tax charge for the year</b>              | (28)       | (27)       |
| <b>Effective income tax rate</b>                  | 11.9 %     | 12.6 %     |

#### Factors affecting the effective tax rate

The following table sets out the difference between the tax charge that would result from applying the standard corporation tax rate in Ireland of 12.5% and the actual tax charge for the year:

|                                                              | 2024        |             | 2023        |             |
|--------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                              | €m          | %           | €m          | %           |
| Operating profit before taxation                             | 236         |             | 214         |             |
| Corporation tax charge (12.5%)                               | (30)        | 12.5        | (27)        | 12.5        |
| <i>Effects of:</i>                                           |             |             |             |             |
| Expenses not deductible for tax purposes                     | —           | —           | (1)         | 0.5         |
| Exempted income, income at reduced tax rates and tax credits | 2           | (0.6)       | —           | —           |
| Adjustments to tax charge in respect of prior years          | —           | —           | 1           | (0.4)       |
| <b>Tax charge</b>                                            | <b>(28)</b> | <b>11.9</b> | <b>(27)</b> | <b>12.6</b> |

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

#### Analysis of selected other comprehensive loss

|                                           | 2024        |           |           | 2023        |           |           |
|-------------------------------------------|-------------|-----------|-----------|-------------|-----------|-----------|
|                                           | Gross<br>€m | Tax<br>€m | Net<br>€m | Gross<br>€m | Tax<br>€m | Net<br>€m |
| Net movement in cash flow hedge reserve   | (118)       | 15        | (103)     | (254)       | 32        | (222)     |
| Net actuarial gain on retirement benefits | —           | —         | —         | —           | —         | —         |
|                                           | (118)       | 15        | (103)     | (254)       | 32        | (222)     |

## Notes to the financial statements

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

The Company operations are exposed to the risk of interest rate fluctuations to the extent that assets and liabilities mature or reprice at different times or in differing amounts. Derivatives allow the Company to modify the re-pricing characteristics of assets and liabilities in a cost efficient manner. This flexibility helps the Company to achieve liquidity and risk management objectives.

Derivatives fluctuate in value as interest or exchange rates rise or fall, just as all assets and liabilities fluctuate in value. If the derivatives are purchased or sold as hedges of statement of financial position items, the appreciation or depreciation of the derivatives as interest or exchange rates change, will generally be offset by the unrealised appreciation or depreciation of the hedged items.

To achieve its risk management objectives, the Company uses a combination of derivative financial instruments, particularly interest rate swaps. The Company only engages in derivative activity for hedging purposes, all derivatives are in a cash flow hedging relationship.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. AIB is the counterparty to all derivative contracts noted below.

The following table presents the notional principal amount of interest rate contracts together with the positive and negative fair values attaching to those contracts at 31 December 2024 and 2023. A description of how the fair values of derivatives are determined is set out in note 34.

|                                                         | 2024                                  |              |                   | 2023                                  |              |                   |
|---------------------------------------------------------|---------------------------------------|--------------|-------------------|---------------------------------------|--------------|-------------------|
|                                                         | Notional<br>principal<br>amount<br>€m | Fair values  |                   | Notional<br>principal<br>amount<br>€m | Fair values  |                   |
|                                                         |                                       | Assets<br>€m | Liabilities<br>€m |                                       | Assets<br>€m | Liabilities<br>€m |
| <b>Derivatives designated as cash flow hedges – OTC</b> |                                       |              |                   |                                       |              |                   |
| Interest rate swaps                                     | 7,676                                 | 40           | (125)             | 7,396                                 | 139          | (83)              |
| <b>Total derivative financial instruments</b>           | <b>7,676</b>                          | <b>40</b>    | <b>(125)</b>      | <b>7,396</b>                          | <b>139</b>   | <b>(83)</b>       |

#### Offsetting of derivative financial assets and financial liabilities

Derivative financial instruments are shown on the statement of financial position at their fair value. Those with a positive fair value are reported as assets and those with a negative fair value are reported as liabilities.

#### Nominal values and average interest rates by residual maturity

At 31 December 2024 and 2023, the Company held the following hedging instruments of interest rate risk. In 2024, the Company changed the maturity analysis disclosure to better align with the timing of the hedging instruments. The related comparatives for 2023 have been re-presented.

|                                               | 2024            |              |              |           | Total |
|-----------------------------------------------|-----------------|--------------|--------------|-----------|-------|
|                                               | Up to 1<br>year | 1 to 2 years | 2 to 5 years | 5 years + |       |
| <b>Cash flow hedges - Interest rate swaps</b> |                 |              |              |           |       |
| <b>Hedges of financial liabilities</b>        |                 |              |              |           |       |
| Nominal principal amount (€m)                 | 1,441           | 2,545        | 3,580        | 110       | 7,676 |
| Average interest rate (%) <sup>(1)</sup>      | 1.43            | 1.73         | 2.41         | 2.75      | 2.01  |
|                                               |                 |              |              |           |       |
|                                               | 2023            |              |              |           | Total |
|                                               | Up to 1 year    | 1 to 2 years | 2 to 5 years | 5 years + |       |
| <b>Cash flow hedges - Interest rate swaps</b> |                 |              |              |           |       |
| <b>Hedges of financial liabilities</b>        |                 |              |              |           |       |
| Nominal principal amount (€m)                 | 955             | 1,806        | 4,425        | 210       | 7,396 |
| Average interest rate (%) <sup>(1)</sup>      | 0.21            | 1.09         | 2.00         | 2.52      | 1.56  |

<sup>(1)</sup>This is the average interest rate on the fixed leg of swap agreements where the variable rate on the liabilities in cash flow hedges is being swapped for a fixed rate. Pay fixed cash flow hedges are used to hedge the cash flows on variable rate liabilities.

## Notes to the financial statements

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

The tables below set out the amounts relating to (a) items designated as hedging instruments and (b) the hedged items in cash flow hedges of interest rate risk together with the related hedge ineffectiveness at 31 December 2024 and 2023:

|                                   |                                          |                                           |             |                                                                                                    |                                                                           |                                                                         | 2024                                                                             |
|-----------------------------------|------------------------------------------|-------------------------------------------|-------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------|
|                                   | Nominal amount of the hedging instrument | Carrying amount of the hedging instrument |             | Change in fair value of hedging instruments used for calculating hedge ineffectiveness in the year | Change in fair value of hedging instruments recognised in OCI in the year | Hedge ineffectiveness recognised in the income statement <sup>(1)</sup> | Amounts reclassified from the cash flow hedging reserves to the income statement |
|                                   |                                          | Assets                                    | Liabilities |                                                                                                    |                                                                           |                                                                         |                                                                                  |
| Hedging instrument <sup>(1)</sup> | €m                                       | €m                                        | €m          | €m                                                                                                 | €m                                                                        | €m                                                                      | €m                                                                               |
| <b>Interest rate swaps</b>        |                                          |                                           |             |                                                                                                    |                                                                           |                                                                         |                                                                                  |
| Derivative hedging liabilities    | 7,676                                    | 40                                        | (125)       | (121)                                                                                              | (121)                                                                     | —                                                                       | 148 <sup>(2)</sup>                                                               |

<sup>(1)</sup>All hedging instruments are included within derivative financial instruments on the statement of financial position and all ineffectiveness is included within net trading income in the income statement.

<sup>(2)</sup>Included in Interest and similar expense in the income statement.

|                    |                                                                               |                                                                                              |                                                                                       |                                                                                        |                                                                                                                                           |                                                                                                                                            | 2024 |
|--------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|------|
| Hedged item        | Line item in statement of financial position in which hedged item is included | Change in fair value of hedged items used for calculating hedge ineffectiveness for the year | Amount in the cash flow hedging reserves for continuing hedges <sup>(1)</sup> pre tax | Amount in the cash flow hedging reserves for continuing hedges <sup>(1)</sup> post tax | Amounts remaining in the cash flow hedging reserves from any hedging relationship for which hedge accounting is no longer applied pre tax | Amounts remaining in the cash flow hedging reserves from any hedging relationship for which hedge accounting is no longer applied post tax |      |
|                    |                                                                               |                                                                                              |                                                                                       |                                                                                        |                                                                                                                                           |                                                                                                                                            |      |
|                    |                                                                               | €m                                                                                           | €m                                                                                    | €m                                                                                     | €m                                                                                                                                        | €m                                                                                                                                         | €m   |
| Interest rate risk | Customer accounts                                                             | 121                                                                                          | (29)                                                                                  | (25)                                                                                   | 3                                                                                                                                         | 2                                                                                                                                          |      |

<sup>(1)</sup>The cash flow hedging reserves are adjusted to the lower of either the cumulative gain or loss or the cumulative change in fair value (present value) of the hedged item from inception of the hedge. The portion that is offset by the change in the cash flow hedging reserves is recognised in other comprehensive income with any hedge ineffectiveness recognised in the income statement.

## Notes to the financial statements

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

|                                   |                                          |                                           |             |                                                                                                    |                                                                           |                                                                         | 2023                                                                             |
|-----------------------------------|------------------------------------------|-------------------------------------------|-------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------|
|                                   | Nominal amount of the hedging instrument | Carrying amount of the hedging instrument |             | Change in fair value of hedging instruments used for calculating hedge ineffectiveness in the year | Change in fair value of hedging instruments recognised in OCI in the year | Hedge ineffectiveness recognised in the income statement <sup>(1)</sup> | Amounts reclassified from the cash flow hedging reserves to the income statement |
|                                   |                                          | Assets                                    | Liabilities |                                                                                                    |                                                                           |                                                                         |                                                                                  |
| Hedging instrument <sup>(1)</sup> | €m                                       | €m                                        | €m          | €m                                                                                                 | €m                                                                        | €m                                                                      | €m                                                                               |
| <b>Interest rate swaps</b>        |                                          |                                           |             |                                                                                                    |                                                                           |                                                                         |                                                                                  |
| Derivative hedging liabilities    | 7,396                                    | 139                                       | (83)        | (254)                                                                                              | (254)                                                                     | —                                                                       | 161 <sup>(2)</sup>                                                               |

<sup>(1)</sup>All hedging instruments are included within derivative financial instruments on the statement of financial position and all ineffectiveness is included within net trading income in the income statement.

<sup>(2)</sup>Included in Interest and similar expense in the income statement.

|                    |                                                                               |                                                                                              |                                                                                       |                                                                                        |                                                                                                                                           |                                                                                                                                            | 2023 |
|--------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|------|
| Hedged item        | Line item in statement of financial position in which hedged item is included | Change in fair value of hedged items used for calculating hedge ineffectiveness for the year | Amount in the cash flow hedging reserves for continuing hedges <sup>(1)</sup> pre tax | Amount in the cash flow hedging reserves for continuing hedges <sup>(1)</sup> post tax | Amounts remaining in the cash flow hedging reserves from any hedging relationship for which hedge accounting is no longer applied pre tax | Amounts remaining in the cash flow hedging reserves from any hedging relationship for which hedge accounting is no longer applied post tax |      |
|                    |                                                                               |                                                                                              |                                                                                       |                                                                                        |                                                                                                                                           |                                                                                                                                            |      |
|                    |                                                                               | €m                                                                                           | €m                                                                                    | €m                                                                                     | €m                                                                                                                                        | €m                                                                                                                                         | €m   |
| Interest rate risk | Customer accounts                                                             | 254                                                                                          | 92                                                                                    | 80                                                                                     | —                                                                                                                                         | —                                                                                                                                          | —    |

<sup>(1)</sup>The cash flow hedging reserves are adjusted to the lower of either the cumulative gain or loss or the cumulative change in fair value (present value) of the hedged item from inception of the hedge. The portion that is offset by the change in the cash flow hedging reserves is recognised in other comprehensive income with any hedge ineffectiveness recognised in the income statement.

## Notes to the financial statements

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

#### Cash flow hedges

The table below sets out the hedged cash flows which are expected to occur in the following periods.

|                                |               |                       |                       |                   | 2024  |
|--------------------------------|---------------|-----------------------|-----------------------|-------------------|-------|
|                                | Within 1 Year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
|                                | €m            | €m                    | €m                    | €m                | €m    |
| Forecast receivable cash flows | —             | —                     | —                     | —                 | —     |
| Forecast payable cash flows    | 156           | 97                    | 82                    | 5                 | 340   |

|                                |               |                       |                       |                   | 2023  |
|--------------------------------|---------------|-----------------------|-----------------------|-------------------|-------|
|                                | Within 1 Year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
|                                | €m            | €m                    | €m                    | €m                | €m    |
| Forecast receivable cash flows | —             | —                     | —                     | —                 | —     |
| Forecast payable cash flows    | 230           | 113                   | 119                   | 9                 | 471   |

The table below sets out the hedged cash flows, including amortisation of terminated cash flow hedges, which are expected to impact the income statement in the following periods:

|                                |               |                       |                       |                   | 2024  |
|--------------------------------|---------------|-----------------------|-----------------------|-------------------|-------|
|                                | Within 1 Year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
|                                | €m            | €m                    | €m                    | €m                | €m    |
| Forecast receivable cash flows | —             | —                     | —                     | —                 | —     |
| Forecast payable cash flows    | 158           | 97                    | 82                    | 5                 | 342   |

|                                |               |                       |                       |                   | 2023  |
|--------------------------------|---------------|-----------------------|-----------------------|-------------------|-------|
|                                | Within 1 Year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
|                                | €m            | €m                    | €m                    | €m                | €m    |
| Forecast receivable cash flows | —             | —                     | —                     | —                 | —     |
| Forecast payable cash flows    | 230           | 113                   | 119                   | 9                 | 471   |

## Notes to the financial statements

### 14. LOANS AND ADVANCES TO BANKS

|                                        | 2024<br>€m   | 2023<br>€m   |
|----------------------------------------|--------------|--------------|
| <b>At amortised cost</b>               |              |              |
| Funds placed with Group undertaking    | 3,644        | 3,680        |
| ECL allowance                          | —            | —            |
|                                        | <b>3,644</b> | <b>3,680</b> |
| <b>Analysed by remaining maturity:</b> |              |              |
| Repayable on demand                    | 3,644        | 3,680        |
|                                        | <b>3,644</b> | <b>3,680</b> |

### 15. LOANS AND ADVANCES TO CUSTOMERS

|                                               | 2024<br>€m    | 2023<br>€m    |
|-----------------------------------------------|---------------|---------------|
| <b>At amortised cost</b>                      |               |               |
| Loans and advances to customers (mortgages)   | 8,589         | 8,305         |
| Loans to subsidiaries and structured entities | 3,020         | 2,033         |
|                                               | <b>11,609</b> | <b>10,338</b> |
| ECL allowance                                 | (111)         | (130)         |
|                                               | <b>11,498</b> | <b>10,208</b> |
| <b>Analysed by remaining maturity:</b>        |               |               |
| Repayable on demand                           | 3,180         | 2,200         |
| 3 months or less                              | 1             | —             |
| 1 year or less but over 3 months              | 8             | 7             |
| 5 years or less but over 1 year               | 165           | 168           |
| Over 5 years                                  | 8,255         | 7,963         |
| <b>Gross carrying amount</b>                  | <b>11,609</b> | <b>10,338</b> |
| ECL allowance                                 | (111)         | (130)         |
| <b>Total loans and advances to customers</b>  | <b>11,498</b> | <b>10,208</b> |

Included in loans and advances to customers is €1,406m (2023: €1,576m) of loans held through the securitisation vehicle Burlington Mortgages No.1 d.a.c. and €3,885m (2023: €3,833m) loans held through the securitisation vehicle Burlington Mortgages No. 2 d.a.c.

See note 31 for detail on structured entities.

## Notes to the financial statements

### 15. LOANS AND ADVANCES TO CUSTOMERS

#### ECL allowance movement

The following table shows the movements on the ECL allowance on loans and advances to customers. Further information is disclosed in note 32.

|                                                            | 2024<br>€m | 2023<br>€m |
|------------------------------------------------------------|------------|------------|
| At 1 January                                               | 130        | 135        |
| Net remeasurement of ECL allowance - customers             | (12)       | —          |
| Change in ECL allowance due to write-offs                  | (7)        | (6)        |
| Change in ECL allowance due to disposals                   | —          | (3)        |
| Other movement                                             | —          | 4          |
| <b>At 31 December</b>                                      | <b>111</b> | <b>130</b> |
| Amounts include ECL allowance on:                          |            |            |
| Loans and advances to customers measured at amortised cost | 111        | 130        |

### 16. SECURITIES FINANCING

Securities financing consists of reverse repurchase agreements and sale and repurchase transactions.

Reverse repurchase agreements involve purchase of debt securities with an agreement to resell substantially identical investments at a fixed price on a certain future date. Securities sold under agreements to repurchase involves sales of securities with agreements to repurchase substantially identical investments at a fixed price on a certain future date.

|                                                | 2024        |             | 2023        |             |
|------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                | Banks<br>€m | Total<br>€m | Banks<br>€m | Total<br>€m |
| <b>Assets</b>                                  |             |             |             |             |
| Reverse repurchase agreements                  | 1,354       | 1,354       | 1,346       | 1,346       |
| Total                                          | 1,354       | 1,354       | 1,346       | 1,346       |
| <b>Liabilities</b>                             |             |             |             |             |
| Securities sold under agreements to repurchase | 5,306       | 5,306       | 4,346       | 4,346       |
|                                                | 5,306       | 5,306       | 4,346       | 4,346       |

In accordance with the terms of the reverse repurchase agreements and securities borrowing agreements, EBS accepts collateral that it is permitted to sell or repledge in the absence of default by the owner of the collateral. At 31 December 2024, the total fair value of the collateral received was €1,354m (2023: €1,346m), none of which had been resold or repledged. These transactions were conducted under terms that are usual and customary to standard reverse repurchase agreements and securities borrowing agreements.

Securities sold under agreements to repurchase mature within six months and are secured by funds received from AIB. At 31 December 2024 in relation to securities sold under agreements to repurchase, the Company had pledged collateral with a fair value of €5,306m (2023: €4,346m). These transactions were conducted under terms that are usual and customary to standard securities sold under repurchase transactions.

## Notes to the financial statements

### 17. INVESTMENTS IN GROUP UNDERTAKINGS

#### Principal subsidiary undertakings:

All subsidiaries are 100% wholly owned unless otherwise stated.

#### ***EBS Mortgage Finance u.c.***

The Company holds 8 (2023: 8) €0.25 (2023: €0.25) ordinary shares, 100% (2023: 100%) in EBS Mortgage Finance u.c. ('EBSMF') which was incorporated in the Republic of Ireland on 30 October 2008. The registered address of EBS Mortgage Finance u.c. is 10 Molesworth Street, Dublin 2.

The carrying value of shares in EBSMF as at 31 December 2024 and 2023 is €2. EBSMF is a dormant company and currently being wound up. The liquidators were appointed on 16 December 2024.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of EBSMF. All shares rank equally with regard to EBSMF's residual assets.

#### ***Haven Mortgages Limited***

The Company holds 2 (2023: 2) €1 ordinary shares (100%) in Haven Mortgages Limited ('Haven'), incorporated in the Republic of Ireland. Haven trades as a mortgage lender. The registered address of Haven is 10 Molesworth Street, Dublin 2.

The carrying value of shares in Haven as at 31 December 2024 and 2023 is €2.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of Haven. All shares rank equally with regard to Havens' residual assets.

#### **Impairment of equity shares**

An impairment review of the equity investments in EBSMF and Haven was undertaken and there were no indications that impairment had occurred during the year ended 31 December 2024.

#### **Structured entities**

The Company considers itself a sponsor of the structured entities when it facilitates the establishment of the structured entity. The Company is a sponsor for two structured entities which were established in order to generate funding for the Company's lending activities.

Further details on structured entities are set out in note 31.

There are no contractual arrangements that could require the Company to provide financial support to the structured entities set out in note 31. During the year, the Company did not provide financial support to a structured entity and there is no current intention to provide financial support.

### 18. INTANGIBLE ASSETS

|                                                  | 2024<br>€m | 2023<br>€m |
|--------------------------------------------------|------------|------------|
| <b>Computer software (and development costs)</b> |            |            |
| <b>Cost</b>                                      |            |            |
| At 1 January                                     | 58         | 50         |
| Additions-internally generated                   | 14         | 8          |
| <b>At 31 December</b>                            | <b>72</b>  | <b>58</b>  |
| <b>Amortisation/impairment</b>                   |            |            |
| At 1 January                                     | 33         | 30         |
| Charge for financial year                        | 3          | 3          |
| <b>At 31 December</b>                            | <b>36</b>  | <b>33</b>  |
| <b>Carrying value at 31 December</b>             | <b>36</b>  | <b>25</b>  |

## Notes to the financial statements

### 19. PROPERTY, PLANT AND EQUIPMENT

|                                      |              |                |                          |           |                     | 2024      |
|--------------------------------------|--------------|----------------|--------------------------|-----------|---------------------|-----------|
|                                      | Owned assets |                |                          |           | Leased assets       | Total     |
|                                      | Property     |                |                          | Equipment | Right-of-use assets |           |
|                                      | Freehold     | Long leasehold | Leasehold under 50 years |           | Property            |           |
|                                      | €m           | €m             | €m                       | €m        | €m                  | €m        |
| <b>Cost</b>                          |              |                |                          |           |                     |           |
| At 1 January                         | 27           | 3              | 5                        | 7         | 14                  | 56        |
| Additions                            | 1            | —              | —                        | —         | —                   | 1         |
| Amounts written-off                  | —            | —              | —                        | —         | (1)                 | (1)       |
| <b>At 31 December</b>                | <b>28</b>    | <b>3</b>       | <b>5</b>                 | <b>7</b>  | <b>13</b>           | <b>56</b> |
| <b>Depreciation/impairment</b>       |              |                |                          |           |                     |           |
| At 1 January                         | 12           | —              | 2                        | 4         | 7                   | 25        |
| Depreciation charge for the year     | —            | —              | 1                        | 1         | 1                   | 3         |
| Amounts written-off                  | —            | —              | —                        | —         | (1)                 | (1)       |
| <b>At 31 December</b>                | <b>12</b>    | <b>—</b>       | <b>3</b>                 | <b>5</b>  | <b>7</b>            | <b>27</b> |
| <b>Carrying value at 31 December</b> | <b>16</b>    | <b>3</b>       | <b>2</b>                 | <b>2</b>  | <b>6</b>            | <b>29</b> |

|                                      |              |                |                          |           |                     | 2023      |
|--------------------------------------|--------------|----------------|--------------------------|-----------|---------------------|-----------|
|                                      | Owned assets |                |                          |           | Leased assets       | Total     |
|                                      | Property     |                |                          | Equipment | Right-of-use assets |           |
|                                      | Freehold     | Long leasehold | Leasehold under 50 years |           | Property            |           |
|                                      | €m           | €m             | €m                       | €m        | €m                  | €m        |
| <b>Cost</b>                          |              |                |                          |           |                     |           |
| At 1 January                         | 27           | 3              | 4                        | 7         | 12                  | 53        |
| Additions                            | —            | —              | 1                        | —         | 2                   | 3         |
| <b>At 31 December</b>                | <b>27</b>    | <b>3</b>       | <b>5</b>                 | <b>7</b>  | <b>14</b>           | <b>56</b> |
| <b>Depreciation/impairment</b>       |              |                |                          |           |                     |           |
| At 1 January                         | 11           | —              | 2                        | 4         | 5                   | 22        |
| Depreciation charge for the year     | 1            | —              | —                        | —         | 2                   | 3         |
| <b>At 31 December</b>                | <b>12</b>    | <b>—</b>       | <b>2</b>                 | <b>4</b>  | <b>7</b>            | <b>25</b> |
| <b>Carrying value at 31 December</b> | <b>15</b>    | <b>3</b>       | <b>3</b>                 | <b>3</b>  | <b>7</b>            | <b>31</b> |

The carrying value of property occupied by the Company for its own activities was €21m (2023: €21m) in relation to owned assets and €6m (2023: €7m) in relation to right-of-use assets.

#### Future capital expenditure

As at 31 December 2024 there was €1m capital expenditure authorised and not contracted for (2023: €1m).

## Notes to the financial statements

### 19. PROPERTY, PLANT AND EQUIPMENT

#### Leased assets

##### Property

The Company leases property for its retail outlets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Most of these leases carry statutory renewal rights, or include an option to renew the lease for an additional period after the end of the contract term. Where the Company is likely to exercise these options, this has been taken into account in determining the lease liability and the right-of-use asset.

#### Lease liabilities

A maturity analysis of lease liabilities is shown in note 24.

|                                               | 2024 | 2023 |
|-----------------------------------------------|------|------|
|                                               | €m   | €m   |
| <b>Amounts recognised in income statement</b> |      |      |
| Depreciation expense on right-of-use assets   | 1    | 2    |
|                                               | 1    | 2    |

### 20. DEFERRED TAXATION

|                                                                       | 2024       | 2023       |
|-----------------------------------------------------------------------|------------|------------|
|                                                                       | €m         | €m         |
| Deferred tax assets:                                                  |            |            |
| Cash flow hedges                                                      | 4          | (11)       |
| Unutilised tax losses                                                 | 138        | 166        |
| <b>Total gross deferred tax assets</b>                                | <b>142</b> | <b>155</b> |
| <b>Net deferred tax assets</b>                                        | <b>142</b> | <b>155</b> |
| <b>Represented on the statement of financial position as follows:</b> |            |            |
| Deferred tax assets                                                   | 142        | 155        |
|                                                                       | 142        | 155        |

#### Analysis of movements in deferred taxation

|                                                 | 2024       | 2023       |
|-------------------------------------------------|------------|------------|
|                                                 | €m         | €m         |
| At 1 January                                    | 155        | 150        |
| Deferred tax through other comprehensive income | 15         | 32         |
| Income statement (note 12)                      | (28)       | (27)       |
| <b>At 31 December</b>                           | <b>142</b> | <b>155</b> |

Comments on the basis of recognition of deferred tax assets on unused tax losses are included in note 2 on pages 45 to 47.

The tax losses arise in the Irish tax jurisdiction and their utilisation is dependent on the generation of future taxable profits. The Company was profitable in 2024, despite the impact of higher inflation and interest rates the Directors believe having considered the risks and uncertainties facing the business that it will continue to generate profits in the foreseeable future. In the absence of any expiry date for tax losses in Ireland, the Company therefore, believes that it is more likely than not that there will be future profits against which to use the tax losses. The Company has carried out an exercise to determine the likely number of years required to utilise the deferred tax, which indicates the deferred tax asset will be fully utilised in less than 10 years (2023: less than 10 years).

At 31 December 2024, recognised deferred tax assets on tax losses and other temporary differences, net of deferred tax liabilities, totalled €142m (2023: €155m). The amount of recognised deferred tax assets arising from unused tax losses amounts to €138m (2023: €166m).

Net deferred tax assets at 31 December 2024 of €128m (2023: €155m) are expected to be recovered after more than 12 months.

## Notes to the financial statements

### 21. PREPAYMENTS AND ACCRUED INCOME

|                  | 2024<br>€m | 2023<br>€m |
|------------------|------------|------------|
| Accrued interest | 10         | 4          |
| Prepaid expenses | 1          | 2          |
|                  | 11         | 6          |

### 22. DEPOSITS BY BANKS

|                                   | 2024<br>€m | 2023<br>€m |
|-----------------------------------|------------|------------|
| Due to Allied Irish Banks, p.l.c. | 4,016      | 3,561      |
|                                   | 4,016      | 3,561      |

|                                              | 2024<br>€m | 2023<br>€m |
|----------------------------------------------|------------|------------|
| <b><i>Analysed by remaining maturity</i></b> |            |            |
| Repayable on demand                          | 4,016      | 3,561      |
|                                              | 4,016      | 3,561      |

## Notes to the financial statements

### 23. CUSTOMER ACCOUNTS

|                                        | 2024<br>€m   | 2023<br>€m   |
|----------------------------------------|--------------|--------------|
| <b>Analysed by sector</b>              |              |              |
| Retail                                 | 5,397        | 5,816        |
| Corporate                              | 1            | 1            |
|                                        | <b>5,398</b> | <b>5,817</b> |
|                                        |              |              |
|                                        | 2024<br>€m   | 2023<br>€m   |
| <b>Analysed by remaining maturity:</b> |              |              |
| Repayable on demand                    | 5,042        | 5,439        |
| 3 months or less                       | 118          | 128          |
| 1 year or less but over 3 months       | 238          | 250          |
| 5 years or less but over 1 year        | —            | —            |
|                                        | <b>5,398</b> | <b>5,817</b> |

### 24. LEASE LIABILITIES

#### Analysis of movements in lease liabilities

|                               | 2024<br>€m | 2023<br>€m |
|-------------------------------|------------|------------|
| At 1 January                  | 8          | 7          |
| Lease payments <sup>(1)</sup> | (2)        | (2)        |
| Additions                     | —          | 3          |
| <b>At 31 December</b>         | <b>6</b>   | <b>8</b>   |

<sup>(1)</sup>Repayment of principal portion of the lease liabilities amounted to €2m (2023: €2m), i.e. lease payments net of interest expense.

|                                                                 | 2024<br>€m | 2023<br>€m |
|-----------------------------------------------------------------|------------|------------|
| <b>Maturity analysis - contractual undiscounted cash flows:</b> |            |            |
| Not later than one year                                         | 2          | 1          |
| Later than one year and not later than five years               | 4          | 5          |
| Later than five years                                           | 1          | 2          |
| <b>Total undiscounted lease liabilities at end of year</b>      | <b>7</b>   | <b>8</b>   |

## Notes to the financial statements

### 25. RETIREMENT BENEFITS

The Company operates three funded defined benefit pension schemes, and one defined contribution scheme. All defined benefit schemes were closed to future accrual with effect from 31 December 2013.

#### Defined benefit schemes

Of the three defined benefit schemes, the two of most significance are the EBS Defined Benefit Pension Plan ('the main Staff Plan') and the EBS Pension Plan for Senior Management ('the Senior Managers Plan'). Following the changes to the schemes at 31 December 2013, retirement benefits for active employees at that date are calculated by reference to service and Final Pensionable Salary at 31 December 2013. This calculation of benefit for each staff member will revalue between 1 January 2014 and retirement date in line with the statutory requirement to revalue deferred benefits.

Increases to pensions in payment are specifically subject to the consent of the Company. The Company has aligned itself to the position taken by AIB Group in terms of increases to pensions in payment. The AIB Group Board has determined that the funding of the discretionary increases to pensions in payment is a decision to be made each year. A process, taking account of all relevant interests and factors has been implemented by the AIB Group Board. These interests and factors include advice of the Actuary; the interests of the members of the schemes; the interests of the employees; financial circumstances and ability to pay; the views of the Trustees; commercial interests and any competing obligations to the State. Under this annual process, AIB Group Board decided in March 2024, that the funding of a 2.25% discretionary increase was appropriate which was subsequently agreed by EBS Board. In March 2025 the AIB Group Board approved the funding of a discretionary increase of 1.00% for 2025 in relation to the three EBS defined benefit schemes and this was subsequently considered and approved by the EBS Board.

#### Regulatory framework

In Ireland, the Pensions Act provisions set out the requirement for a defined benefit scheme that fails to meet the Minimum Funding Standard ('MFS') to have a funding plan in place and be approved by the Pensions Authority. The objective of an MFS funding plan is to set out the necessary corrective action to restore the funding of the scheme over a reasonable time period and enable the scheme to meet the MFS, together with the additional risk reserve requirements, at a future date.

A review of the MFS and FSR positions is carried out at 31 December each year to ascertain if the Plans are on-track to achieve their objectives. All EBS Defined Benefit Plans are currently meeting their objectives in this regard.

#### Responsibilities for governance

The Trustees of each Company pension scheme are ultimately responsible for the governance of the schemes.

#### Risks

Pension risk is the risk that:

- The funding position of the Company's defined benefit schemes would deteriorate to such an extent that additional contributions would be required to cover its funding obligations towards current and former employees;
- The capital position of the Company is negatively affected as funding deficits will be fully deductible from regulatory capital; and
- There could be a negative impact on industrial relations if the funding level of a scheme was to deteriorate significantly.

Each scheme has a separate trustee board and the Company previously agreed funding plans to deal with deficits in each scheme. As part of each funding agreement, the Company would engage with each trustee regarding an appropriate investment strategy to reduce the risk in each scheme. The ability of the pension schemes to meet the projected pension payments is managed by the trustees through the active management of the investment portfolios. Although the Company has interaction with the trustees, it cannot direct the investment strategy of the schemes.

Irish schemes that are deemed to have a deficit under the MFS must prepare funding plans to address this situation in a timely manner and submit them to the Pensions Authority for approval.

Pension risk is monitored and controlled in line with the requirements of the AIB's pension risk framework and policy.

#### Maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation at 31 December 2024 is 17 years (2023: 17 years).

## Notes to the financial statements

### 25. RETIREMENT BENEFITS

#### Asset liability matching strategies

The 6-year funding plan submitted to the Pensions Authority has allowed for a process of de-risking the investment strategy to reduce market risk. Under Pensions Authority guidelines there is a requirement for the investment strategy to take account of the liabilities by completion of the funding plan.

#### Contributions

The actuarial reports are available for inspection by members of the scheme and are not available for public inspection.

Triennial actuarial valuations were prepared in 2023 with an effective date of 1 January 2023 for each scheme.

As both the EBS Defined Benefit Pension Plan and the EBS Pension Plan for Senior Management met the Funding Standard and Funding Standard Reserve at the valuation date, no contributions were recommended for the calendar year 2023. With regards to the EBS Building Society Pension Scheme for former Norwich Irish Building Society employees, this Scheme did not meet the Funding Standard and Funding Standard Reserve at the valuation date, and so the Scheme Actuary recommended an Employer contribution of €200,000, which was made in 2023. Contribution recommendations will be reviewed as part of the annual Funding Standard review, which is required to take place on 31 December each year.

As all the Schemes currently meet the Funding Standard and Reserve, contribution recommendations were not required in 2024 but the Company provided a total of €1.5 million in funding to the three EBS schemes for discretionary pension increases in 2024.

#### Financial assumptions

The following table summarises the financial assumptions adopted in the preparation of these financial statements in respect of the schemes at 31 December 2024 and 2023. The assumptions have been set based upon the advice of AIB Group's actuary and are in line with the assumptions made in the AIB Irish defined benefit scheme.

|                                         | 2024 | 2023 |
|-----------------------------------------|------|------|
| Financial assumptions                   | %    | %    |
| Rate of increase of pensions in payment | 0.00 | 0.00 |
| Discount rate                           | 3.52 | 3.55 |
| Inflation assumption                    | 1.90 | 2.15 |

#### Mortality assumptions

The life expectancies underlying the value of the scheme liabilities for AIB Group schemes at 31 December 2024 and 2023 are shown in the following table:

|                                      | Life expectancy - years |      |
|--------------------------------------|-------------------------|------|
|                                      | 2024                    | 2023 |
| Retiring today age 63                |                         |      |
| Male                                 | 25.1                    | 25.1 |
| Female                               | 27.0                    | 27.0 |
| Retiring in 10 years' time at age 63 |                         |      |
| Male                                 | 25.8                    | 25.7 |
| Female                               | 27.8                    | 27.7 |

The mortality assumptions for the EBS schemes were updated in 2021 to reflect emerging market experience. The table shows that a member of the EBS schemes retiring at age 63 on 31 December 2024 is assumed to live on average for 25.1 years for a male and 27.0 years for a female. There will be variation between members but these assumptions are expected to be appropriate for all members. The table also shows the life expectancy for members aged 53 on 31 December 2024 who will retire in ten years. Younger members are expected to live longer in retirement than those retiring now, reflecting a decrease in mortality rates in future years due to advances in medical science and improvements in standards of living.

## Notes to the financial statements

### 25. RETIREMENT BENEFITS

#### Movement in defined benefit obligation and scheme assets

The amounts recognised in the statement of financial position of the Company are determined as follows:

|                                                              | 2024                       |                             |                                               |                                       | 2023                       |                             |                                               |                                       |
|--------------------------------------------------------------|----------------------------|-----------------------------|-----------------------------------------------|---------------------------------------|----------------------------|-----------------------------|-----------------------------------------------|---------------------------------------|
|                                                              | Defined benefit obligation | Fair value of scheme assets | Asset ceiling/ minimum funding <sup>(1)</sup> | Net defined benefit (liability) asset | Defined benefit obligation | Fair value of scheme assets | Asset ceiling/ minimum funding <sup>(1)</sup> | Net defined benefit (liability) asset |
|                                                              | €m                         | €m                          | €m                                            | €m                                    | €m                         | €m                          | €m                                            | €m                                    |
| At 1 January                                                 | (144)                      | 162                         | (18)                                          | —                                     | (134)                      | 150                         | (16)                                          | —                                     |
| <b>Included in profit or loss</b>                            |                            |                             |                                               |                                       |                            |                             |                                               |                                       |
| Past service cost                                            | (2)                        | —                           | —                                             | (2)                                   | (2)                        | —                           | —                                             | (2)                                   |
| Interest (cost)/income                                       | (5)                        | 6                           | —                                             | 1                                     | (5)                        | 6                           | (1)                                           | —                                     |
| Administration costs                                         | —                          | (1)                         | —                                             | (1)                                   | —                          | (1)                         | —                                             | (1)                                   |
|                                                              | (7)                        | 5                           | —                                             | (2)                                   | (7)                        | 5                           | (1)                                           | (3)                                   |
| <b>Included in other comprehensive income</b>                |                            |                             |                                               |                                       |                            |                             |                                               |                                       |
| <b>Remeasurements gain (loss):</b>                           |                            |                             |                                               |                                       |                            |                             |                                               |                                       |
| Actuarial gain/(loss) arising from:                          |                            |                             |                                               |                                       |                            |                             |                                               |                                       |
| Experience adjustments                                       | —                          | —                           | —                                             | —                                     | —                          | —                           | —                                             | —                                     |
| Changes in demographic assumptions                           | —                          | —                           | —                                             | —                                     | —                          | —                           | —                                             | —                                     |
| Changes in financial assumptions                             | 1                          | —                           | —                                             | 1                                     | (9)                        | —                           | —                                             | (9)                                   |
| Return on scheme assets excluding interest income            | —                          | 3                           | —                                             | 3                                     | —                          | 11                          | —                                             | 11                                    |
| Asset ceiling / minimum funding adjustments                  | —                          | —                           | (4)                                           | (4)                                   | —                          | —                           | (1)                                           | (1)                                   |
|                                                              | 1                          | 3                           | (4)                                           | —                                     | (9)                        | 11                          | (1)                                           | 1                                     |
| <b>Other</b>                                                 |                            |                             |                                               |                                       |                            |                             |                                               |                                       |
| Contributions by employer                                    | —                          | 2                           | —                                             | 2                                     | —                          | 2                           | —                                             | 2                                     |
| Benefits paid                                                | 6                          | (6)                         | —                                             | —                                     | 6                          | (6)                         | —                                             | —                                     |
|                                                              | 6                          | (4)                         | —                                             | 2                                     | 6                          | (4)                         | —                                             | 2                                     |
| <b>At 31 December</b>                                        | <b>(144)</b>               | <b>166</b>                  | <b>(22)</b>                                   | <b>—</b>                              | <b>(144)</b>               | <b>162</b>                  | <b>(18)</b>                                   | <b>—</b>                              |
|                                                              |                            |                             |                                               | 31 December 2024                      |                            |                             |                                               | 31 December 2023                      |
|                                                              |                            |                             |                                               | €m                                    |                            |                             |                                               | €m                                    |
| <b>Recognised on the statement of financial position as:</b> |                            |                             |                                               |                                       |                            |                             |                                               |                                       |
| Retirement benefit liabilities                               |                            |                             |                                               | —                                     |                            |                             |                                               | —                                     |
| <b>Net pension deficit</b>                                   |                            |                             |                                               | —                                     |                            |                             |                                               | —                                     |

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

## Notes to the financial statements

### 25. RETIREMENT BENEFITS

#### Scheme assets

|                                                   | 2024<br>€m | 2023<br>€m |
|---------------------------------------------------|------------|------------|
| <i>Investment funds</i>                           |            |            |
| Equity                                            | 47         | 45         |
| Fixed interest                                    | 85         | 81         |
| Alternatives:                                     |            |            |
| Quoted                                            | 22         | 18         |
| Unquoted                                          | —          | 8          |
| Cash                                              | 1          | 10         |
| Real estate                                       | 11         | —          |
| <b>Fair value of scheme assets at 31 December</b> | <b>166</b> | <b>162</b> |

None of the pension plan assets are invested in AIB Group's own financial instruments.

#### Sensitivity analysis

There are inherent uncertainties around the financial assumptions adopted in calculating the actuarial valuation due to the long term nature of the liabilities being valued.

An increase or decrease in the discount rate of 25 basis points would reduce or increase the scheme liabilities by c.4.1% (2023: c.4.2%). An increase or decrease in the inflation rate of 25 basis points would increase or reduce the scheme liabilities by c.1.3% (2023: 1.4%). The addition of a one year age offset to the mortality table in use would increase the scheme liabilities by c.2.4% (2023: 2.4%).

The sensitivity analysis has been prepared using the same methodology and limitations that are used in the calculation of the defined benefit obligation. There are no changes to the methods and assumptions used in preparing the sensitivity analysis from last year to this year.

### 26. OTHER LIABILITIES

|                                            | 2024<br>€m | 2023<br>€m |
|--------------------------------------------|------------|------------|
| Items in transit                           | 5          | 5          |
| Deferred compensation on sale of loan book | 1          | —          |
| Sundry creditors                           | 54         | 60         |
| Other                                      | 4          | 3          |
|                                            | <b>64</b>  | <b>68</b>  |

### 27. ACCRUALS AND DEFERRED INCOME

|                       | 2024<br>€m | 2023<br>€m |
|-----------------------|------------|------------|
| Accrued interest      | 12         | 7          |
| Other accrued expense | 13         | 14         |
|                       | <b>25</b>  | <b>21</b>  |

## Notes to the financial statements

### 28. PROVISIONS FOR LIABILITIES AND COMMITMENTS

|                                     | 2024      | 2023      |
|-------------------------------------|-----------|-----------|
|                                     | €m        | €m        |
| At 1 January                        | 11        | 16        |
| Charged to income statement         | 11        | 6         |
| Released to income statement        | (1)       | (1)       |
| Provisions utilised                 | (2)       | (10)      |
| <b>At 31 December<sup>(1)</sup></b> | <b>19</b> | <b>11</b> |

<sup>(1)</sup>The total provisions for liabilities and commitments expected to be settled within one year amount to €6m (2023: €9m).

#### Provisions for customer redress and other costs

Customer redress relates to remediation payments to customers and associated costs for certain legacy matters. The provisions represent the Company's best estimate of the costs of remediation of any remaining impacted customers, addressing customer appeals and closing out other related matters. Due to the complex nature of these legacy matters, they can take some time to resolve. In 2024 the provisions were further reassessed, primarily as a result of additional information that was obtained during the year and as a result the Company recognised a net income statement charge of €10 million.

The Company holds provisions amounting to €14m (2023: €7m) to cover customer redress and related matters and other matters including legal claims amounting to €5m (2023: €4m).

### 29. SHARE CAPITAL

|                                  | 2024             |     | 2023             |     |
|----------------------------------|------------------|-----|------------------|-----|
|                                  | Number of shares |     | Number of shares |     |
|                                  | m                | €m  | m                | €m  |
| <b>Authorised:</b>               |                  |     |                  |     |
| Ordinary shares of €0.25 each    | 2,000            | 500 | 2,000            | 500 |
| <b>Issued and fully paid up:</b> |                  |     |                  |     |
| Ordinary shares of €0.25 each    | 1,655            | 413 | 1,655            | 413 |

#### Movement in ordinary shares

There were no movements in issued share capital during 2024 and 2023.

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### 30. CAPITAL RESERVES

|                       | 2024       | 2023       |
|-----------------------|------------|------------|
|                       | €m         | €m         |
| At 1 January          | 349        | 349        |
| <b>At 31 December</b> | <b>349</b> | <b>349</b> |

The capital reserves represents non-refundable cash contribution received from the Company's shareholder and the capital provided by the Minister for Finance on behalf of the Irish State on 17 June 2010.

## Notes to the financial statements

### 31. CONTINGENT LIABILITIES AND COMMITMENTS

#### (i) Off balance sheet commitments

At 31 December 2024 loan approvals that have not been drawn down as at year end, amount to €346m (2023: €269m).

Loan commitments are classified and measured in accordance with IFRS 9. The Company's accounting policy for the recognition of ECL allowances on loan commitments is set out in accounting policy number 1.14.

The loan commitments were assessed for an ECL at 31 December 2024, it was determined that the ECL was immaterial (2023: immaterial).

#### (ii) Structured entities

Securitisations are transactions in which the Company sells loans and advances to customers (residential mortgages) to structured entities, which, in turn, may issue notes on a retained basis or to external investors. The notes issued by the structured entities are on terms where the Company retains the majority of ownership risks and rewards and therefore, the loans continue to be recognised in the Company's statement of financial position. The Company remains exposed to credit risk and interest rate risk on the loans sold. Under the terms of the securitisations, the rights of the investors are limited to the assets in the securitised portfolios and any related income generated by the portfolios, without further recourse to the Company. The Company does not have the ability to otherwise use the assets transferred as part of securitisation transactions during the term of the arrangement.

##### Burlington Mortgages No. 1 d.a.c.

In 2020, the Company securitised €2.6 billion of residential mortgages. These mortgages were transferred to a securitisation vehicle, Burlington Mortgages No. 1 d.a.c., ('Burlington'). In order to fund the acquired mortgages, Burlington issued eleven classes of notes to the Company. The transferred mortgages have not been derecognised as the Company retains substantially all the risks and rewards of ownership and they continue to be reported in the Company's financial statements. At 31 December 2024, the carrying amount of the transferred financial assets which the Company continues to recognise is €1.4 billion (2023: €1.6 billion) (fair value is €1.4 billion (2023: €1.5 billion)) and the carrying amount of the associated liabilities is Nil (2023: Nil).

##### Burlington Mortgages No. 2 d.a.c.

In 2023, the Company securitised €3.9 billion of residential mortgages. These mortgages were transferred to a securitisation vehicle, Burlington Mortgages No. 2 d.a.c., ('Burlington 2'). In order to fund the acquired mortgages, Burlington 2 issued seven classes of notes to the Company. The transferred mortgages have not been derecognised as the Company retains substantially all the risks and rewards of ownership and they continue to be reported in the Company's financial statements. At 31 December 2024, the carrying amount of the transferred financial assets which the Company continues to recognise is €3.9 billion (2023: €3.8 billion) (fair value is €3.7 billion (2023: €3.8 billion)) and the carrying amount of the associated liabilities is Nil (2023: Nil).

#### (iii) Legal proceedings

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

Specifically, litigation has been served on the Company by customers that are pursuing claims in relation to mortgages. Further cases may be served in the future in relation to mortgages.

Based on the facts currently known and the current stages that the litigation is at, it is not practicable at this time to predict the final outcome of this litigation, nor the timing and possible impact on the Company.

#### (iv) Contingent liability/contingent asset

The Company has provided the National Asset Management Agency with a series of indemnities relating to transferred assets. Any indemnity payment would result in an outflow of economic benefit for the Company.

#### (v) TARGET Ireland - Gross settlement system

TARGET Services have been developed to ensure the free flow of cash, securities and collateral across Europe. The TARGET-Ireland system is a real time gross settlement system for large volume interbank payments in euro. On 16 March 2023, as part of its participation in TARGET-Ireland, the Company entered a deed of charge in favour of the Central Bank of Ireland (CBI). This charge gives the CBI a first floating charge security over all present and future credit balances in the Company's TARGET-Ireland Accounts to secure all liabilities of the Company to the CBI in connection with the Company's participation in TARGET-Ireland.

## Notes to the financial statements

### 31. CONTINGENT LIABILITIES AND COMMITMENTS

#### (v) TARGET Ireland - Gross settlement system (continued)

In addition, the CBI has provided the Company with a credit line facility for intra-day credit in TARGET2-Ireland (now TARGET-Ireland) in relation to Eurosystem Operations. In connection with this, the Company on 7 April 2014, provided the CBI with a fixed charge security over the Company's eligible assets (as identified by the CBI) which are held in a designated collateral account and also a floating charge security over other eligible assets of the Company.

The Company cannot, without the prior written consent of the CBI:

- create or attempt to create or permit to arise or subsist any encumbrance on or over this charged property or any part of it; or
- otherwise than in the ordinary course of business, sell, transfer, lend or otherwise dispose of or deal in the property or assets subject to the charges or any part of it.

## Notes to the financial statements

### 32. RISK MANAGEMENT

This section provides details of the exposure to, and risk management of, the following individual risk types which have been identified through the Bank's Material Risk Assessment ('MRA') process.

- 32.1 Credit risk;
- 32.2 Market risk;
- 32.3 Capital adequacy risk; and
- 32.4 Liquidity and funding risk.

#### 32.1 Credit risk

##### Definition of credit risk

Credit risk is the risk that the Company will incur losses as a result of a customer or counterparty being unable or unwilling to meet their contractual obligations and associated bank credit exposure in respect of loans or other financial transactions.

Based on the annual risk identification and materiality assessment process, credit risk is grouped into the following two subcategories:

- i. Credit default risk: The risk of losses arising as a result of the counterparty not meeting their contractual obligations in full and on time and the resulting credit default risk/risk of loss leading to a risk to capital including residual risk (which is the risk that credit risk mitigation techniques used by the Company prove less effective than expected); and
- ii. Concentration risk: The risk of excessive credit concentration including to an individual, counterparty, group of connected counterparties, a type of collateral or a type of credit facility.

The most significant credit risks assumed by the Company arise from mortgage lending activities to customers in the Republic of Ireland. Credit risk also arises on funds placed with other banks, derivatives relating to interest rate risk management and 'off-balance sheet' commitments.

##### Credit Risk Framework

The Company implements and operates policies to govern the identification, assessment, approval, monitoring and reporting of credit risk. The Company relies on the AIB Credit Risk Framework and adopts the relevant supporting policies, processes and governance. The AIB Credit Risk Framework is the overarching AIB Board approved document which sets out the principles of how AIB identifies, assesses, approves, monitors and reports credit risk to ensure that robust credit risk management is in place. This document contains the minimum standards and principles that are applied across AIB to provide a common, robust and consistent approach to the management of credit risk.

The AIB Credit Risk Framework is supported by a suite of credit policies, standards and guidelines which define in greater detail the minimum standards and credit risk metrics to be applied for specific products, business lines and market segments.

##### Credit risk management

Credit Risk, as an independent risk management function, monitors key credit risk metrics and trends, including policy exceptions and breaches, reviews the overall quality of the loan book; challenges variances to planned outcomes and tracks portfolio performance against agreed credit risk indicators. This allows the Company, if required, to take early and proactive mitigating actions for any potential areas of concern.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit approval overview

The Company operates credit approval criteria which:

- Include a clear indication of the Company's target market(s), in line with its RAS;
- Require a thorough understanding and assessment of the borrower or counterparty, as well as the purpose and structure of credit, and the source of repayment; and
- Enforce compliance with minimum credit assessment and facility structuring standards.

Credit risk approval is undertaken by professionals operating within a defined delegated authority framework. AIB Group Board is the ultimate credit approval authority. The AIB Group Board has delegated credit authority to various credit committees and to the Chief Credit Officer ('CCO'). The CCO is permitted to further delegate this credit authority to individuals within AIB Group on a risk appropriate basis. Credit limits are approved in accordance with the Company's risk policies and guidelines.

All exposures above certain levels require approval by the AIB Group Credit Committee ('GCC') and/or AIB Group Board. Other exposures are approved according to a structure of tiered individual authorities which reflect credit competence, proven judgement and experience. Depending on the borrower/connection, grade and the level of exposure, limits are sanctioned by the relevant credit authority. Material lending proposals are referred to credit units for independent assessment/approval or formulation of a recommendation and subsequent adjudication by the applicable approval authority.

##### ECL governance

The Board of AIB Group has put in place a framework, incorporating the governance and delegation structures commensurate with a material risk, to ensure credit risk is appropriately managed throughout AIB Group.

The key governance points in the ECL approval process during 2024 were:

- Model Risk Committee;
- Asset and Liabilities Committee;
- Business level ECL Forum;
- Group Credit Committee; and
- Board Audit Committee.

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

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

In addition, the Company's senior management reviews and challenges the ECL levels prior to recommendation to the Company's Audit Committee. The Company's Audit Committee then recommends the Company's financial results to the Company's Board for ultimate final approval, including ECL.

##### Credit risk organisation and structure

The Company's credit risk management structure operates through a hierarchy of lending authorities. All customer loan requests are subject to a credit assessment process. The role of the AIB Group Credit Risk function is to provide direction, independent oversight of and challenge to credit risk-taking.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Internal credit ratings

One of the objectives of credit risk management is to accurately quantify the level of credit risk to which the Company is exposed through the initial credit approval and ongoing review process. All relevant exposures are assigned to a rating model and within that to an internal risk grade (rating). A grade is assigned on the basis of rating criteria within each rating model from which estimates of PD are derived.

Internal credit grades are fundamental in assessing the credit quality of loan exposures, and for assessing capital requirements for portfolios where prior regulatory approval has been received. Internal credit grades are key to management reporting, credit portfolio analysis, credit quality monitoring and in determining the level and nature of management attention applied to exposures. Changes in the objective information are reflected in the credit grade of the borrower/loan with the resultant grade influencing the management of individual loans. In line with EBS's credit management lifecycle, heightened credit management and special attention is paid to lower quality performing loans or 'criticised' loans and non-performing/defaulted loans which are defined below.

Using internal models, the Company utilises a credit grading masterscale that gives it the ability to categorise credit risk across different rating models and portfolios in a consistent manner. The masterscale consolidates complex credit information into a single attribute, aligning the output from the risk models with AIB's Forbearance and Definition of Default and Credit Impairment policies. The masterscale grades are driven by grading model appropriate through the cycle PDs combined with other asset quality indicators such as default, forbearance and arrears in order to provide the Company with a mechanism for ranking and comparing credit risk associated with a range of customers. Masterscale categorises loans into a broad range of grades which can be summarised into the following categories: strong/satisfactory grades, criticised grades and non-performing / default loans. The profile of the Company's loan portfolio under each of the above grade categories is set out on page 86.

The IFRS 9 PD modelling approach uses a combination of rating grades and scores obtained from these credit risk models along with key factors such as the current/recent arrears status or the current/recent forbearance status and macroeconomic factors to obtain the relevant IFRS 9 12 month and Lifetime PDs (i.e. point in time). The Company has set out its methodologies and judgements exercised in determining its expected credit loss under IFRS 9 on pages 75 to 82.

##### Strong/satisfactory

Accounts are considered strong/satisfactory if they have no current or recent credit distress and the probability of default is typically less than 6.95%, they are not in arrears and there are no indications that they are unlikely to repay.

- **Strong** (typically with a PD less than 0.99%): Strong credit with no weakness evident.
- **Satisfactory** (typically with a PD greater than or equal to 0.99% and less than 6.95%): Satisfactory credit with no weakness evident.

##### Criticised

Accounts of lower quality and considered as less than satisfactory are referred to as criticised and include the following:

- **Criticised watch:** The credit is exhibiting weakness in terms of credit quality and may need additional management attention; the credit may or may not be in arrears.
- **Criticised recovery:** Includes forborne cases that are classified as performing including those which have transitioned from default forborne, but still require additional management attention to monitor for re-default and continuing improvement in terms of credit quality.

##### Non-performing/default

The Company's definition of default is aligned with the EBA 'Guidelines on the application of the definition of default' under Article 178 of the Capital Requirements Regulation and ECB Banking Supervision Guidance to Banks on non-performing loans.

The Company has aligned the definitions of 'non-performing loans', 'classification of default' and IFRS 9 Stage 3 'credit impaired', with the exception of loans measured at fair value through profit and loss, and those loans which have been derecognised and newly originated in Stage 1 or POCI which are no longer classified as credit impaired but continue to be classified as non-performing and in default. This alignment ensures consistency with the Company's internal credit risk management and assessment practices.

Loans are identified as non-performing or defaulted by a number of characteristics. The key criteria resulting in a classification of non-performing are:

- Where the Company considers a borrower to be unlikely to pay their loans in full without realisation of collateral, regardless of the existence of any past-due amount; or
- The borrower is 90 days or more past due on any material loan. Day count starts when any material amount of principal, interest or fee has not been paid by a borrower on the due date.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Internal credit ratings (continued)

##### Non-performing/default (continued)

The criteria for the definition of financial distress and forbearance are included in the AIB Group Forbearance policy. Criteria for the identification of non-performing exposures ('NPEs') and unlikeliness to pay are included in AIB's Definition of Default and Credit Impairment policy.

##### Credit risk monitoring

The Company has developed and implemented processes and information systems to monitor and report on individual credits and credit portfolios in order to manage credit risk effectively. It is the Company's practice to ensure that adequate up-to-date credit management information is available to support the credit management of individual account relationships and the overall loan portfolio.

Credit risk, at a portfolio level, is monitored using key risk indicators and early warning indicators which are reported regularly to senior management and the Board. Credit managers proactively manage credit risk exposures at a transaction and relationship level. Monitoring includes credit exposure and excess management, regular review of accounts, being up-to-date with any developments in customer business, obtaining updated financial information and monitoring of covenant compliance. This is reported on a regular basis to senior management and includes information and detailed commentary on loan book growth, quality of the loan book and expected credit losses including individual large non-performing exposures.

Significant resources are allocated to ensure ongoing monitoring and compliance with approved risk limits. Credit risk, including compliance with key credit risk limits, is monitored monthly and is periodically reported to senior management. Once an account has been placed on a watch list, the exposure is carefully monitored and where appropriate, exposure reductions are effected.

Through a range of forbearance solutions, a dedicated approach to loan workout, monitoring and proactive management of non-performing loans is employed. A specialised recovery function focuses on managing the majority of criticised loans and deals with customers in default, collection or insolvency. Their mandate is to support customers in difficulty while maximising the return on non-performing loans. Whilst the basic principles for managing weaknesses in commercial and retail exposures are broadly similar, the solutions reflect the differing nature of the assets.

##### Credit risk mitigants

The perceived strength of a borrower's repayment capacity is the primary factor in granting a loan. However, Company uses various approaches to help mitigate risks relating to individual credits, including transaction structure, collateral and guarantees. The main types of collateral for loans and advances to customers are described below under the section on Collateral. Credit policy and credit management standards are controlled and set centrally by the Credit Risk function.

##### Collateral

Credit risk mitigation may include a requirement to obtain collateral as set out in AIB Group's lending policies. Where collateral and/or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. AIB Group maintains policies which detail the acceptability of specific classes of collateral.

The principal collateral types for loans and advances are mortgage/legal charge over residential and commercial real estate.

The nature and level of collateral required depends on a number of factors such as the type of the facility, the term of the facility and the amount of exposure. Collateral held as security for financial assets other than for loans and advances is determined by the nature of the instrument. Debt securities and treasury products are generally unsecured, with the exception of asset backed securities, which are secured by a portfolio of financial assets.

Collateral is not usually held against loans and advances to banks, including central banks, except where securities are held as part of reverse repurchase or securities borrowing transactions or where a collateral agreement has been entered into under a master netting agreement.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit risk mitigants (continued)

##### Collateral (continued)

##### Methodologies for valuing collateral

Details on the valuation rule methodologies applied and processes used to assess the value of property assets taken as collateral are described in AIB Group's Property Valuation Policy and Property Valuation Guidance. Both documents are subject to an annual review.

As residential and commercial mortgage loans comprise of all the Company's loans and advances portfolio, some key principles have been applied in respect of property collateral held by the Company.

The value of property collateral is assessed at loan origination and at certain stages throughout the credit lifecycle in accordance with the AIB Group Property Valuation Policy e.g. at annual review, where required.

In accordance with the AIB Group Property Valuation Policy and Guidelines, the Company employs a number of methods to assist in reaching appropriate valuations for property collateral held. These include:

- a. External Valuation firms on the AIB Group's Valuers Panel, are engaged by the Company to undertake valuations of Immovable Property collateral in accordance with the rules set out in the AIB Group Property Valuation Policy.
- b. Internal valuations are completed by the first line of defence pursuant to the rules in the AIB Group Property Valuation Policy and in line with the AIB Group Property Valuation Guidance, which provides appropriate valuation methodology guidance, including the Index valuation approach – used for residential property.

##### Collateral and ECLs

Applying one or a combination of the above methodologies, in line with the AIB Group Property Valuation Policy, has resulted in an appropriate range of discounts to original collateral valuations, influenced by the nature, status and year of purchase of the asset. The frequency and availability of such up-to-date valuations remain a key factor within ECL determination. The spread of discounts is influenced by the type of collateral, e.g. buy-to-let, residential and also its location. The valuation arrived at is therefore, a function of the nature of the asset.

When assessing the level of ECL allowance required for property loans, apart from the value to be realised from the collateral, other cash flows, such as recourse to other assets or sponsor support, are also considered, where available. The other key driver is the time it takes to receive the funds from the realisation of collateral. While this depends on the type of collateral and the stage of its development, the period of time to realisation is typically one to five years but sometimes this time period is exceeded.

##### Summary of risk mitigants by selected portfolios

Set out below are details of risk mitigants used by the Company in relation to financial assets detailed in the maximum exposure to credit risk table on page 83.

##### Residential mortgages

For residential mortgages, the Company takes collateral in support of lending transactions for the purchase of residential property. Collateral valuations are required at the time of origination of each residential mortgage.

##### Securities financing

In addition to the credit risk mitigants, the Company, from time to time, enters securities financing transactions. Securities financing consists of securities borrowing transactions, reverse repurchase agreements and securities sold under agreements to repurchase.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Measurement, methodologies and judgements

##### Introduction

The Company has set out the methodologies used and judgements exercised in determining its ECL allowance for the year to 31 December 2024.

The Company, in estimating its ECL allowance does so in line with the expected credit loss impairment model as set out by the International Financial Reporting Standard 9 *Financial Instruments* ('the standard'). This model requires a timely recognition of ECL across AIB Group. The standard does not prescribe specific approaches to be used in estimating ECL allowance, but stresses that the approach must reflect the following:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- Underlying models should be point in time and forward looking – recognising economic conditions;
- The ECL must reflect the time value of money;
- A lifetime ECL is calculated for financial assets in Stage 2 and 3 and POCI; and
- The ECL calculation must incorporate reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The standard defines credit loss as the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate ('EIR') or an approximation thereof.

ECLs are defined in the standard as the weighted average of credit losses across multiple macroeconomic scenarios, with weights assigned based on the probability of each scenario occurring and are an estimate of credit losses over the life of a financial instrument.

The ECL model applies to financial instruments measured at amortised cost or at fair value through other comprehensive income. In addition, the ECL approach applies to loan commitments that are not measured at fair value through profit or loss.

A key principle of the ECL model is to reflect any relative deterioration or improvement in the credit quality of financial instruments occurring (e.g. change in the risk of a default). The ECL amount recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition together with the impact on credit risk parameters.

##### Bases of measurement

Under the standard, there are two measurement bases:

1. 12-month ECL (Stage 1), which applies to all financial instruments from initial recognition as long as there has been no significant increase in credit risk; and
2. Lifetime ECL (Stages 2 and 3 and POCI), which applies when a significant increase in credit risk has been identified on an account (Stage 2), an account has been identified as being credit-impaired (Stage 3) or when an account meets the POCI criteria.

##### Staging

Financial assets are allocated to stages dependent on credit quality relative to when assets were originated. A financial asset can only originate in either Stage 1 or POCI.

##### Credit risk at origination

Credit risk at origination ('CRAO') is a key input into the staging allocation process. The origination date of an account is determined by the date on which the Company became irrevocably committed to the contractual obligation and the account was first graded on an appropriate model.

For undrawn credit facilities, the Company uses the date of origination as the date when it becomes party to the irrevocable contractual arrangements or irrevocable commitment.

The Company uses best available information for facilities which originated prior to credit risk rating model or scorecard being in place.

For accounts that originated prior to 1 January 2018, a neutral view of the macroeconomic outlook at the time is used, i.e. where macroeconomic variables are used in the Lifetime PD models, long-run averages are used instead of historical forecasts.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Measurement, methodologies and judgements (continued)

##### Stage 1 characteristics

Obligations are classified Stage 1 at origination, unless POCI, with a 12 month ECL being recognised. These obligations remain in Stage 1 unless there has been a significant increase in credit risk.

Accounts can also return to Stage 1 if they no longer meet either the Stage 2 or Stage 3 criteria, subject to satisfaction of the appropriate probation periods, in line with regulatory requirements.

##### Stage 2 characteristics

Obligations where there has been a 'significant increase in credit risk' ('SICR') since initial recognition but do not have objective evidence of credit impairment are classified as Stage 2. For these assets, lifetime ECLs are recognised.

The Company assesses at each reporting date whether a significant increase in credit risk has occurred on its financial obligations since their initial recognition. This assessment is performed on individual obligations rather than at a portfolio level. If the increase is considered significant, the obligation will be allocated to Stage 2 and a lifetime expected credit loss will apply to the obligation. If the change is not considered significant, a 12 month expected credit loss will continue to apply and the obligation will remain in Stage 1.

##### SICR assessment

The Company's SICR assessment is determined based on both quantitative and qualitative measures:

**Quantitative measure:** This measure reflects an arithmetic assessment of the change in credit risk arising from changes in the probability of default. The Company compares each obligation's annualised average probability weighted residual origination lifetime probability of default ('LTPD') (see 'Credit risk at origination') to its current estimated annualised average probability weighted residual LTPD at the reporting date. If the difference between these two LTPDs meets the quantitative definition of SICR, Company transfers the financial obligation into Stage 2. Increases in LTPD may be due to credit deterioration of the individual obligation or due to macroeconomic factors or a combination of both. The Company has determined that an account had met the quantitative measure if the average residual LTPD at the reporting date was at least double the average residual LTPD at origination, and the difference between the LTPDs was at least 85bps (50bps for the non-mortgage portfolio). The appropriateness of this threshold is kept under review by the Company.

**Qualitative measure:** This measure reflects the assessment of the change in credit risk based on the Company's credit management and the individual characteristics of the financial asset. This is not model driven and seeks to capture any change in credit quality that may not be already captured by the quantitative criteria. The qualitative assessment reflects pro-active credit management including monitoring of account activity on an individual or portfolio level, knowledge of client behaviour, and cognisance of industry and economic trends.

The criteria for this qualitative trigger include, for example:

- A downgrade to watch grade of the borrower's/facility's credit grade reflecting the increased credit management focus on these accounts; and/or
- Forbearance has been provided and the account is within the probationary period.

**Backstop indicators:** The Company has adopted the rebuttable presumption within IFRS 9 that loans greater than 30 days past due represent a significant increase in credit risk.

Where SICR criteria are no longer a trigger the account can exit Stage 2 and return to Stage 1.

##### Stage 3 characteristics

Defaulted borrowers (with the exception of newly originated loans that are in Stage 1 or POCI) are classified as credit impaired and allocated to Stage 3. Where default criteria are no longer met, the borrower exits Stage 3 subject to a probation period in line with regulatory requirements.

The key criteria resulting in a classification of default are:

- Where the Company considers a borrower to be unlikely to pay their loans in full without realisation of collateral, regardless of the existence of any past-due amount; or
- The borrower is 90 days or more past due on any material loan (count starts when any amount of principal, interest or fee has not been paid by a borrower at the date it was due).

Identification of non-performing exposures and unlikelihood to pay are included in the AIB Group Definition of Default and Credit Impairment policy.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Measurement, methodologies and judgements (continued)

##### Purchased or originated credit impaired ('POCI')

POCIs are assets originated credit impaired and that have a discount to the contractual value when measured at fair value. The Company uses an appropriate discount rate for measuring ECL in the case of POCIs which is the credit-adjusted effective interest rate. This rate is used to discount the expected cash flows of such assets to fair value on initial recognition.

POCI obligations remain outside of the normal stage allocation process for the lifetime of the obligation. The ECL for POCI obligations is always measured at an amount equal to lifetime expected credit losses. The amount recognised as a loss allowance for these assets is the cumulative changes in lifetime expected credit losses since the initial recognition of the assets rather than the total amount of lifetime expected credit losses.

##### Measurement of expected credit loss

The measurement of ECL is estimated through one of the following approaches:

- i. **Standard approach:** This approach is used for the majority of exposures where each ECL input parameter (Probability of Default - PD, Loss Given Default - LGD, Exposure at Default - EAD, and Prepayments - PP) is developed in line with standard modelling methodology. The Company's IFRS 9 models have been developed and approved in line with AIB's Model Risk Management Framework.
- ii. **Simplified approach:** For portfolios not on the standard approach, the Company has followed a simplified approach. This approach consists of applying portfolio level ECL averages, drawn from similar portfolios, where it is not possible to estimate individual parameters. These generally relate to portfolios where specific IFRS 9 models have not been developed due to immateriality, low volumes or where there are no underlying grading models. As granular PDs are not available for these portfolios, a non-standard approach to staging is required with more reliance on the qualitative criteria (along with the 30 days past due back-stop).
- iii. **Management judgement:** Where the estimate of ECL does not adequately capture all available forward looking information about the range of possible outcomes or where there is a significant degree of uncertainty, management judgement may be considered appropriate for an adjustment to ECL. The management adjustment must consider all relevant and supportable information, including but not limited to, historical data analysis, predictive modelling and management experience. The methodology to incorporate the adjustment should consider the degree of any relevant over collateralization (headroom) and should not result in a zero overall ECL unless there is sufficient headroom to support this. The key judgements in the 2024 year end ECL estimates are outlined in the post model adjustments section on page 82.

##### Effective interest rate

The ECL must incorporate the time value of money discounted to the reporting date using the EIR determined at initial recognition or an approximation thereof.

- The Company uses an approximation approach based on the account level interest rate when calculating ECL which is applied to both drawn and undrawn commitments.
- This approach is subject to an annual assessment that all proxies remain appropriate and do not result in a material misstatement of the ECL.
- The Company has tested the appropriateness of using current interest rates as an approximation for the discount rates required for measuring ECLs. This testing determined that using the current interest rates as the discount rates is an appropriate approximation.

##### Policy elections and simplifications

##### Low credit risk exemption

The Company utilises practical expedients, as allowed by IFRS 9, for the stage allocation of particular financial instruments which are deemed 'low credit risk'. This practical expedient permits the Company to assume, without more detailed analysis, that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have 'low credit risk' at the reporting date. The Company allocates such assets to Stage 1.

Under IFRS 9 the credit risk on a financial instrument is considered low if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic business conditions in the longer term may, (but will not necessarily), reduce the ability of the borrower to fulfil its contractual cash flow obligations.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Measurement, methodologies and judgements (continued)

##### Policy elections and simplifications (continued)

##### Low credit risk exemption (continued)

This low credit risk exemption is applied to particular assets within the debt securities investment portfolio and for loans and advances to Banks, specifically, assets which have an internal grade equivalent to an external investment grade (BBB-) or higher.

The Company applies a quantitative backstop trigger of tripling of probability of default subject to a minimum threshold movement of 30bps to determine whether assets subject to the low credit risk exemption should be allocated to Stage 2. Additionally, if any of such assets are on a watch list based on agreed criteria, they are allocated to Stage 2.

##### IFRS 9 ECL Credit risk models

The IFRS 9 ECL models provide the risk parameters which are the inputs into the model driven estimate of ECL which is used across all exposures on the standard approach to ECL.

##### Probability of default

Probability of default ('PD') is the likelihood that an account or borrower defaults over an observation period, given that they are not currently in default for each year of the expected contractual lifetime of the exposure. The PD is a point in time estimate which is reflective of the current and expected economic conditions.

In order to capture the appropriate risk dynamics across the lifetime of the exposure the development process considers:

- Macroeconomic effects captured through factors such as unemployment rate and GDP;
- Cross-sectional risk discriminators in particular the internal rating model outputs plus other factors such as forbearance and days past due; and
- Seasoning factors such as product type, delinquency and forbearance status.

##### Loss given default

Loss given default ('LGD') is a current assessment of the amount that will not be recovered in the event of default, taking account of future conditions. It can be thought of as the difference between the amount owed to the Company (i.e. the exposure) and the net present value of future cash flows less any relevant costs expected to be incurred in the recovery process. If an account returns to performing from default (excluding any loss making concession) or if the discounted post-default recoveries are equal to or greater than the exposure, the realised loss is zero.

The LGD modelling approach depends on whether the facility has underlying security and, if so, the nature of that security.

The value of underlying property collateral is estimated at the forecasted time of disposal (taking into account forecasted market price growth/falls and haircuts on market values that are expected at the date of sale) in order to calculate the future recovery amount. Estimated costs of disposal are taken into account in this calculation.

##### Exposure at default

Exposure at default ('EAD') is defined as the exposure amount that will be owed by a customer at the time of default. This will comprise changes in the exposure amount between the reporting date and the date that the customer defaults. This may be due to repayments, interest and fees charged and additional drawdowns by the customer.

##### Prepayments

For term credit products, prepayment occurs where a customer fully prepays an account prior to the end of its contractual term.

Prepayment is used in the lifetime ECL calculation for Stage 2 loans to account for the proportion of the facilities/customers that prepay each year.

##### Determining the period over which to measure ECL

Both the origination date and the expected maturity of a facility must be determined for ECL purposes. The origination date is used to measure credit risk at origination (as explained above).

The expected maturity is used for assets in Stage 2, where the ECL must be estimated over the remaining life of the facility.

The expected maturity approach for term credit products is the contractual maturity date, with exposure and survival probability adjusted to reflect behaviour i.e. amortisation and pre-payment.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Measurement, methodologies and judgements (continued)

##### Forward looking indicators in models

For ECL calculations reliant on models in the standard and simplified approaches, forward looking indicators are incorporated into the models through the use of macroeconomic variables. These have been identified statistically as the key macroeconomic variables that drive the parameter being assessed (e.g. PD or LGD). The final model structure incorporates these as inputs with the 12 month and lifetime calculations utilising the macroeconomic forecasts for each scenario. See 'macroeconomic scenarios and weightings' below for more detail on the process for generating scenarios and associated key macroeconomic factors relevant for the models. In circumstances where there is a risk that the modelled output fails to capture the appropriate response to changes in the macroeconomic environment such as inflation and interest rate changes, these risks are captured through the use of post model adjustments.

##### Write-offs

When the prospects of recovering a loan, either partially or fully, do not improve, a point may come when it will be concluded that as there is no realistic prospect of recovery, the loan and any related ECL will be written-off. The Company determines, based on specific criteria, the point at which, there is no reasonable expectation of recovery, e.g. inception of formal insolvency proceedings or receivership/other formal recovery action. When the following criteria exist, the loan can be subject to a partial or full write-off:

- A decision has been taken to enforce on a loan, due to no agreement with the customer for a restructure / settlement, all customer engagement with the Company regarding their loan agreement has ceased.
- Inception of formal insolvency proceedings or receivership/other formal recovery action.
- Receivership or other formal recovery action (e.g. where expectation of recovery of collateral is expected through enforcement activity but no additional recoveries above the collateral value are anticipated) has commenced or is about to commence; and
- A loan is substantially provided for or no material repayments have been received for a period of time (minimum 12 months) and all customer engagement with the Company regarding their loan agreement has ceased.

Debt forgiveness may subsequently arise where there is a formal contract with the customer for the write-off of the loan. In addition, certain forbearance solutions and restructuring agreements may include an element of debt write down (debt forgiveness).

The contractual amount outstanding of loans written off during the year that are still subject to enforcement activity are outlined on page 89 and relate to non-contracted write-offs, both full and partial. The Company recognises cash received from the customer in excess of the carrying value of the loan after a non-contracted write-off as 'recoveries of amounts previously written-off' in the income statement.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Measurement, methodologies and judgements (continued)

##### Macroeconomic scenarios and weightings

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

AIB Group's Economic Research Unit ('ERU') provide the assumptions for each scenario over five years. These are then independently reviewed and challenged, on both a quantitative and qualitative basis, by AIB Group's Risk function. The base case is benchmarked against the outlook available from official sources (e.g., Central Bank of Ireland, IMF, ECB, Bank of England, etc.) to ensure it is appropriate.

The table below sets out the five year average forecast for each of the key macroeconomic variables that are required to generate the scenarios or are material drivers of the ECL under (i) Base, (ii) Downside 1, (iii) Downside 2 and (iv) Upside scenarios at 31 December 2024 (average over 2025-2029) and at 31 December 2023 (average over 2024-2028).

| Macroeconomic factor (%)          | December 2024<br>5 year (2025-2029) average forecast |                                         |                                 |                              | December 2023<br>5 year (2024-2028) average forecast |                                        |                                 |                              |
|-----------------------------------|------------------------------------------------------|-----------------------------------------|---------------------------------|------------------------------|------------------------------------------------------|----------------------------------------|---------------------------------|------------------------------|
|                                   | Base                                                 | Downside 1<br>(‘Geopolitical tensions’) | Downside 2<br>(‘Credit crunch’) | Upside<br>(‘Quick recovery’) | Base                                                 | Downside 1<br>(‘Persistent inflation’) | Downside 2<br>(‘Credit crunch’) | Upside<br>(‘Quick recovery’) |
| <b>Republic of Ireland</b>        |                                                      |                                         |                                 |                              |                                                      |                                        |                                 |                              |
| GDP growth                        | 3.0                                                  | 1.8                                     | 0.7                             | 3.8                          | 3.5                                                  | 3.0                                    | 1.1                             | 4.2                          |
| Residential property price growth | 2.5                                                  | (0.1)                                   | (4.7)                           | 4.2                          | 2.1                                                  | (0.5)                                  | (4.7)                           | 3.6                          |
| Unemployment rate                 | 4.5                                                  | 7.4                                     | 10.1                            | 3.9                          | 5.5                                                  | 7.1                                    | 10.4                            | 3.6                          |
| Commercial property price growth  | 3.4                                                  | (1.2)                                   | (5.2)                           | 5.8                          | 2.5                                                  | (1.4)                                  | (5.2)                           | 4.7                          |
| Employment growth                 | 1.5                                                  | 1.0                                     | (0.6)                           | 1.9                          | 1.6                                                  | 0.9                                    | (0.6)                           | 1.9                          |
| Average disposable income growth  | 4.4                                                  | 4.0                                     | 3.0                             | 6.5                          | 5.2                                                  | 4.9                                    | 3.3                             | 6.5                          |
| Inflation                         | 2.0                                                  | 2.9                                     | 1.9                             | 3.1                          | 2.3                                                  | 3.3                                    | 2.1                             | 3.4                          |

The weights that have been applied to the macroeconomic scenarios used by the Company for the ECL calculation as at the reporting date are:

| Scenario                             | Weighting        | Scenario                            | Weighting        |
|--------------------------------------|------------------|-------------------------------------|------------------|
|                                      | 31 December 2024 |                                     | 31 December 2023 |
| Base                                 | 50%              | Base                                | 50 %             |
| Downside 1 ('Geopolitical tensions') | 40%              | Downside 1 ('Persistent inflation') | 30 %             |
| Downside 2 ('Credit crunch')         | 5%               | Downside 2 ('Credit crunch')        | 10 %             |
| Upside ('Quick recovery')            | 5%               | Upside ('Quick recovery')           | 10 %             |

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Measurement, methodologies and judgements (continued)

##### Sensitivities

The Company's estimates of expected credit losses are responsive to varying economic conditions and forward looking information. These estimates are driven by the relationship between historic experienced loss and the combination of macroeconomic variables. Given the co-relationship of each of the macroeconomic variables to one another and the fact that loss estimates do not follow a linear path, a sensitivity to any single economic variable is not meaningful. As such, the following sensitivities provide an indication of ECL movements that include changes in model estimates, and quantitative SICR staging assignments, with a single 100% weighting applied. Increased sensitivity for the downside 2 'Credit crunch' scenario is evident in the 2024 sensitivities compared to Reported and 100% Base, driven predominantly by underlying model and staging sensitivities, and an element of macro sensitive PMA allocation where relevant. Further details on post model adjustments are outlined on page 82.

Relative to the base scenario, in the 100% downside 'Geopolitical tensions' and 'Credit crunch' scenario, the ECL allowance increases by 20% and 115% respectively. In the 100% upside scenario, the ECL allowance declines by 4%, showing that the ECL impact of the two downside scenarios is greater than that of the upside scenario. At 31 December 2024, a 100% downside 'Geopolitical tensions' and 'Credit crunch' scenarios sees a higher ECL allowance sensitivity of €20m and €117m respectively compared to base (€11m and €108m respectively compared to reported).

| ECL allowance at 31 December 2024  |            |            |                                                  |                                          |                                         |
|------------------------------------|------------|------------|--------------------------------------------------|------------------------------------------|-----------------------------------------|
|                                    | Reported   | 100% Base  | 100% Downside Scenario ('Geopolitical tensions') | 100% Downside Scenario ('Credit crunch') | 100% Upside Scenario ('Quick recovery') |
| Loans and advances to customers    | €m         | €m         | €m                                               | €m                                       | €m                                      |
| Residential mortgages              | 110        | 101        | 121                                              | 218                                      | 97                                      |
| Property and construction          | 1          | 1          | 1                                                | 1                                        | 1                                       |
| <b>Total</b>                       | <b>111</b> | <b>102</b> | <b>122</b>                                       | <b>219</b>                               | <b>98</b>                               |
| Off-balance sheet loan commitments | —          | —          | —                                                | —                                        | —                                       |
|                                    | <b>111</b> | <b>102</b> | <b>122</b>                                       | <b>219</b>                               | <b>98</b>                               |

| ECL allowance at 31 December 2023  |            |            |                                                 |                                          |                                         |
|------------------------------------|------------|------------|-------------------------------------------------|------------------------------------------|-----------------------------------------|
|                                    | Reported   | 100% Base  | 100% Downside Scenario ('Persistent inflation') | 100% Downside Scenario ('Credit crunch') | 100% Upside Scenario ('Quick recovery') |
| Loans and advances to customers    | €m         | €m         | €m                                              | €m                                       | €m                                      |
| Residential mortgages              | 128        | 120        | 134                                             | 268                                      | 109                                     |
| Property and construction          | 2          | 2          | 2                                               | 2                                        | 2                                       |
| <b>Total</b>                       | <b>130</b> | <b>122</b> | <b>136</b>                                      | <b>270</b>                               | <b>111</b>                              |
| Off-balance sheet loan commitments | —          | —          | —                                               | —                                        | —                                       |
|                                    | <b>130</b> | <b>122</b> | <b>136</b>                                      | <b>270</b>                               | <b>111</b>                              |

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Measurement, methodologies and judgements (continued)

##### Post model adjustments

Post model adjustments ('PMAs') are applied where management believe that they are necessary to ensure an adequate level of overall ECL provision and to address known model limitations and/or emerging trends not captured in the models. All PMAs are approved under the ECL governance process through which the appropriateness of post model adjustments are considered against the backdrop of the risk profile of the loan book, recent loss history or changes in underlying resolution strategies not captured in the models and management's view of emerging trends. Releases of PMAs may occur as new models are deployed or where the risk has been judged by management to be captured in the model outcomes, or to have passed.

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

- NPE resolution – ECL adjustments where the current model does not take into account downside risks that should be incorporated into the final loss estimate.
- Emerging risks – ECL adjustments which reflect novel risks within a sector or portfolio for which there has not been time to embed an adjustment within the related models or where the models are incapable of differentiating the nuanced sectoral impacts of each novel risk.

2024

| Post model adjustments                | ECL allowance before PMAs | NPE resolution | Emerging risks | Total PMAs | Total ECL allowance | Proportion of post model adjustments to total ECL allowance |
|---------------------------------------|---------------------------|----------------|----------------|------------|---------------------|-------------------------------------------------------------|
|                                       | € m                       | € m            | € m            | € m        | € m                 | %                                                           |
| Residential mortgages                 | 81                        | 29             | —              | 29         | 110                 | 26 %                                                        |
| Property and construction             | 1                         | —              | —              | —          | 1                   | — %                                                         |
| Total loans and advances to customers | 82                        | 29             | —              | 29         | 111                 | 26 %                                                        |
| Loan commitments issued               | —                         | —              | —              | —          | —                   | — %                                                         |
| Total ECL allowance                   | 82                        | 29             | —              | 29         | 111                 | 26 %                                                        |

2023

| Post model adjustments                | ECL allowance before PMAs | NPE resolution | Emerging risks | Total PMAs | Total ECL allowance | Proportion of post model adjustments to total ECL allowance |
|---------------------------------------|---------------------------|----------------|----------------|------------|---------------------|-------------------------------------------------------------|
|                                       | € m                       | € m            | € m            | € m        | € m                 | %                                                           |
| Residential mortgages                 | 94                        | 30             | 4              | 34         | 128                 | 27 %                                                        |
| Property and construction             | 2                         | —              | —              | —          | 2                   | — %                                                         |
| Total loans and advances to customers | 96                        | 30             | 4              | 34         | 130                 | 26 %                                                        |
| Loan commitments issued               | —                         | —              | —              | —          | —                   | — %                                                         |
| Total ECL allowance                   | 96                        | 30             | 4              | 34         | 130                 | 26 %                                                        |

##### NPE resolution

A PMA of €30m was implemented at 31 December 2023 on Stage 3 mortgages, primarily to address potential ECL underestimation from higher yields in the current interest rate environment impacting portfolio sale assumptions within the mortgage model and uncertainty of the timing to transact NPE mortgage portfolio sales. During 2024, €1m of this PMA was released due to a reduction in interest rates versus original PMA, with €29m retained at 31 December 2024.

##### Emerging risks

A PMA retained at 31 December 2023 of €4m addressing the heightened risk for future roll-offs in the fixed rate mortgage portfolio. This was fully unwound in Q4 2024 following evidence that credit quality has remained strong and no evidence of heightened risk on fixed rate roll offs observed on customers along with improving interest rate environment.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit exposure overview

##### Maximum exposure to credit risk

Maximum exposure to credit risk from on-balance sheet and off-balance sheet financial instruments is presented before taking account of any collateral held or other credit enhancements (unless such enhancements meet accounting offsetting requirements). For financial assets recognised on the statement of financial position, the maximum exposure to credit risk is their carrying amount. For loan commitments that are irrevocable over the life of the facility, it is generally the full amount of the committed facility.

Credit risk exposure derives from standard on-balance sheet products such as mortgages. In addition, credit risk arises from other products and activities including 'off-balance sheet' commitments and securities financing.

The following table sets out the maximum exposure to credit risk that arises within the Company and distinguishes between those assets that are carried in the statement of financial position at amortised cost and those carried at fair value at 31 December 2024 and 2023:

|                                                   | 2024                          |                           |               | 2023                          |                           |               |
|---------------------------------------------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|
|                                                   | Amortised cost <sup>(1)</sup> | Fair value <sup>(2)</sup> | Total         | Amortised cost <sup>(1)</sup> | Fair value <sup>(2)</sup> | Total         |
|                                                   | €m                            | €m                        | €m            | €m                            | €m                        | €m            |
| Cash and balances at central banks                | 60                            | —                         | 60            | 74                            | —                         | 74            |
| Derivative financial instruments                  | —                             | 40                        | 40            | —                             | 139                       | 139           |
| Loans and advances to banks                       | 3,644                         | —                         | 3,644         | 3,680                         | —                         | 3,680         |
| Loans and advances to customers                   | 11,498                        | —                         | 11,498        | 10,208                        | —                         | 10,208        |
| Securities financing                              | 1,354                         | —                         | 1,354         | 1,346                         | —                         | 1,346         |
| <i>Included elsewhere:</i>                        |                               |                           |               |                               |                           |               |
| Accrued interest                                  | 10                            | —                         | 10            | 4                             | —                         | 4             |
| Other assets                                      | 1                             | —                         | 1             | 4                             | —                         | 4             |
|                                                   | 16,567                        | 40                        | 16,607        | 15,316                        | 139                       | 15,455        |
| Off balance sheet loan commitments <sup>(3)</sup> | 346                           | —                         | 346           | 269                           | —                         | 269           |
| <b>Maximum exposure to credit risk</b>            | <b>16,913</b>                 | <b>40</b>                 | <b>16,953</b> | <b>15,585</b>                 | <b>139</b>                | <b>15,724</b> |

<sup>(1)</sup> All amortised cost items are loans and advances which are in a 'held-to-collect' business model.

<sup>(2)</sup> All items measured at fair value are at FVOCI.

<sup>(3)</sup> A commitment is an off-balance sheet product, where there is an agreement to provide an undrawn credit facility. The contract may or may not be cancelled unconditionally at any time without notice depending on the terms of the contract.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit exposure overview (continued)

##### Maximum exposure to credit risk (continued)

The following table summarises financial instruments in the statement of financial position at 31 December 2024 and 2023:

|                                 | 2024                            |               |                 |                                 | 2023                            |               |                 |                                 |
|---------------------------------|---------------------------------|---------------|-----------------|---------------------------------|---------------------------------|---------------|-----------------|---------------------------------|
|                                 | Statement of financial position |               |                 | Income statement                | Statement of financial position |               |                 | Income statement                |
|                                 | Exposure                        | ECL allowance | Carrying amount | Net credit impairment writeback | Exposure                        | ECL allowance | Carrying amount | Net credit impairment writeback |
|                                 | €m                              | €m            | €m              | €m                              | €m                              | €m            | €m              | €m                              |
| Loans and advances to banks     | 3,644                           | —             | 3,644           | —                               | 3,680                           | —             | 3,680           | —                               |
| Loans and advances to customers | 11,609                          | (111)         | 11,498          | 15                              | 10,338                          | (130)         | 10,208          | 3                               |
| Securities financing            | 1,354                           | —             | 1,354           | —                               | 1,346                           | —             | 1,346           | —                               |
|                                 | 16,607                          | (111)         | 16,496          | 15                              | 15,364                          | (130)         | 15,234          | 3                               |
| Loan commitments                | 346                             | —             | 346             | —                               | 269                             | —             | 269             | —                               |
| <b>Total</b>                    | <b>16,953</b>                   | <b>(111)</b>  | <b>16,842</b>   | <b>15</b>                       | <b>15,633</b>                   | <b>(130)</b>  | <b>15,503</b>   | <b>3</b>                        |

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit profile of the loan portfolio

The following table analyses loans and advances to customers at amortised cost by ECL staging at 31 December 2024 and 2023:

| Amortised cost                                         | 2024                  |                      |              | 2023                  |                      |              |
|--------------------------------------------------------|-----------------------|----------------------|--------------|-----------------------|----------------------|--------------|
|                                                        | Residential mortgages | Commercial mortgages | Total        | Residential mortgages | Commercial mortgages | Total        |
| Gross loans and advances to customers                  | €m                    | €m                   | €m           | €m                    | €m                   | €m           |
| Total gross carrying amount                            | 8,577                 | 12                   | 8,589        | 8,287                 | 18                   | 8,305        |
| <b>Analysed by internal credit ratings</b>             |                       |                      |              |                       |                      |              |
| Strong                                                 | 6,881                 | —                    | 6,881        | 6,604                 | —                    | 6,604        |
| Satisfactory                                           | 1,048                 | —                    | 1,048        | 924                   | 1                    | 925          |
| <b>Total strong/satisfactory</b>                       | <b>7,929</b>          | <b>—</b>             | <b>7,929</b> | <b>7,528</b>          | <b>1</b>             | <b>7,529</b> |
| Criticised watch                                       | 301                   | 6                    | 307          | 355                   | 9                    | 364          |
| Criticised recovery                                    | 55                    | 2                    | 57           | 90                    | 1                    | 91           |
| <b>Total criticised</b>                                | <b>356</b>            | <b>8</b>             | <b>364</b>   | <b>445</b>            | <b>10</b>            | <b>455</b>   |
| Non-performing                                         | 292                   | 4                    | 296          | 314                   | 7                    | 321          |
| <b>Gross carrying amount</b>                           | <b>8,577</b>          | <b>12</b>            | <b>8,589</b> | <b>8,287</b>          | <b>18</b>            | <b>8,305</b> |
| <b>Analysed as to ECL staging</b>                      |                       |                      |              |                       |                      |              |
| Stage 1                                                | 7,704                 | 5                    | 7,709        | 7,239                 | 8                    | 7,247        |
| Stage 2                                                | 537                   | 3                    | 540          | 686                   | 3                    | 689          |
| Stage 3                                                | 278                   | 4                    | 282          | 297                   | 7                    | 304          |
| POCI                                                   | 58                    | —                    | 58           | 65                    | —                    | 65           |
| <b>Total</b>                                           | <b>8,577</b>          | <b>12</b>            | <b>8,589</b> | <b>8,287</b>          | <b>18</b>            | <b>8,305</b> |
| <b>ECL allowance - statement of financial position</b> |                       |                      |              |                       |                      |              |
|                                                        | €m                    | €m                   | €m           | €m                    | €m                   | €m           |
| Stage 1                                                | 4                     | —                    | 4            | 7                     | —                    | 7            |
| Stage 2                                                | 16                    | —                    | 16           | 21                    | —                    | 21           |
| Stage 3                                                | 86                    | 1                    | 87           | 94                    | 2                    | 96           |
| POCI                                                   | 4                     | —                    | 4            | 6                     | —                    | 6            |
| <b>Total</b>                                           | <b>110</b>            | <b>1</b>             | <b>111</b>   | <b>128</b>            | <b>2</b>             | <b>130</b>   |
| <b>ECL allowance cover percentage</b>                  |                       |                      |              |                       |                      |              |
|                                                        | %                     | %                    | %            | %                     | %                    | %            |
| Stage 1                                                | 0.1                   | —                    | 0.1          | 0.1                   | —                    | 0.1          |
| Stage 2                                                | 2.9                   | —                    | 2.9          | 3.1                   | —                    | 3.1          |
| Stage 3                                                | 31.0                  | 25.0                 | 30.8         | 31.5                  | 29.0                 | 31.4         |
| POCI                                                   | 6.6                   | —                    | 6.6          | 9.6                   | —                    | 9.6          |
| <b>Income statement</b>                                |                       |                      |              |                       |                      |              |
|                                                        | €m                    | €m                   | €m           | €m                    | €m                   | €m           |
| Net remeasurement of ECL allowance                     | (14)                  | 2                    | (12)         | (2)                   | 2                    | —            |
| Recoveries of amounts previously written-off           | (3)                   | —                    | (3)          | (3)                   | —                    | (3)          |
| <b>Net credit impairment (writeback)/charge</b>        | <b>(17)</b>           | <b>2</b>             | <b>(15)</b>  | <b>(5)</b>            | <b>2</b>             | <b>(3)</b>   |

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit profile of the loan portfolio (continued)

##### Internal credit grade profile by ECL staging

The table below analyses the internal credit grading profile by ECL staging for loans and advances to customers at 31 December 2024 and 2023:

##### Amortised cost

|                                  |              |             |             |            | 2024         |
|----------------------------------|--------------|-------------|-------------|------------|--------------|
|                                  | Stage 1      | Stage 2     | Stage 3     | POCI       | Total        |
|                                  | €m           | €m          | €m          | €m         | €m           |
| Strong                           | 6,601        | 251         | —           | 29         | 6,881        |
| Satisfactory                     | 991          | 50          | —           | 7          | 1,048        |
| <b>Total strong/satisfactory</b> | <b>7,592</b> | <b>301</b>  | <b>—</b>    | <b>36</b>  | <b>7,929</b> |
| Criticised Watch                 | 117          | 186         | —           | 4          | 307          |
| Criticised Recovery              | —            | 53          | —           | 4          | 57           |
| <b>Total criticised</b>          | <b>117</b>   | <b>239</b>  | <b>—</b>    | <b>8</b>   | <b>364</b>   |
| <b>Non-performing</b>            | <b>—</b>     | <b>—</b>    | <b>282</b>  | <b>14</b>  | <b>296</b>   |
| <b>Gross carrying amount</b>     | <b>7,709</b> | <b>540</b>  | <b>282</b>  | <b>58</b>  | <b>8,589</b> |
| <b>ECL allowance</b>             | <b>(4)</b>   | <b>(16)</b> | <b>(87)</b> | <b>(4)</b> | <b>(111)</b> |
| <b>Total carrying amount</b>     | <b>7,705</b> | <b>524</b>  | <b>195</b>  | <b>54</b>  | <b>8,478</b> |

##### Amortised cost

|                                  |              |             |             |            | 2023         |
|----------------------------------|--------------|-------------|-------------|------------|--------------|
|                                  | Stage 1      | Stage 2     | Stage 3     | POCI       | Total        |
|                                  | €m           | €m          | €m          | €m         | €m           |
| Strong                           | 6,246        | 345         | —           | 13         | 6,604        |
| Satisfactory                     | 865          | 58          | —           | 2          | 925          |
| <b>Total strong/satisfactory</b> | <b>7,111</b> | <b>403</b>  | <b>—</b>    | <b>15</b>  | <b>7,529</b> |
| Criticised Watch                 | 135          | 226         | —           | 3          | 364          |
| Criticised Recovery              | 1            | 60          | —           | 30         | 91           |
| <b>Total criticised</b>          | <b>136</b>   | <b>286</b>  | <b>—</b>    | <b>33</b>  | <b>455</b>   |
| <b>Non-performing</b>            | <b>—</b>     | <b>—</b>    | <b>304</b>  | <b>17</b>  | <b>321</b>   |
| <b>Gross carrying amount</b>     | <b>7,247</b> | <b>689</b>  | <b>304</b>  | <b>65</b>  | <b>8,305</b> |
| <b>ECL allowance</b>             | <b>(7)</b>   | <b>(21)</b> | <b>(96)</b> | <b>(6)</b> | <b>(130)</b> |
| <b>Total carrying amount</b>     | <b>7,240</b> | <b>668</b>  | <b>208</b>  | <b>59</b>  | <b>8,175</b> |

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit profile of the loan portfolio (continued)

##### Gross loans<sup>(1)</sup> and ECL movements

The following tables set out the movements in the gross carrying amount and ECL allowances for loans and advances to customers by ECL staging for the years to 31 December 2024 and 2023.

Amounts that triggered movements between Stage 1 and Stage 2 as a result of failing/curing a quantitative measure only (as disclosed on page 76) and that subsequently reverted within the period to their original stage, are excluded from 'Transferred from Stage 1 to Stage 2' and 'Transferred from Stage 2 to Stage 1'. The Company believes this presentation aids the understanding of underlying credit migration.

##### Gross carrying amount movements

|                                     | 2024          |               |               |            |              |
|-------------------------------------|---------------|---------------|---------------|------------|--------------|
|                                     | Stage 1<br>€m | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m  |
| <b>At 1 January</b>                 | <b>7,247</b>  | <b>689</b>    | <b>304</b>    | <b>65</b>  | <b>8,305</b> |
| Transferred from Stage 1 to Stage 2 | (391)         | 391           | —             | —          | —            |
| Transferred from Stage 2 to Stage 1 | 452           | (452)         | —             | —          | —            |
| Transferred to Stage 3              | (19)          | (71)          | 90            | —          | —            |
| Transferred from Stage 3            | 14            | 45            | (59)          | —          | —            |
| New loans originated/top-ups        | 1,033         | —             | —             | —          | 1,033        |
| Redemptions/repayments              | (883)         | (84)          | (58)          | (8)        | (1,033)      |
| Interest credited                   | 222           | 19            | 8             | 1          | 250          |
| Write-offs                          | —             | —             | (7)           | —          | (7)          |
| Other movements                     | 34            | 3             | 4             | —          | 41           |
| <b>At 31 December</b>               | <b>7,709</b>  | <b>540</b>    | <b>282</b>    | <b>58</b>  | <b>8,589</b> |

|                                                | 2023          |               |               |            |              |
|------------------------------------------------|---------------|---------------|---------------|------------|--------------|
|                                                | Stage 1<br>€m | Stage 2<br>€m | Stage 3<br>€m | POCI<br>€m | Total<br>€m  |
| <b>At 1 January</b>                            | <b>7,356</b>  | <b>409</b>    | <b>321</b>    | <b>65</b>  | <b>8,151</b> |
| Transferred from Stage 1 to Stage 2            | (465)         | 465           | —             | —          | —            |
| Transferred from Stage 2 to Stage 1            | 343           | (343)         | —             | —          | —            |
| Transferred to Stage 3                         | (5)           | (85)          | 90            | —          | —            |
| Transferred from Stage 3                       | 11            | 46            | (57)          | —          | —            |
| New loans originated/top-ups                   | 970           | —             | —             | —          | 970          |
| Redemptions/repayments                         | (941)         | (78)          | (49)          | (7)        | (1,075)      |
| Interest credited                              | 199           | 15            | 8             | 1          | 223          |
| Write-offs                                     | —             | —             | (6)           | —          | (6)          |
| Derecognised due to disposals                  | —             | —             | (3)           | —          | (3)          |
| Impact of model, parameter and overlay changes | (257)         | 257           | —             | —          | —            |
| Other movements                                | 36            | 3             | —             | 6          | 45           |
| <b>At 31 December</b>                          | <b>7,247</b>  | <b>689</b>    | <b>304</b>    | <b>65</b>  | <b>8,305</b> |

<sup>(1)</sup>The gross carrying amount movement is recorded at each month end with movements calculated versus the position at previous month end. The sum of all 12 months movement is then presented.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit profile of the loan portfolio (continued)

##### Gross loans and ECL movements (continued)

##### ECL allowance movements

|                                              | 2024       |            |            |            |             |
|----------------------------------------------|------------|------------|------------|------------|-------------|
|                                              | Stage 1    | Stage 2    | Stage 3    | POCI       | Total       |
|                                              | €m         | €m         | €m         | €m         | €m          |
| <b>At 1 January</b>                          | <b>7</b>   | <b>21</b>  | <b>96</b>  | <b>6</b>   | <b>130</b>  |
| Transferred from Stage 1 to Stage 2          | (1)        | 19         | —          | —          | 18          |
| Transferred from Stage 2 to Stage 1          | 3          | (8)        | —          | —          | (5)         |
| Transferred to Stage 3                       | —          | (6)        | 8          | —          | 2           |
| Transferred from Stage 3                     | —          | 3          | (6)        | —          | (3)         |
| Net remeasurement (within Stage)             | —          | (10)       | —          | (2)        | (12)        |
| New loans originated/top-ups                 | 1          | —          | —          | —          | 1           |
| Redemptions/repayments                       | —          | (1)        | —          | —          | (1)         |
| Impact of model and overlay changes          | (4)        | —          | (2)        | —          | (6)         |
| Impact of credit or economic risk parameters | (2)        | (2)        | (2)        | —          | (6)         |
| <b>Net remeasurement of ECL allowance</b>    | <b>(3)</b> | <b>(5)</b> | <b>(2)</b> | <b>(2)</b> | <b>(12)</b> |
| Write-offs                                   | —          | —          | (7)        | —          | (7)         |
| <b>At 31 December</b>                        | <b>4</b>   | <b>16</b>  | <b>87</b>  | <b>4</b>   | <b>111</b>  |

|                                              | 2023       |           |            |            |            |
|----------------------------------------------|------------|-----------|------------|------------|------------|
|                                              | Stage 1    | Stage 2   | Stage 3    | POCI       | Total      |
|                                              | €m         | €m        | €m         | €m         | €m         |
| <b>At 1 January</b>                          | <b>10</b>  | <b>15</b> | <b>103</b> | <b>7</b>   | <b>135</b> |
| Transferred from Stage 1 to Stage 2          | (1)        | 13        | —          | —          | 12         |
| Transferred from Stage 2 to Stage 1          | 2          | (7)       | —          | —          | (5)        |
| Transferred to Stage 3                       | —          | (4)       | 8          | —          | 4          |
| Transferred from Stage 3                     | —          | 2         | (5)        | —          | (3)        |
| Net remeasurement (within Stage)             | 1          | (5)       | 6          | (1)        | 1          |
| New loans originated/top-ups                 | 1          | —         | —          | —          | 1          |
| Redemptions/repayments                       | (1)        | (1)       | —          | —          | (2)        |
| Impact of model and overlay changes          | (4)        | 6         | (5)        | (3)        | (6)        |
| Impact of credit or economic risk parameters | (1)        | 2         | (2)        | —          | (1)        |
| <b>Net remeasurement of ECL allowance</b>    | <b>(3)</b> | <b>6</b>  | <b>2</b>   | <b>(4)</b> | <b>1</b>   |
| Write-offs                                   | —          | —         | (6)        | —          | (6)        |
| Derecognised due to disposals                | —          | —         | (3)        | —          | (3)        |
| Other movements                              | —          | —         | —          | 3          | 3          |
| <b>At 31 December</b>                        | <b>7</b>   | <b>21</b> | <b>96</b>  | <b>6</b>   | <b>130</b> |

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Credit profile of the loan portfolio (continued)

##### Gross loans and ECL movements (continued)

Stage transfers are a key component of ECL allowance movements (i.e. Stage 1 to Stage 2 to Stage 3) being the primary driver of a higher income statement charge (and vice versa) in addition to the net re-measurement of ECL due to change in risk parameters within a stage.

Transfers from Stage 1 to Stage 2 of €391m represent the underlying credit activity where a significant increase in credit risk occurred at some point during the year through either the quantitative or qualitative criteria for stage movement. The main driver of the movements to Stage 2 was the doubling of PD since loan origination, subject to a minimum 85bps increase, (50bps for the non-mortgage portfolio).

Similarly, transfers from Stage 2 to Stage 1 of €452m represent those loans where the triggers for significant increase in credit risk no longer apply or loans that have fulfilled a probation period. These transfers include loans which have been upgraded through normal credit management process.

Transfers from Stage 2 to Stage 3 of €71m represent those loans that defaulted during the year. These arose in cases where it was determined that the customers were unlikely to pay their loans in full without the realisation of collateral regardless of the existence of any past due amount or the number of days past due. In addition, transfers also include all borrowers that are 90 days or more past due on a material obligation.

Transfers from Stage 3 to Stage 2 of €45m were mainly driven by resolution activity with the customer, through either restructuring or forbearance previously granted and which subsequently adhered to default probation requirements. As part of the credit management practices, active monitoring of loans and their adherence to default probation requirements is in place. Transfers from Stage 3 to Stage 1 of €14m primarily reflect curing events from default where no forbearance measure was required.

Reductions due to write-offs continues to reflect the utilisation of ECL stock as a result of the restructure of customer debt in line with the Company's strategy.

The contractual amount outstanding of loans written-off during the year that are subject to enforcement activity amounted to nil (2023: less than €1m) which includes both full and partial write-offs. Total cumulative non-contracted loans written-off at 31 December 2024 amounted to €29m (2023: €31m).

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

Stage 1 loans increased by €462m in 2024 to €7,709m with an ECL of €4m and resulting cover of 0.1%. This increase was driven by new lending and interest charged, offset by repayments.

Stage 2 loans decreased by €149m in 2024 to €540m with an ECL of €16m and resulting cover of 2.9%. This reduction was driven by repayments and positive flows to Stage 1.

Stage 3 loans decreased by €22m in 2024 to €282m with the ECL cover decreased from 31.4% to 30.8%. The decrease in Stage 3 loans was driven by repayments offsetting net flow to non-performing loans.

##### Large exposures

At 31 December 2024, the Company's top 50 exposures amounted to €65m, and accounted for 1% (€70m and 1% at 31 December 2023) of the on-balance sheet total gross loans and advances to customers. No single customer exposure exceeded regulatory limits which would require disclosure.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### Asset class analysis

##### Indexed loan to value ratios of residential mortgages

The following table profiles the residential mortgage portfolio by the indexed loan-to-value ratios and the weighted average loan-to-value ratios at 31 December 2024 and 2023:

|                   | 2024              |            |            |           |              | 2023              |            |            |           |              |
|-------------------|-------------------|------------|------------|-----------|--------------|-------------------|------------|------------|-----------|--------------|
|                   | At amortised cost |            |            |           |              | At amortised cost |            |            |           |              |
|                   | Stage 1           | Stage 2    | Stage 3    | POCI      | Total        | Stage 1           | Stage 2    | Stage 3    | POCI      | Total        |
|                   | €m                | €m         | €m         | €m        | €m           | €m                | €m         | €m         | €m        | €m           |
| Less than 80%     | 7,205             | 531        | 266        | 53        | 8,055        | 6,551             | 669        | 285        | 57        | 7,562        |
| 81% - 100%        | 455               | 2          | 7          | 1         | 465          | 647               | 11         | 8          | 1         | 667          |
| 100% - 120%       | 13                | 1          | 2          | —         | 16           | 14                | 2          | 2          | —         | 18           |
| Greater than 120% | 31                | 3          | 3          | —         | 37           | 27                | 4          | 1          | —         | 32           |
| <b>Total LTVs</b> | <b>7,704</b>      | <b>537</b> | <b>278</b> | <b>54</b> | <b>8,573</b> | <b>7,239</b>      | <b>686</b> | <b>296</b> | <b>58</b> | <b>8,279</b> |
| Unsecured         | —                 | —          | —          | 4         | 4            | —                 | —          | 1          | 7         | 8            |
| <b>Total</b>      | <b>7,704</b>      | <b>537</b> | <b>278</b> | <b>58</b> | <b>8,577</b> | <b>7,239</b>      | <b>686</b> | <b>297</b> | <b>65</b> | <b>8,287</b> |

Of which:

Owner occupier

|                   |              |            |            |           |              |              |            |            |           |              |
|-------------------|--------------|------------|------------|-----------|--------------|--------------|------------|------------|-----------|--------------|
| Less than 80%     | 7,199        | 513        | 262        | 53        | 8,027        | 6,545        | 646        | 277        | 56        | 7,524        |
| 81-100%           | 455          | 2          | 7          | —         | 464          | 646          | 11         | 8          | 1         | 666          |
| 100-120%          | 13           | 1          | 1          | —         | 15           | 14           | 2          | 2          | —         | 18           |
| Greater than 120% | 31           | 3          | 2          | —         | 36           | 27           | 4          | 1          | —         | 32           |
| <b>Total LTVs</b> | <b>7,698</b> | <b>519</b> | <b>272</b> | <b>53</b> | <b>8,542</b> | <b>7,232</b> | <b>663</b> | <b>288</b> | <b>57</b> | <b>8,240</b> |
| Unsecured         | —            | —          | —          | 2         | 2            | —            | —          | 1          | 5         | 6            |
| <b>Total</b>      | <b>7,698</b> | <b>519</b> | <b>272</b> | <b>55</b> | <b>8,544</b> | <b>7,232</b> | <b>663</b> | <b>289</b> | <b>62</b> | <b>8,246</b> |

The weighted average indexed loan-to-value of the stock of residential mortgages at 31 December 2024 was 48%, new residential mortgages issued during the year was 69% and Stage 3 residential mortgages was 44%.

The weighted average indexed loan-to-value of the stock of residential mortgages at 31 December 2023 was 49%, new residential mortgages issued during the year was 67% and Stage 3 residential mortgages was 45% .

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued) Asset class analysis (continued)

##### Loans and advances to customers - Residential mortgages

The following table analyses the residential mortgages portfolio showing the ECL allowance at 31 December 2024 and 2023:

|                                                        | 2024               |            |              | 2023               |            |              |
|--------------------------------------------------------|--------------------|------------|--------------|--------------------|------------|--------------|
|                                                        | Owner-<br>occupier | Buy-to-let | Total        | Owner-<br>occupier | Buy-to-let | Total        |
| Gross loans and advances to customers                  | €m                 | €m         | €m           | €m                 | €m         | €m           |
| Total gross carrying amount                            | 8,544              | 33         | 8,577        | 8,246              | 41         | 8,287        |
| <b>Analysed by internal credit ratings</b>             |                    |            |              |                    |            |              |
| Strong                                                 | 6,881              | —          | 6,881        | 6,604              | —          | 6,604        |
| Satisfactory                                           | 1,032              | 16         | 1,048        | 904                | 20         | 924          |
| <b>Total strong/satisfactory</b>                       | <b>7,913</b>       | <b>16</b>  | <b>7,929</b> | <b>7,508</b>       | <b>20</b>  | <b>7,528</b> |
| Criticised watch                                       | 293                | 8          | 301          | 345                | 10         | 355          |
| Criticised recovery                                    | 55                 | —          | 55           | 90                 | —          | 90           |
| <b>Total criticised</b>                                | <b>348</b>         | <b>8</b>   | <b>356</b>   | <b>435</b>         | <b>10</b>  | <b>445</b>   |
| Non-performing                                         | 283                | 9          | 292          | 303                | 11         | 314          |
| <b>Gross carrying amount</b>                           | <b>8,544</b>       | <b>33</b>  | <b>8,577</b> | <b>8,246</b>       | <b>41</b>  | <b>8,287</b> |
| <b>Analysed as to ECL staging</b>                      |                    |            |              |                    |            |              |
| Stage 1                                                | 7,698              | 6          | 7,704        | 7,232              | 7          | 7,239        |
| Stage 2                                                | 519                | 18         | 537          | 663                | 23         | 686          |
| Stage 3                                                | 272                | 6          | 278          | 289                | 8          | 297          |
| POCI                                                   | 55                 | 3          | 58           | 62                 | 3          | 65           |
| <b>Total</b>                                           | <b>8,544</b>       | <b>33</b>  | <b>8,577</b> | <b>8,246</b>       | <b>41</b>  | <b>8,287</b> |
| <b>ECL allowance - statement of financial position</b> |                    |            |              |                    |            |              |
|                                                        | €m                 | €m         | €m           | €m                 | €m         | €m           |
| Stage 1                                                | 4                  | —          | 4            | 7                  | —          | 7            |
| Stage 2                                                | 15                 | 1          | 16           | 20                 | 1          | 21           |
| Stage 3                                                | 84                 | 2          | 86           | 91                 | 3          | 94           |
| POCI                                                   | 3                  | 1          | 4            | 5                  | 1          | 6            |
| <b>Total</b>                                           | <b>106</b>         | <b>4</b>   | <b>110</b>   | <b>123</b>         | <b>5</b>   | <b>128</b>   |
| <b>ECL allowance cover percentage</b>                  |                    |            |              |                    |            |              |
|                                                        | %                  | %          | %            | %                  | %          | %            |
| Stage 1                                                | 0.1                | —          | 0.1          | 0.1                | —          | 0.1          |
| Stage 2                                                | 2.8                | 5.6        | 2.9          | 3.0                | 6.0        | 3.1          |
| Stage 3                                                | 30.9               | 32.3       | 31.0         | 31.4               | 34.2       | 31.5         |
| POCI                                                   | 5.1                | 38.0       | 6.6          | 8.3                | 40.7       | 9.6          |
| <b>Income statement</b>                                |                    |            |              |                    |            |              |
|                                                        | €m                 | €m         | €m           | €m                 | €m         | €m           |
| Net remeasurement of ECL allowance                     | (13)               | (1)        | (14)         | (3)                | 1          | (2)          |
| Recoveries of amounts previously written-off           | (3)                | —          | (3)          | (3)                | —          | (3)          |
| <b>Net credit impairment (writeback)/charge</b>        | <b>(16)</b>        | <b>(1)</b> | <b>(17)</b>  | <b>(6)</b>         | <b>1</b>   | <b>(5)</b>   |

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.1 Credit risk (continued)

##### External credit ratings of certain financial assets

The following table sets out the credit quality of certain financial assets based on available external credit ratings at 31 December 2024 and 2023. These comprise loans and advances to banks of €3,644m (2023: €3,680m) and securities financing of €1,354m (2023: €1,346m). The ratings for 2024 listed below are provided by Standard & Poor's. The 2023 ratings have been re-presented to align.

|          | 2024              |              | 2023              |             |
|----------|-------------------|--------------|-------------------|-------------|
|          | at amortised cost |              | at amortised cost |             |
|          | Bank<br>€m        | Total<br>€m  | Bank<br>€m        | Total<br>€m |
| <b>A</b> | <b>4,998</b>      | <b>4,998</b> | 5,026             | 5,026       |

#### 32.2 Market risk

##### Interest rate sensitivity

The table below shows the sensitivity of the Company's banking book to an immediate and sustained +/- 100 basis point movement in interest rates, in terms of the impact on net interest income on a forward looking basis over a twelve month period, assuming no change in the balance sheet.

|                                                                                | 2024<br>€m | 2023<br>€m |
|--------------------------------------------------------------------------------|------------|------------|
| <b>Sensitivity of projected net interest income to interest rate movements</b> |            |            |
| + 100 basis point parallel move in all interest rates                          | 62         | 60         |
| – 100 basis point parallel move in all interest rates                          | (69)       | (66)       |

The above sensitivity table is computed under the assumption of an unchanged balance sheet and that all market rates (Risk Free Rates/Euribor/Swaps) move upwards or downwards in parallel.

#### 32.3 Capital adequacy risk

Capital adequacy risk is the risk that the Company breaches or may breach regulatory capital ratios and internal targets, measured on a forward looking basis across a range of scenarios, including a severe but plausible stress.

##### Identification and assessment

An annual MRA is undertaken to determine the significant risks to which the Company is exposed and ensure that these risks are being appropriately managed.

Capital adequacy risk for the Company is evaluated through the annual financial planning and internal capital adequacy assessment process ('ICAAP') where the level of capital required to support growth plans and meet regulatory and internal requirements is assessed over the three year planning horizon. Plans are assessed across a range of scenarios ranging from base case and moderate downside scenarios to a severe but plausible stress using AIB Group's stress testing methodologies.

##### Monitoring, escalating and reporting

The impact of changing regulatory requirements, changes in the risk profile of the Company's balance sheet and other internal factors, and changing external risks are regularly assessed by first line of defence and second line of defence teams via regular monitoring of performance against the Financial Plan and Strategy.

The Company's Board reviews and approves the Company Financial Plan and the supporting stress tests on an annual basis, confirming it is satisfied with the capital adequacy of the Company. Quarterly reporting of the risk profile including performance against risk appetite is presented to the Company's Board.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.4 Liquidity and funding risk

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

The Company's liquidity risk is managed as part of the overall AIB Group liquidity management. In accordance with the Capital Requirements Regulation ('CRR2'), the Company has appointed AIB as its liquidity manager to fulfil daily cash flow management, oversee any changes required in liquidity management or reporting and manage the Company's liquidity risk as part of the overall AIB Group liquidity risk management process. Under this centralised approach the management of liquidity and related activities for the Company is integrated with its parent, AIB, which is a wholly owned subsidiary of AIB Group.

The means by which these liquidity management activities are performed, and the procedures by which AIB ensures the Company complies with the AIB Group Funding and Liquidity Risk Policy are managed through an MSA.

#### Management and measurement

The objective of liquidity management is to ensure that, at all times, the Company holds sufficient funds to meet its contracted and contingent commitments to customers and counterparties at an economic price. The ILAAP framework and supporting Funding and Liquidity risk policy set out the key requirements for managing the risk across AIB Group. These include:

- adherence to both internal limits and regulatory defined liquidity ratios.
- performing a multi-year projection of the Group's funding sources, taking into account its baseline scenario, strategy and operational plans as outlined in the AIB Group Funding and Liquidity Plan. The purpose of this Plan is to set out a comprehensive, forward looking liquidity and funding strategy for the Group, including subsidiary companies.
- assessing the Funding and Liquidity plan under a range of adverse scenarios, the outcomes of which should ensure sufficient liquidity to implement a sustainable strategy, even in a stressed environment.
- maintaining a Contingency Funding Plan that identifies and quantifies actions which are available to AIB Group in deteriorating liquidity conditions and emerge from a temporary liquidity crisis as a credit-worthy institution.
- maintaining Group Recovery Plan that outlines the actions available to AIB Group to restore viability in the event of extreme stress.

## Notes to the financial statements

### 32. RISK MANAGEMENT

#### 32.4 Liquidity and funding risk

##### Financial liabilities by undiscounted contractual maturity

The balances in the table below include the undiscounted cash flows relating to principal and interest on financial liabilities and as such will not agree directly with the balances on the consolidated statement of financial position. All derivative financial instruments have been analysed based on their contractual maturity undiscounted cash flows.

The following table analyses, on an undiscounted basis, financial liabilities cash flows by remaining contractual maturity at 31 December 2024 and 2023:

|                                    |              |                             |                    |           |              | 2024          |
|------------------------------------|--------------|-----------------------------|--------------------|-----------|--------------|---------------|
|                                    | On demand    | <3 months but not on demand | 3 months to 1 year | 1–5 years | Over 5 years | Total         |
|                                    | €m           | €m                          | €m                 | €m        | €m           | €m            |
| Deposits by banks                  | 4,016        | —                           | —                  | —         | —            | 4,016         |
| Customer accounts                  | 5,042        | 118                         | 238                | —         | —            | 5,398         |
| Securities financing               | —            | 5,321                       | —                  | —         | —            | 5,321         |
| Derivative financial instruments   | —            | 10                          | 33                 | 92        | 30           | 165           |
| Other liabilities                  | 25           | —                           | —                  | —         | —            | 25            |
| <b>Total</b>                       | <b>9,083</b> | <b>5,449</b>                | <b>271</b>         | <b>92</b> | <b>30</b>    | <b>14,925</b> |
| Off-balance sheet loan commitments | 346          | —                           | —                  | —         | —            | 346           |

|                                    |              |                             |                    |           |              | 2023          |
|------------------------------------|--------------|-----------------------------|--------------------|-----------|--------------|---------------|
|                                    | On demand    | <3 months but not on demand | 3 months to 1 year | 1–5 years | Over 5 years | Total         |
|                                    | €m           | €m                          | €m                 | €m        | €m           | €m            |
| Deposits by banks                  | 3,561        | —                           | —                  | —         | —            | 3,561         |
| Customer accounts                  | 5,439        | 128                         | 250                | —         | —            | 5,817         |
| Securities financing               | —            | 4,363                       | —                  | —         | —            | 4,363         |
| Derivative financial instruments   | —            | (15)                        | 2                  | 97        | 3            | 87            |
| Other liabilities                  | 21           | —                           | —                  | —         | —            | 21            |
| <b>Total</b>                       | <b>9,021</b> | <b>4,476</b>                | <b>252</b>         | <b>97</b> | <b>3</b>     | <b>13,849</b> |
| Off-balance sheet loan commitments | 269          | —                           | —                  | —         | —            | 269           |

## Notes to the financial statements

### 33. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The accounting policy for financial assets in note 1.7 and financial liabilities in note 1.8, describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the carrying amounts of the financial assets and financial liabilities by measurement category and by statement of financial position heading at 31 December 2024 and 2023.

|                                    |                                                        |                   | 2024   |
|------------------------------------|--------------------------------------------------------|-------------------|--------|
|                                    | At fair value through<br>other comprehensive<br>income | At amortised cost | Total  |
|                                    | Cash flow hedge<br>derivatives                         |                   |        |
|                                    | €m                                                     | €m                | €m     |
| <b>Financial assets</b>            |                                                        |                   |        |
| Cash and balances at central banks | —                                                      | 60                | 60     |
| Derivative financial instruments   | 40                                                     | —                 | 40     |
| Loans and advances to banks        | —                                                      | 3,644             | 3,644  |
| Loans and advances to customers    | —                                                      | 11,498            | 11,498 |
| Securities financing               | —                                                      | 1,354             | 1,354  |
| Other financial assets             | —                                                      | 11                | 11     |
|                                    | 40                                                     | 16,567            | 16,607 |
| <b>Financial liabilities</b>       |                                                        |                   |        |
| Deposits by banks                  | —                                                      | 4,016             | 4,016  |
| Customer accounts                  | —                                                      | 5,398             | 5,398  |
| Securities financing               | —                                                      | 5,306             | 5,306  |
| Derivative financial instruments   | 125                                                    | —                 | 125    |
| Other financial liabilities        | —                                                      | 88                | 88     |
|                                    | 125                                                    | 14,808            | 14,933 |
|                                    |                                                        |                   | 2023   |
|                                    | At fair value through<br>other comprehensive<br>income | At amortised cost | Total  |
|                                    | Cash flow hedge<br>derivatives                         |                   |        |
|                                    | €m                                                     | €m                | €m     |
| <b>Financial assets</b>            |                                                        |                   |        |
| Cash and balances at central banks | —                                                      | 74                | 74     |
| Derivative financial instruments   | 139                                                    | —                 | 139    |
| Loans and advances to banks        | —                                                      | 3,680             | 3,680  |
| Loans and advances to customers    | —                                                      | 10,208            | 10,208 |
| Securities financing               | —                                                      | 1,346             | 1,346  |
| Other financial assets             | —                                                      | 3                 | 3      |
|                                    | 139                                                    | 15,311            | 15,450 |
| <b>Financial liabilities</b>       |                                                        |                   |        |
| Deposits by banks                  | —                                                      | 3,561             | 3,561  |
| Customer accounts                  | —                                                      | 5,817             | 5,817  |
| Securities financing               | —                                                      | 4,346             | 4,346  |
| Derivative financial instruments   | 83                                                     | —                 | 83     |
| Other financial liabilities        | —                                                      | 81                | 81     |
|                                    | 83                                                     | 13,805            | 13,888 |

## Notes to the financial statements

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The term 'financial instruments' includes both financial assets and financial liabilities. The fair value of a financial instrument is 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 Company has access at that date. The Company's accounting policy for the determination of fair value of financial instruments is set out in accounting policy number 1.11.

The valuation of financial instruments, including loans and advances, involves the application of judgement and estimation. Market and credit risks are key assumptions in the estimation of the fair value of loans and advances. Company has estimated the fair value of its loans to customers taking into account market risk and the changes in credit quality of its borrowers.

Fair values are based on observable market prices, where available, and on valuation models or techniques where the lack of market liquidity means that observable prices are unavailable. The fair values of financial instruments are measured according to the following fair value hierarchy:

**Level 1** – financial assets and liabilities measured using quoted market prices from an active market (unadjusted).

**Level 2** – financial assets and liabilities measured using valuation techniques which use quoted market prices from an active market or measured using quoted market prices unadjusted from an inactive market.

**Level 3** – financial assets and liabilities measured using valuation techniques which use unobservable inputs.

All valuations are carried out within the Finance function of AIB and valuation methodologies are validated by the Risk function within AIB.

Readers of these financial statements are advised to use caution when using the data in the following table to evaluate the Company's financial position or to make comparisons with other institutions. Fair value information is not provided for items that do not meet the definition of a financial instrument.

#### Methodologies used for the calculation of fair value

The methods used for calculation of fair value in 2024 are as follows:

#### Financial instruments measured at fair value in the financial statements

##### *Derivative financial instruments*

Where derivatives are traded on an exchange, the fair value is based on prices from the exchange. The fair value of over-the-counter derivative financial instruments is estimated based on standard market discounting and valuation methodologies which use reliable observable inputs including yield curves and market rates. These methodologies are implemented by the Finance function and validated by the Risk function within AIB. Where there is uncertainty around the inputs to a derivatives' valuation model, the fair value is estimated using inputs which provide the Company's view of the most likely outcome in a disposal transaction between willing counterparties in a functioning market. Where an unobservable input is material to the outcome of the valuation, a range of potential outcomes from favourable to unfavourable is estimated.

Counterparty credit and own credit is an input into the valuation of uncollateralised customer derivatives.

#### Financial instruments not measured at fair value but with fair value information presented separately in the notes to the financial statements

##### *Loans and advances to banks*

The fair value of loans and advances to banks is estimated using discounted cash flows applying either market rates, where practicable, or rates currently offered by other financial institutions for placings with similar characteristics.

##### *Loans and advances to customers*

The Company provides lending facilities of varying rates and maturities to personal customers.

Valuation techniques are used in estimating the fair value of loans, primarily using discounted cash flows and applying market rates where practicable and taking credit risk into account.

The fair value of mortgage products, including tracker mortgages, is calculated by discounting expected cash flows using discount rates that reflect the interest rate/credit risk in the portfolio.

##### *Securities financing*

The fair value of securities financing assets and liabilities approximate to their carrying amount as these balances are generally short-dated and fully collateralised.

## Notes to the financial statements

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments not measured at fair value but with fair value information presented separately in the notes to the financial statements (continued)

#### *Deposits by banks*

The fair value of current accounts and deposit liabilities which are repayable on demand, or which re-price frequently, approximates to their book value. The fair value of all other deposits and other borrowings is estimated using discounted cash flows and applying market rates as appropriate.

#### *Other financial assets and other financial liabilities*

This caption includes accrued interest receivable and payable and the carrying amount is considered representative of fair value.

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

|                                                  |                 |                      |         |         | 2024   |
|--------------------------------------------------|-----------------|----------------------|---------|---------|--------|
|                                                  | Carrying amount | Fair value           |         |         |        |
|                                                  |                 | Fair value hierarchy |         |         |        |
|                                                  |                 | Level 1              | Level 2 | Level 3 | Total  |
|                                                  | €m              | €m                   | €m      | €m      | €m     |
| Financial assets measured at fair value          |                 |                      |         |         |        |
| Derivative financial instruments                 |                 |                      |         |         |        |
| Interest rate swaps                              | 40              | —                    | 40      | —       | 40     |
|                                                  | 40              | —                    | 40      | —       | 40     |
| Financial assets not measured at fair value      |                 |                      |         |         |        |
| Cash and balances at central banks               | 60              | 6                    | 54      | —       | 60     |
| Loans and advances to banks                      | 3,644           | —                    | —       | 3,644   | 3,644  |
| Loans and advances to customers                  | 11,498          | —                    | —       | 8,320   | 8,320  |
| Securities financing                             | 1,354           | —                    | —       | 1,354   | 1,354  |
| Other financial assets                           | 11              | —                    | —       | 11      | 11     |
|                                                  | 16,567          | 6                    | 54      | 13,329  | 13,389 |
| Financial liabilities measured at fair value     |                 |                      |         |         |        |
| Derivative financial instruments                 |                 |                      |         |         |        |
| Interest rate swaps                              | 125             | —                    | 125     | —       | 125    |
|                                                  | 125             | —                    | 125     | —       | 125    |
| Financial liabilities not measured at fair value |                 |                      |         |         |        |
| Deposits by banks                                | 4,016           | —                    | —       | 4,016   | 4,016  |
| Customer accounts                                | 5,398           | —                    | —       | 5,395   | 5,395  |
| Securities financing                             | 5,306           | —                    | —       | 5,306   | 5,306  |
| Other financial liabilities                      | 88              | —                    | —       | 88      | 88     |
|                                                  | 14,808          | —                    | —       | 14,805  | 14,805 |

## Notes to the financial statements

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

2023

|                                                         | Carrying<br>amount | Fair value           |         |         |        |
|---------------------------------------------------------|--------------------|----------------------|---------|---------|--------|
|                                                         |                    | Fair value hierarchy |         |         | Total  |
|                                                         |                    | Level 1              | Level 2 | Level 3 |        |
|                                                         | €m                 | €m                   | €m      | €m      | €m     |
| <b>Financial assets measured at fair value</b>          |                    |                      |         |         |        |
| Derivative financial instruments                        |                    |                      |         |         |        |
| Interest rate swaps                                     | 139                | —                    | 139     | —       | 139    |
|                                                         | 139                | —                    | 139     | —       | 139    |
| <b>Financial assets not measured at fair value</b>      |                    |                      |         |         |        |
| Cash and balances at central banks                      | 74                 | 5                    | 69      | —       | 74     |
| Loans and advances to banks                             | 3,680              | —                    | —       | 3,680   | 3,680  |
| Loans and advances to customers                         | 10,208             | —                    | —       | 8,031   | 8,031  |
| Securities financing                                    | 1,346              | —                    | —       | 1,346   | 1,346  |
| Other financial assets                                  | 3                  | —                    | —       | 3       | 3      |
|                                                         | 15,311             | 5                    | 69      | 13,060  | 13,134 |
| <b>Financial liabilities measured at fair value</b>     |                    |                      |         |         |        |
| Derivative financial instruments                        |                    |                      |         |         |        |
| Interest rate swaps                                     | 83                 | —                    | 83      | —       | 83     |
|                                                         | 83                 | —                    | 83      | —       | 83     |
| <b>Financial liabilities not measured at fair value</b> |                    |                      |         |         |        |
| Deposits by banks                                       | 3,561              | —                    | —       | 3,561   | 3,561  |
| Customer accounts                                       | 5,817              | —                    | —       | 5,814   | 5,814  |
| Securities financing                                    | 4,346              | —                    | —       | 4,346   | 4,346  |
| Other financial liabilities                             | 81                 | —                    | —       | 81      | 81     |
|                                                         | 13,805             | —                    | —       | 13,802  | 13,802 |

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

There were no transfers between Level 1 and Level 2 of the fair value hierarchy for the years ended 31 December 2024 and 2023.

## Notes to the financial statements

### 35. RELATED PARTY TRANSACTIONS

#### (a) Transactions with Directors and Key Management Personnel

The information in (i) to (iv) is presented in accordance with the Companies Act 2014. For the purposes of the Companies Act disclosures, any Director means a current Member of the Board of Directors and an individual who was a Director during the relevant period.

##### (i) Directors' remuneration

|                 | 2024  | 2023  |
|-----------------|-------|-------|
|                 | €'000 | €'000 |
| Directors' fees | 210   | 199   |

The Non-Executive Directors fees are non-pensionable.

The remuneration of Non-Executive Directors (Paula Duffy and Edel Shine) and the Executive Directors (Paul Butler and Gerry Gaffney) is borne by AIB. No additional remuneration has been made to these Directors who are employed directly by AIB, for roles discharged as directors of the Company.

The Directors do not participate in share option plans, therefore there were no gains on exercise of share options during the financial year in accordance with Section 305(1) of the Companies Act 2014.

There were no amounts paid (2023: nil) to persons connected with a Director of the entity in accordance with Section 306(1) of the Companies Act 2014.

##### Travel and subsistence

|                                          | 2024  | 2023  |
|------------------------------------------|-------|-------|
|                                          | €'000 | €'000 |
| Travel and subsistence paid to Directors | 40    | 40    |

##### (ii) Loans to Directors

There were 8 Directors in office during the year, 1 of whom availed of credit facilities (2023: 1).

Where no amount is shown in the tables below, this indicates either a credit balance, a balance of nil, or a balance of less than €500. 'Balances' and 'repayments' include principal and interest.

Details of transactions with Directors for the year ended 31 December 2024 and 31 December 2023 are as follows:

|                                        | Balance at<br>1 January<br>2024 | Amounts<br>advanced<br>during<br>2024 | Amounts<br>repaid<br>during<br>2024 | Balance at<br>31<br>December<br>2024 | Balance at<br>1 January<br>2023 | Amounts<br>advanced<br>during<br>2023 | Amounts<br>repaid<br>during<br>2023 | Balance at<br>31<br>December<br>2023 |
|----------------------------------------|---------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|---------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|
|                                        | €'000                           | €'000                                 | €'000                               | €'000                                | €'000                           | €'000                                 | €'000                               | €'000                                |
| <b>Paula Duffy</b>                     |                                 |                                       |                                     |                                      |                                 |                                       |                                     |                                      |
| Loans                                  | 72                              | —                                     | (18)                                | 54                                   | 89                              | —                                     | (17)                                | 72                                   |
| <b>Total</b>                           | 72                              | —                                     | (18)                                | 54                                   | 89                              | —                                     | (17)                                | 72                                   |
| Interest charged during the year       |                                 |                                       |                                     | 2                                    |                                 |                                       |                                     | 2                                    |
| Maximum debit balance during the year* |                                 |                                       |                                     | 72                                   |                                 |                                       |                                     | 89                                   |

\*The maximum debit balance is calculated by aggregating the maximum debit balance drawn on each facility during the year.

All facilities are performing to their terms and conditions. All loans to Directors and their connected persons are made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for similar transactions with other persons unconnected with the Company and of similar financial standing and do not involve more than normal risk of collectability.

## Notes to the financial statements

### 35. RELATED PARTY TRANSACTIONS

#### (a) Transactions with Directors and Key Management Personnel (continued)

##### (ii) Loans to Directors (continued)

An ECL allowance is held for all loans and advances. Accordingly, a total expected credit loss allowance of less than €500 was held on the above facility at 31 December 2024 and 2023.

Paul Butler, Gerry Gaffney, Peter Hagan, Yvonne Hill, Ann O'Brien, Paul Owens and Edel Shine had no facilities with the Company during 2024 or during 2023.

##### (iii) Connected persons

The aggregate of loans to connected persons of Directors in office during the year ended 31 December 2024 and 2023 are set out in the table below. Loans to connected persons of Directors in office during the year have not been disclosed if their balance did not exceed € 7,500 in the year.

|                                    | 2024                            |                                       |                                     |                                      | 2023                            |                                       |                                     |                                      |
|------------------------------------|---------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|---------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|
|                                    | Balance at<br>1 January<br>2024 | Amounts<br>advanced<br>during<br>2024 | Amounts<br>repaid<br>during<br>2024 | Balance at<br>31<br>December<br>2024 | Balance at<br>1 January<br>2023 | Amounts<br>advanced<br>during<br>2023 | Amounts<br>repaid<br>during<br>2023 | Balance at<br>31<br>December<br>2023 |
|                                    | €'000                           | €'000                                 | €'000                               | €'000                                | €'000                           | €'000                                 | €'000                               | €'000                                |
| <b>Gerry Gaffney</b>               |                                 |                                       |                                     |                                      |                                 |                                       |                                     |                                      |
| Loans                              | 111                             | —                                     | (5)                                 | 106                                  | 116                             | —                                     | (5)                                 | 111                                  |
| Interest charged during the year   |                                 |                                       |                                     | 6                                    |                                 |                                       |                                     | 5                                    |
| Maximum debit balance during year* |                                 |                                       |                                     | 111                                  |                                 |                                       |                                     | 116                                  |
| <b>Yvonne Hill</b>                 |                                 |                                       |                                     |                                      |                                 |                                       |                                     |                                      |
| Loans                              | 275                             | —                                     | (17)                                | 258                                  | 291                             | —                                     | (16)                                | 275                                  |
| Interest charged during the year   |                                 |                                       |                                     | 13                                   |                                 |                                       |                                     | 12                                   |
| Maximum debit balance during year* |                                 |                                       |                                     | 275                                  |                                 |                                       |                                     | 291                                  |
| <b>Ann O'Brien</b>                 |                                 |                                       |                                     |                                      |                                 |                                       |                                     |                                      |
| Loans                              | 73                              | —                                     | (5)                                 | 68                                   | 161                             | —                                     | (88)                                | 73                                   |
| Interest charged during the year   |                                 |                                       |                                     | 4                                    |                                 |                                       |                                     | 6                                    |
| Maximum debit balance during year* |                                 |                                       |                                     | 73                                   |                                 |                                       |                                     | 161                                  |

\*The maximum debit balance is calculated by aggregating the maximum debit balance drawn on each facility during the year.

An ECL allowance is held for all loans and advances. Accordingly, a total ECL allowance of less than €4,000 was held on the above facilities at 31 December 2024 (2023: less than €500). All facilities are performing to their terms and conditions.

## Notes to the financial statements

### 35. RELATED PARTY TRANSACTIONS

#### (a) Transactions with Directors and Key Management Personnel (continued)

##### (iv) Aggregate balance of loans held by Directors and their connected persons

The aggregate balance of loans held by Directors and their connected persons as at 31 December 2024 in accordance with Section 307 of the Companies Act 2014, represents less than 0.03% of the net assets of the Company. (2023: 0.03%).

##### (v) Transactions with Key Management Personnel

The following disclosures are made in accordance with the provisions of IAS 24 *Related Party Disclosures*. Under IAS 24, Key Management Personnel ('KMP') are defined as comprising Executive Directors, Non-Executive Directors and Senior Executive Officers. As at 31 December 2024 EBS has 9 KMP (2023: 9 KMP).

The Company has availed of the exemption under FRS 101 not to disclose key management personnel remuneration.

Loans to KMP and their close family members are made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons of similar standing not connected with the Company, and do not involve more than the normal risk of collectability or present other unfavourable features. Loans to Executive Directors and Senior Executive Officers are made on terms available to other employees in the Company generally, in accordance with established policy, within limits set on a case by case basis.

The aggregate amounts outstanding, in respect of all loans and credit transactions between the Company and the KMP, as defined above, together with members of their close families and entities influenced by them are shown in the following table:

|       | 2024                            |                                      |                                                               |                                                                 | 2023                            |                                      |                                                               |                                                                 |
|-------|---------------------------------|--------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------|--------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------|
|       | Balance at<br>1 January<br>2024 | Balance at<br>31<br>December<br>2024 | Total<br>number of<br>relevant<br>KMP at 1<br>January<br>2024 | Total<br>number of<br>relevant<br>KMP at 31<br>December<br>2024 | Balance at<br>1 January<br>2023 | Balance at<br>31<br>December<br>2023 | Total<br>number of<br>relevant<br>KMP at 1<br>January<br>2023 | Total<br>number of<br>relevant<br>KMP at 31<br>December<br>2023 |
|       | €'000                           | €'000                                |                                                               |                                                                 | €'000                           | €'000                                |                                                               |                                                                 |
| Loans | 72                              | 54                                   | 1                                                             | 1                                                               | —                               | 72                                   | 1                                                             | 1                                                               |

The balances outlined above include loans, quasi loans and credit transactions held by the connected persons of KMP identified as such during the reporting period. An ECL allowance is held for all loans and advances. Accordingly, a total expected credit loss of less than €500 was held on the above facility at 31 December 2024 and 2023.

Deposit balances and other credit balances held with the Company by KMP and their close family members as at 31 December 2024 amounted to € 72,000 (2023: €74,000).

#### (b) Summary of relationship with the Irish Government

The Irish Government is recognised as a related party under IAS 24 *Related Party Disclosures* as it is in a position to exercise significant influence over AIB Group. The relationship between the AIB Group and the Government is governed by a Relationship Framework which is available on the Group's website at [www.aib.ie/investorrelations](http://www.aib.ie/investorrelations).

##### Ordinary Shares

At 31 December 2024, the State held 18.99% of the ordinary shares of AIB Group plc (31 December 2023: 40.77%).

#### Guarantee Schemes

##### European Communities (Deposit Guarantee Scheme) Regulations 2015

Eligible deposits (including credit balances in current accounts, demand deposit accounts and term deposit accounts) of up to €100,000 per depositor per credit institution are covered under this scheme. The scheme is administered by the CBI and is funded by the credit institutions covered by the scheme.

### 36. REGULATORY COMPLIANCE

The Company policy is that the Company must comply at all times with its externally imposed capital ratios.

## Notes to the financial statements

### 37. DIVIDENDS

Subject to shareholder approval, the Board proposes to pay a dividend of 60.5 cent per share totalling €250m based on the total number of ordinary shares currently outstanding. There was no dividend paid in 2023.

### 38. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of AIB. The ultimate parent company of the Company and AIB is AIB Group plc, a company registered in the Republic of Ireland.

The ultimate parent company is the largest group and AIB is the smallest group of which the Company is a member, for which consolidated financial statements are prepared. The financial statements of AIB and AIB Group plc are available from its registered office AIB Group plc, 10 Molesworth Street, Dublin 2, Ireland. Alternatively, information can be viewed by accessing AIB's website at [www.aib.ie/investorrelations](http://www.aib.ie/investorrelations).

### 39. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

There have been no significant events affecting the Company since the reporting date which require disclosure or amendment to the financial statements.

### 40. IMPACT OF TRANSITION TO FRS 101

For periods up to and including the year ended 31 December 2023, the Company prepared its financial statements in accordance with IFRS as adopted by the European Union. These financial statements, for the year ended 31 December 2024, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2024 and the significant accounting policies meeting those requirements are described in note 1.

In preparing these financial statements the Company has started from an opening statement of financial position at 1 January 2023, the Company's date of transition to FRS 101. There were no differences between the recognition and measurement basis applied under previous IFRS as adopted by the European Union at 1 January 2023 and FRS 101.

### 41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 3 March 2025.