



Compliance with the European Union (Capital Requirements) Regulations 2014 (“CRD”)

Capital Requirements Directive (2013/36/EU) (“CRD IV”), the legal basis for implementing Basel III is the European Union (“EU”) came into force on 1 January 2014. 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”) and (S.I. No.710/2020)¹. Allied Irish Banks, p.l.c. (“AIB”) has been designated as a significant institution under Regulation 64(5) of CRD.

Regulation 84 of the 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 as set out below. For the purpose of this report the “Group” or “AIB Group” comprises AIB Group plc, Allied Irish Banks, p.l.c., and its subsidiaries. References to the Management Body should be interpreted as the Board and Board committees. This statement references other publicly available information on the website where practical.

1. Governance Framework

Regulation 76 and 79 of S.I. 158/2014 set out the requirements for the Management Body including its role, its Chairman, its members, induction and training of members and the number of directorships an individual director may hold.

The Group has a robust governance framework which underpins effective decision-making and accountability and is the basis on which the Group conducts its business and engages with customers and other stakeholders.

Board and Board Committees

The Group is headed by an effective Board, which is collectively responsible for the long term, sustainable success of the Group, generating value for shareholders and contributing to wider society and is led by a Chair who has the relevant qualifications, expertise and background to effectively discharge that role. The role of the Board including its role in the implementation of strategy, risk strategy and internal governance and its delegation of the day-to-day running of the business to the Chief Executive Officer. The Board is supported in executing its duties by a number of Board including Board Audit Committee, Board Risk Committee, Remuneration Committee, Nomination Corporate Governance Committee and Board Advisory Committees- Sustainable Business Advisory Committee and Technology and Data Committee.

The matters specifically reserved for decision by the Board and the Terms of Reference for each Board Committee are available at <https://aib.ie/investorrelations/about-aib/corporate-governance>.

Division of Responsibilities

The governance framework and organisational structure ensure that no one individual has unfettered powers of decision or exercises excessive influence. 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 Chief Executive Officer, who manages and leads the business. In addition, Independent Non-Executive Directors represent a key layer of effective oversight, scrutinising the performance of management in meeting agreed objectives and monitoring against performance.

¹ References to CRD (i.e. Regulation 76) relate to the Statutory Instruments (S.I. 158/2014) (“CRD”) and (S.I. No.710/2020)

Compliance with Laws and Regulations

The Board keeps governance arrangements, corporate governance compliance and related policies under review and make appropriate recommendations to the Board, and to subsidiary boards where appropriate, to ensure corporate governance practices are consistent with best practice corporate governance standards.

Board Disclosure and Communications

Transparent and frequent communication with the Group's shareholders is a key priority of the Group. All relevant information is reported to the market on a timely basis in line with the Market Abuse Regulation and Stock Exchange Rules. There is a process in place for the approval of the preliminary announcements of interim and full year financial results, approval of the statutory Annual Financial Report, Half-Yearly Financial Report and other published financial statements and information of the Group and approval of all circulars to shareholders are Matters reserved for the Board supported by the Board Audit Committee (BAC) and the Group Disclosure Committee (GDC).

Internal Control

The Board ensures that there are adequate internal control mechanisms, including sound administrative and accounting procedures, IT systems and controls, human resource policies and practices, including remuneration, that are consistent with and promote sound and effective risk management. This is complemented by 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.

Related Party

A Group Related Party Lending Policy is in place which sets out the process in place to ensure that data on loans to members of the management body alongside any related parties, are captured. The data is documented and appropriately reviewed.

Nomination and Corporate Governance Committee ("NomCo")

The Board has established a NomCo which comprises of four Non-Executive Directors including the Chair of the Board. The Non-Executive Directors are deemed to be independent and the Chair of the Board was deemed to be independent on appointment. Regarding, the selection and appointment of Senior Management, NomCo reviews the Senior Selection Policy periodically. The NomCo composition is fully compliant with the requirements of CRD. The Board Diversity Policy is publicly available at <https://aib.ie/investorrelations/about-aib/corporate-governance>.

A full overview of the duties and responsibilities of the NomCo as set out under CRD, including oversight in respect of Board Composition and Structure, Board and Executive Succession Planning, Corporate Governance arrangements effectiveness and compliance, Board Diversity Policy and targets, Board appointments, access to advice are set out in its Terms of Reference which are available at <https://aib.ie/investorrelations/about-aib/corporate-governance>. Further details as to how the Group complies with the requirements of CRD is set out in **Table 1** below.

Code of Conduct and Conflicts of Interest Policy for Directors

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

Limitations on Directorships under CRD

AIB conducts a regular review of the number of other directorships held by members of the Board, considering the exemptions for Directors representing the State, directorships held within the same group, and for organisations that do not pursue predominantly commercial objectives. Directors have been notified of the limitations on the number of directorships permitted to be held by them under CRD and the need to ensure ongoing compliance in that regard. At 31 December 2024, all directorships remain within the limits prescribed by CRD.

Fitness & Probity

AIB 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 AIB of any changes in circumstances, material developments in relation to their compliance with the Fitness & Probity Standards or any other relevant information which AIB might reasonably expect Directors to disclose

In addition to the above, an explanation of how the institution complies with the requirements of **Regulations 76 and 79 of CRD**, as set out in **Table 1** below, is included in the Annual Financial Report 2024 which is publicly available at <https://aib.ie/investorrelations/about-aib/corporate-governance>.

Table 1 – Requirements under Regulations 76 and 79

Governance Arrangements	Annual Financial Report 2024
Board and Board Committees	Page 127
-Role of the Board and Purpose, Culture and Values	Page 134-135
Division of Responsibilities	Page 134-135
Compliance with Laws and Regulations	Page 125
Board Disclosure and Communications	Page 142
Internal Control	Page 169-170
Board Effectiveness	Page 136
Director Induction, Professional Development and Continuous Education Programme	Page 154
Board Composition and Structure	Page 154
Access to Advice	Page 154
Director's Time Commitment	Page 154
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Board Inclusion and Diversity	Page 155
Board Appointments including Fitness and Probity	Page 156
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2. Remuneration

Remuneration Policy

Regulation 80, 81 and 82 of S.I. 158/2014 set out the requirements under CRD for Remuneration Policies as set out in **Table 2** below.

The AIB Group Remuneration Policy ("the Policy") is designed to foster a truly customer focused culture; to create long term sustainable value for our customers and shareholders; to attract, develop and retain the best people and to safeguard the bank's capital, liquidity and risk positions. The Policy sets out its objectives in line with the overall business and risk strategy of the bank and those of its key stakeholders, aims to ensure that remuneration is aligned with performance and that employees are rewarded fairly and competitively for their contribution to the Group's 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 Policy includes all

financial benefits available to all employees and Directors of AIB Group and extends to all individual subsidiaries, entities and branches, including all employees of the Group at consolidated and sub-consolidated levels

The Group complies with the applicable requirements of the UK Corporate Governance Code (the “Code”) and the Irish Corporate Governance Code Annex (the “Irish Annex”) and Irish Companies Act 2014 at 31 December 2024. The Code and the Irish Annex are used to inform the Group’s decision-making and disclosures. Remuneration policies, procedures and practices reflect the provisions, where applicable, of national and EU legislation, continuing Irish Government restrictions, the Capital Requirements Directive (CRD), the Shareholder Rights Directive II (“SRD II”), the Investment Firms Directive (IFD), corporate governance requirements issued by the Central Bank of Ireland and relevant guidelines issued by the European Banking Authority (EBA) and other regulatory authorities).

Pursuant to the requirements of **Regulation 81 of CRD**, due to the constraints on variable remuneration, certain requirements of the Code and disclosure requirements are not currently applicable to the Group

The Group Remuneration Policy is available on the Groups website [here](#). Further details in respect of the operation of the Policy and practices are outlined in the 2024 Annual Financial Report which is available on the Group’s website at <https://aib.ie/investorrelations/about-aib/corporategovernance>.

Policy Governance

The Policy is governed by the Remuneration Committee (the “RemCo”) on behalf of the Board. The RemCo is responsible for determining the Remuneration Policy and for overseeing its implementation, operation and effectiveness and reviews the process for the identification of Material Risk Takers (“MRTs”) and the limited variable commission schemes in operation across the Group. The RemCo’s governance role in this respect is outlined in its Terms of Reference, which are available on the Group’s website at <https://aib.ie/investorrelations/about-aib/corporate-governance>.

The RemCo further ensures that the Remuneration Policy and practices are reviewed at least annually, considering the alignment of remuneration to the Group’s culture for all employees and executive directors. The annual review is informed by input from the Group Risk, Compliance 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.

MRT’s must sign an attestation letter annually confirming that they undertake not to use measures to undermine the risk alignment effects embedded in their remuneration arrangements.

The Group publishes additional remuneration disclosures in its annual Group Pillar 3 Report. These disclosures provide qualitative and quantitative further information about the Group’s remuneration policies and practices. The Group’s 2024 Pillar 3 Report is available on the Group’s website at <https://aib.ie/investorrelations/about-aib/corporate-governance>. The bodies that oversee remuneration.

- The design and structure of the remuneration system for those individuals who have been identified as MRTs.
- The ways in which current and future risks are taken into account 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 seeks to link performance and remuneration.

- The ways in which the Group seeks to adjust 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.

Table 2

Governance Arrangements	Annual Financial Report 2024	AIB Group Remuneration Policy
Remuneration Policy & Governance	Page 159	Section 1 & Section 15
Sound and Effective Risk Management	Page 159	Section 1 & Section 5
Requirements for Institutions that benefit from government intervention	Page 160	Section 6
Remuneration Structure – Fixed & Variable Remuneration	Page 160 & Page 161	Section 8
MRT Identification and Risk Oversight	Page 166	Section 9
Employees in Control Functions	-	Section 10
Sign-On Payments & Guaranteed Variable Remuneration	Page 162	Section 11 & Recruitment and Exit Under the Remuneration Policy
Severance Payments	Page 162	Section 12 & Recruitment and Exit Under the Remuneration Policy
Malus and Clawback arrangements	Page 163	Notes to Remuneration Policy

Remuneration Committee

Regulation 83 of S.I. 158/2014 sets out the requirements under CRD for Remuneration Committees. The RemCo is comprised of four members: three Non-Executive Directors and the Chair of the Board. The Non-Executive Directors are deemed to be independent and the Chair of the Board was deemed independent on appointment. The RemCo composition is fully compliant with CRD. The RemCo discharges its responsibility whilst operating under the principle that no individual shall be involved in the decision-making process regarding their own remuneration.

In order to ensure that remuneration policies and practices are consistent with, and promote, sound and effective risk management, at least one member of the RemCo shall be a member of the Board Risk Committee.

A full overview of the responsibilities of the RemCo are set out in its Terms of Reference can be found on the Group's website at <https://aib.ie/investorrelations/about-aib/corporate-governance>.

3. Reporting

Country-by-country reporting

AIB meets its reporting obligations in accordance with **Regulation 77 under CRD**. The latest version of AIB's country-by-country report can be found on pages 368 to 373 in the of Allied Irish Banks, p.l.c. 2024 Annual Financial Report available at the Results Centre under Financial Information on AIB's website at <https://aib.ie/investorrelations>.

Public disclosure of return on assets

AIB will meet its reporting obligations in accordance with the **Regulation 78 under CRD**. Details of the return on average total assets can be found on page 452 of the AIB Group plc Annual Financial Report 2024, which is available on AIB's website at <https://aib.ie/investorrelations>.