



Compliance with the European Union (Capital Requirements) Regulations 2014

The legal basis for implementing Basel III is the European Union (“EU”) adopted legislative package known as CRD IV, which came into force on 1 January 2014.

CRD IV package consists of the Capital Requirements Regulation (“CRR”) which is directly applicable across all firms in the EU, and the Capital Requirements Directive (2013/36/EU), which required implementation by member states of the European Economic Area through national law. The package was amended in 2020 through the introduction of CRD V and CRR II and further revisions are anticipated through the implementation of the Basel IV standards.

Ireland transposed the Capital Requirements Directive (2013/36/EU) into domestic law on 31 March 2014 by means of the European Union (Capital Requirements) Regulations 2014 (S.I. 158/2014) (“CRD”).

Regulation 84 of CRD requires institutions to explain, on their website, how they comply with the requirements of Regulations 76 to 83 of CRD, which relate primarily to governance, remuneration, and reporting and which are dealt with in dedicated sections below.

This document sets out how EBS d.a.c. (“EBS”) complies with Regulations 76 to 83. EBS is a wholly owned, separately licensed subsidiary of Allied Irish Banks, p.l.c. (“AIB Bank”), and operates as a specially licensed, branded mortgage and deposit distribution channel of AIB Bank, which is a subsidiary of AIB Group plc (together, “AIB Group” or the “Group”).

1. Governance

Corporate Governance Arrangements and Practices

The Group’s governance framework encompasses the leadership, direction and control of the Group and reflects best practice standards, guidelines and statutory obligations and ensures that the organisation and control arrangements are appropriate to the governance of the AIB Group’s strategy, operations and mitigation of related material risks. The governance framework underpins effective decision making and accountability and is the basis on which we conduct our business and engage with our customers and other stakeholders. The Group’s governance arrangements are reviewed periodically to monitor and assess the effectiveness of the arrangements in place.

The Group’s governance arrangements include:

- a Board of Directors (the “Group Board”) of sufficient size and expertise, the majority of whom are Non- Executive Directors, to oversee the operations of the Group, led by a Chair who has the relevant qualifications, expertise and background to effectively conduct that role. The Group Board retains primary responsibility for corporate governance within the Group at all times;
- a Chief Executive Officer (“CEO”) to whom the Group Board has delegated responsibility for the day-to-day running of the Group, ensuring an effective

organisation structure, the selection, motivation and direction of senior executive management, and for the operational management, compliance and performance of all the Group's businesses;

- a clear organisational structure with well defined, transparent and consistent lines of responsibility;
- a framework and policy architecture which comprises a comprehensive and coherent suite of frameworks, policies, procedures and standards covering business and financial planning, corporate governance and risk management;
- effective structures and processes to identify, manage, monitor and report the risks to which the Group is or might be exposed, including a three lines of defence risk governance model;
- adequate internal control mechanisms, including sound administrative and accounting procedures, IT systems and controls, people policies and practices, including remuneration that are consistent with and promote sound and effective risk management; and
- the Group Related Party Lending Policy, which sets out the process to ensure that data on loans to members of the management body and any related parties is captured and reviewed.

The corporate governance framework of EBS complies with the Central Bank of Ireland's Corporate Governance Requirements for Credit Institutions 2015 (the "Requirements") and adheres to the Group's governance framework for its subsidiary companies, which is set out in the AIB Group Subsidiary Governance Framework, and the Group's Risk Management Framework.

The Board of Directors of EBS (the "EBS Board") is comprised of Executive Directors, and Independent and Group Non-Executive Directors. The EBS Board has delegated responsibility to the EBS Managing Director for the day-to-day running of the Company, supported by the EBS Senior Management Team, which is comprised of experienced and diverse management capabilities. In the context of the AIB operating model, the EBS Managing Director reports to the AIB Managing Director of Homes, who reports to the AIB Managing Director of Retail Banking. The AIB Managing Director of Retail Banking is a Member of AIB Group's Executive Committee and reports directly to AIB's CEO.

No one individual has unfettered powers of decision or exercises excessive influence. Key roles and responsibilities are clearly defined. A formal schedule of matters specifically reserved for the decision of the EBS Board is also maintained.

An integral component of the EBS Board, Independent Non-Executive Directors represent a key layer of oversight, scrutinising the performance of Management in meeting agreed objectives and monitoring against performance. They bring an independent viewpoint to deliberations of the EBS Board that is objective and independent of the activities of Management.

Committees

The EBS Board is assisted in the discharge of its duties by its Audit Committee, which operates under a Terms of Reference approved by the EBS Board. Minutes of the meetings of the EBS Audit Committee are considered by the Group Board Audit Committee and EBS Board.

In accordance with the Requirements, the EBS Board relies on the Group Board's Risk, Nomination and Corporate Governance, and Remuneration Committees.

Notwithstanding the reliance on the Group, the EBS Board receives regular updates from the AIB Group Risk function and the EBS Strategy and Change Unit on risk and control matters. An update on the services provided to EBS by AIB Group functions under a Managed Services Agreement is provided to the Board on a quarterly basis.

Role of the Chair and Managing Director

The role of the Chair is separate from the role of the Managing Director, with clearly-defined responsibilities attaching to each which are set out in writing and agreed by the Board. The EBS Chair leads the Board, setting its agenda, ensuring Directors receive adequate, accurate and timely information, facilitating the effective contribution of Non-Executive Directors and in conjunction with the Company Secretary, the proper induction of new Directors, the on-going training and development of all Directors and reviewing the performance of individual Directors. The Managing Director is responsible for the day-to-day management and operations of EBS.

Time Commitment, Induction and Professional Development, and Other Directorships

Directors' letters of appointment, as well as dealing with terms of appointment and appointees' responsibilities, stipulate that a specific time commitment is required from Directors. Before being appointed, Directors disclose details of their other significant commitments along with an indication of the time absorbed by such commitments. The agreement of the Chair must be sought before accepting any additional commitments that might affect the time a Non- Executive Director is able to devote to their role at EBS.

Non-Executive Directors are required to devote such time as is necessary for the effective discharge of their duties. The estimated minimum time commitment set out in the terms of appointment is 14 days per annum, including attendance at Board and Audit Committee meetings. EBS has a comprehensive induction process in place for new Directors, the contents of which varies for Executive and Non-Executive Directors. In respect of the latter, the induction is designed to provide familiarity with EBS and its operations, and comprises the provision of relevant briefing materials, including details of the EBS and Group's strategic, business and financial plans, and a programme of meetings with the Managing Director and Management of various business areas and support and control functions. A programme of targeted and continuous professional development is provided to the Directors, including the overall Group Board training programme.

EBS is not subject to the Directorship limitations established under Regulation 79 of CRD as it is not designated as "significant" under Regulation 64(5) of CRD. The Directors adhere to the limitations on the number of directorships permitted to be held by them under the Requirements.

Code of Conduct and Conflicts of Interest

Directors are required to operate to the highest ethical standards in compliance with all relevant laws, regulations and codes relevant to the conduct of EBS' business.

The Group Code of Conduct and Conflicts of Interest Policy for Directors sets out how actual, potential or perceived conflicts of interest are to be evaluated, reported and managed to ensure that Directors act at all times in the best interests of the Group and its stakeholders. The Group Conflicts of Interest Policy for Directors has been adopted by the EBS Board.

EBS Directors that are employees of AIB Group, are also subject to the Group's Code of Conduct and Conflicts of Interests Policy for employees.

Fitness & Probity

EBS complies with the continuing obligations under the Central Bank of Ireland's Fitness & Probity regime. Directors are asked to attest to their ongoing fitness and probity on a periodic basis. Directors are also asked to notify EBS of any changes in circumstances, material developments in relation to their compliance with the Fitness & Probity Standards or any other relevant information that EBS would reasonably expect Directors to disclose.

EBS Board Appointments

EBS is not subject to the requirement under Regulation 76 of CRD to establish and maintain a nomination committee as it is not designated as significant under Regulation 64(5) therein.

The Group Nomination and Corporate Governance Committee ("NomCo") is the vehicle through which EBS Board composition is reviewed. NomCo's responsibilities include the consideration and, if deemed appropriate, approval of proposals for the appointment of the EBS Chair and the EBS Managing Director; the review of the membership of the EBS Board at least once every three years; the formal review of membership of the EBS Board of any person who is a member for nine years or more and documentation of its rationale for any continuance; and the evaluation of the suitability of persons identified for appointment to the EBS Board and recommendation of such appointments to the EBS Board for approval. The terms of reference of the NomCo are reviewed annually by the Committee and approved by the AIB Board and are available on AIB's website at <https://aib.ie/investorrelations/about-aib/corporate-governance>.

The EBS Board conducts an annual evaluation of its effectiveness, including its Audit Committee, which reviews the EBS Board's and Audit Committee's composition, expertise, diversity and how effectively members work together to achieve objectives. The EBS Board established and maintains a succession plan to support its future succession planning needs.

Diversity and Inclusion

Inclusion and diversity in the Group are addressed through policy, practices and values which recognise that a productive workforce comprises of diverse backgrounds, cultures, experiences, characteristics and work styles. The Group has implemented an Inclusion and Diversity Code and opposes all forms of discrimination. The efficacy of related policy and practices and the embedding of Group values is overseen by the Group Board, which also considers inclusion and diversity within the context of the Group's People strategy.

In accordance with CRD Regulation 76(4)(a)(iv), the EBS Board has a Board Diversity Policy which reflects the EBS Board's recognition of the benefits of diversity among its own Members, including diversity of skills, experience, background, gender, ethnicity and other qualities, and is committed to achieving the most appropriate blend and balance of diversity possible over time. The search for EBS Board candidates will continue to be conducted, and nominations/appointments made, with due regard to the benefits of diversity on the Board. However, all appointments to the Board are ultimately based on merit, measured against objective criteria, and the skills and experience the individual can bring to the Board. Where external search firms are engaged to assist in a candidate

search, they will be requested to aim for a fair representation of both genders to be included in the initial list of potential candidates for the consideration of Group NomCo.

2. Remuneration

Remuneration policy and governance

EBS is subject to the Group Remuneration Policy, which is designed to foster a truly customer focused culture; to create long term sustainable value for customers and shareholders; to attract, develop and retain the best people; and to safeguard the Group's capital, liquidity and risk positions. The Group Remuneration Policy sets the framework for all remuneration policies, procedures and practices for all employees and Directors.

The Group has been required to comply with with executive pay and compensation restrictions following the Group's recapitalisation by the Irish Government in 2010 and 2011. In December 2022, the Irish Government eased a number of the remuneration restrictions impacting the Group. Consequently, the Group updated its Remuneration Policy. Further details in respect of the operation of the Group's remuneration policies and practices are outlined in AIB's Annual Financial Report, which is available on the Group's website at <https://aib.ie/investorrelations/about-aib/corporategovernance>.

The Group Remuneration Policy is governed by the Group Remuneration Committee ("RemCo") on behalf of the Board. RemCo is responsible for determining the Remuneration Policy and for overseeing its implementation. RemCo oversees the operation and effectiveness of the Remuneration Policy, including the process for the identification of Material Risk Takers. RemCo's governance role in this respect is outlined in its Terms of Reference. The Group's remuneration philosophy aims to ensure that remuneration is aligned with performance and that employees are rewarded fairly and competitively for their contribution to the Group's future success and growth. The Group is committed to a simple, transparent and affordable reward structure which is fair, performance based, externally aligned and risk aligned. The scope of the Group Remuneration Policy includes all financial benefits available to all employees and Directors of the Group and extends to all individual subsidiaries, entities, branches, including all employees of the Group at consolidated and sub-consolidated levels.

RemCo further ensures that the Remuneration Policy and practices, are subject to a review at least annually, taking into account the alignment of remuneration to the Group's culture, and market and regulatory developments. The annual review is informed by input from the Group Risk and Internal Audit functions to ensure that remuneration policies and practices are operating as intended, are consistently applied across the Group and are compliant with regulatory requirements.

The Group continues to comply with the applicable requirements of the UK Corporate Governance Code (the "Code") and the Irish Corporate Governance Annex (the "Irish Annex"). The Code and the Irish Annex are used to inform the Group's decision-making and disclosures. The Group also complies with the European Union Shareholder's Rights Directive II ("SRD II") to the extent applicable.

Remuneration policies procedures and practices reflect the provisions, where applicable, of national and EU legislation, continuing Irish government remuneration restrictions, the Capital Requirements Directive ("CRD"), the Investment Firms Directive, the (CBI) Requirements, and relevant guidelines issued by the European Banking Authority ("EBA") and other regulatory authorities. The provisions of the EBA Guidelines pertaining to variable remuneration will continue to be applied to the Group's

new short-term variable remuneration scheme. The Remuneration Policy incorporates the provisions of the EBA Guidelines in relation to the ongoing design, implementation and governance of remuneration.

The Group publishes additional remuneration disclosures in its annual Group Pillar 3 Report. These disclosures provide further information about the Group's remuneration policies and practices and, more specifically, qualitative information about:

- The bodies that oversee remuneration; the design and structure of the remuneration system for those individuals who have been identified as Material Risk Takers ("MRTs").
- The ways in which current and future risks are considered in remuneration processes.
- The ratios between fixed and variable remuneration, which are set in accordance with the regulatory requirements.
- The ways in which the Group links performance and remuneration.
- The adjustment of remuneration to take account of long-term performance.
- The main parameters and rationale for the variable remuneration scheme for which MRTs are eligible and the use of derogations in Article 94(3) of the CRD.

These disclosures also include quantitative information, in aggregate form, about the amounts and structure of the remuneration of MRTs. The Group's 2023 Pillar 3 Report is available on the Group's website at <https://aib.ie/investorrelations/about-aib/corporate-governance>.

The Group is required to maintain a list of employees whose professional activities are considered to have a material impact on the Group's risk profile ("MRTs"). The list of MRTs is prepared using a combination of qualitative and quantitative criteria in accordance with the relevant EU regulations and guidelines together with additional criteria specific to AIB's structure, business activities and risk profile. The list is prepared at Group and subsidiary company levels. Further details in relation to the composition and remuneration of MRTs are set out in the remuneration disclosures of the Group's Pillar 3 Report.

Group Risk assess the risks impacting the Group, including performance against the Group's Risk Appetite Statement, to ensure that the Remuneration Policy is aligned with the Group's risk profile. The Group Chief Risk Officer reviews the list of MRTs in conjunction with Group Reward and provides RemCo with an annual assessment of the risks facing the bank to ensure that policies and practices are consistent with and promote sound and effective risk management.

RemCo was supported in its work by the Group Reward team and by Korn Ferry as the external remuneration consultants appointed by the Committee in October 2022. Korn Ferry is a signatory to the voluntary code of conduct in relation to remuneration consulting in the UK. Aside from their work supporting the Committee, during 2023 Korn Ferry and its network firms provided professional services in the ordinary course of business to AIB. The RemCo was satisfied that the advice received was independent and objective.

3. Reporting

Country-by-Country Reporting

AIB Group meets its reporting obligations in accordance with this Regulation under CRD. The latest version of AIB Group's country-by-country report can be found in the Results Centre under Financial Information on AIB's website at <https://aib.ie/investorrelations>.

Public Disclosure of return on assets

AIB Group meets its reporting obligations in accordance with this Regulation under CRD. Details of the return on average total assets can be found on page 52 of the AIB Group plc Annual Financial Report 2023, which is available on AIB's website at <https://aib.ie/investorrelations>.