

Country by Country Reporting



for the financial year ended
31 December 2021

AIB Group



AIB Group Country by Country Reporting

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Country by Country Reporting

Basis of disclosure

The disclosures contained in this report have been prepared in accordance with Country by Country Reporting requirements under the Capital Requirements Directive (“CRD IV”) which have been transposed into Irish legislation as Regulation 77 of Statutory Instrument 158 of 2014 (“Regulation 77”) as at 31 December 2021.

Regulation 77 requires each institution⁽¹⁾ to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidation basis for the financial year.

For the purposes of this disclosure, Allied Irish Banks, p.l.c. and its subsidiaries are collectively referred to as ‘AIB Group’.

(a) Name(s), nature of activities and geographical location;

This information is provided based on locations of operations of the parent and subsidiary companies of AIB Group.

(b) Turnover;

Turnover is reported on a consolidated basis for each country. The geographical distribution of turnover is based primarily on the location of the office recording the transaction.

(c) Number of employees on a full time equivalent basis;

The number of employees on a full time equivalent (“FTE”) basis is reported as an average number of employees, analysed as to geography.

(d) Profit or loss before tax;

Profit before tax is reported on a consolidated basis for each country.

(e) Tax on profit or loss; and

Tax on profit or loss, for the purposes of country by country reporting, is interpreted as the corporation tax paid/refunded in each geographical jurisdiction in the year.

(f) Public subsidies received.

The definition of ‘public subsidies’ has been interpreted as direct support by the Government. It does not include central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission. No public subsidies were received by the Group during the year ended 31 December 2021.

The following AIB credit institutions in the Republic of Ireland, authorised by the Central Bank of Ireland/Single Supervisory Mechanism at 31 December 2021, are required to comply with Regulation 77:

- Allied Irish Banks, p.l.c.
- AIB Mortgage Bank u.c.
- EBS d.a.c.

This report fulfils the obligation of these Irish credit institutions in relation to Regulation 77.

These Irish licensed entities are required to file regulatory returns with the Central Bank of Ireland for the purposes of assessing, inter alia, their capital adequacy and their balance sheets. For AIB Group (UK) p.l.c., regulatory returns are filed with the Prudential Regulatory Authority.

Country by Country disclosures are prepared under International Financial Reporting Standards as adopted by the European Union except in relation to the scope of consolidation which is prepared on a prudential basis. The principal difference between the consolidated statutory financial statements and the prudential basis relates to the Group’s acquisition of the majority stake in Seneral Ltd, a holding company for Payzone Ireland, which is fully consolidated in the statutory financial statements but treated as an investment under the prudential consolidation in line with Article 4(1) of the Capital Requirements Regulation.

⁽¹⁾Credit institutions and investment firms under Regulation 77.

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Parent company

| Country | Parent company | Nature of activities |
|---------------------|----------------------------|--|
| Republic of Ireland | Allied Irish Banks, p.l.c. | A direct subsidiary of AIB Group plc ⁽¹⁾ and the principal operating company of AIB Group and holds the majority of the subsidiaries within the Group. Its activities include banking and financial services. |

Principal subsidiaries⁽²⁾

| Country | Principal subsidiary or branch | Nature of activities |
|---------------------|--------------------------------|---------------------------------------|
| Republic of Ireland | AIB Mortgage Bank u.c. | Issue of mortgage covered securities. |
| Republic of Ireland | EBS d.a.c. | Mortgages and savings. |
| United Kingdom | AIB Group (UK) p.l.c. | Banking and financial services. |
| Rest of the World | N/A | Banking and financial services. |

⁽¹⁾On 8 December 2017, Allied Irish Banks, p.l.c. was acquired by AIB Group plc. AIB Group plc, the holding company, is quoted on the Euronext Dublin (formerly 'Irish Stock Exchange').

⁽²⁾In line with those set out in the financial statements of Allied Irish Banks, p.l.c. at 31 December 2021.

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Country by Country Reporting

Turnover, Profit before taxation, Taxation and Employees

AIB Group⁽¹⁾

| Country | For the year ended 31 December 2021 | | | |
|----------------------------------|-------------------------------------|--|----------------------------------|--------------------------------|
| | Turnover ⁽²⁾ € m | Profit before tax ⁽³⁾ € m | Taxation (refund)/paid € m | Average FTEs ⁽⁴⁾ |
| Republic of Ireland | 2,083 | 523 | (16) | 8,089 |
| United Kingdom | 280 | 109 | 3 | 922 |
| Rest of the World ⁽⁵⁾ | 7 | 5 | – | 44 |
| Total | 2,370 | 637 | (13) | 9,055 |

| Country | For the year ended 31 December 2020 | | | |
|----------------------------------|-------------------------------------|---------------------------|-------------------------|--------------------------------|
| | Turnover ⁽²⁾ € m | Loss before tax € m | Taxation paid € m | Average FTEs ⁽⁴⁾ |
| Republic of Ireland | 2,102 | (752) | 6 | 8,210 |
| United Kingdom | 253 | (165) | 22 | 997 |
| Rest of the World ⁽⁵⁾ | 4 | (12) | – | 54 |
| Total | 2,359 | (929) | 28 | 9,261 |

Subsidiaries, based in the Republic of Ireland, which are credit institutions

| | For the year ended 31 December 2021 | | | |
|---------------------------|-------------------------------------|-----------------------------|----------------------------------|--------------------------------|
| | Turnover ⁽²⁾ € m | Profit before tax € m | Taxation (refund)/paid € m | Average FTEs ⁽⁴⁾ |
| AIB Mortgage Bank u.c. | 398 | 23 | (4) | – |
| EBS d.a.c. ⁽⁶⁾ | 291 | 125 | 4 | – |

| | For the year ended 31 December 2020 | | | |
|-------------------------------------|-------------------------------------|------------------------------------|-------------------------|--------------------------------|
| | Turnover ⁽²⁾ € m | Profit/(loss) before tax € m | Taxation paid € m | Average FTEs ⁽⁴⁾ |
| AIB Mortgage Bank u.c. | 369 | 23 | 6 | 2 |
| EBS d.a.c. ⁽⁶⁾ | 270 | (77) | 4 | – |
| EBS Mortgage Finance ⁽⁷⁾ | 65 | 3 | 2 | – |

⁽¹⁾Allied Irish Banks, p.l.c. and its subsidiaries on a group consolidated basis. Any differences with items reported in this table and those reported in Allied Irish Banks, p.l.c. Annual Financial Report 2021 are due to the scope of consolidation noted previously (i.e. country by country disclosures are prepared under the prudential basis).

⁽²⁾Turnover consists of net interest income and other income/loss (e.g. dividend income, net fee and commission income, net trading income, other financial income, other operating income and loss on disposal of loans and advances).

In deriving 'turnover' by country, intercompany turnover arising within a country is eliminated but intercompany turnover between countries is reported in the above turnover by geography.

⁽³⁾The amount of accrued current tax expenses recorded on taxable profits in 2021 was € 20 million (€ 7 million ROI, € 13 million UK).

⁽⁴⁾In addition to the numbers presented, a small number of AIB Group employees maintain a parallel employment relationship with AIB Mortgage Bank and EBS d.a.c. in order to facilitate delivery of outsourced service activities under the Outsourcing and Agency Agreement with Allied Irish Banks, p.l.c.

⁽⁵⁾There are no principal subsidiaries operating in the Rest of the World. The turnover is derived from the operations of smaller branches and entities of Allied Irish Banks, p.l.c. primarily in North America. The turnover of € 7 million (31 December 2020: € 4 million) is not considered material in the context of the requirement to disclose country by country information.

⁽⁶⁾EBS d.a.c. and its subsidiaries on a group consolidated basis.

⁽⁷⁾On 1 February 2021, EBS Mortgage Finance received confirmation from the ECB and the CBI that its banking licence and designated mortgage credit institution status were cancelled effective 2 February 2021. During 2020, there was a redemption of all EBS Mortgage Finance's covered bonds and an inter group transfer of the mortgage assets from EBS Mortgage Finance to EBS d.a.c.

AIB Group

Country by Country Reporting

Independent Auditor's Report to the Directors of Allied Irish Banks, p.l.c., AIB Mortgage Bank u.c. and EBS d.a.c. in connection with the Country by Country Report for the financial year ended 31 December 2021.

Opinion

In our opinion, the Country by Country Report for the financial year ended 31 December 2021 has been properly prepared, in all material respects, in accordance with the Basis of Disclosure.

We have audited the accompanying consolidated financial information of Allied Irish Banks, p.l.c. (the "Company"), AIB Mortgage Bank u.c. and EBS d.a.c. (collectively the "Companies") for the financial year ended 31 December 2021 which comprises the Country by Country Reporting Schedules and the Basis of Disclosure (the "Country by Country Report") as at 31 December 2021.

The Country by Country Report has been prepared by the Directors in accordance with Regulation 77 of Statutory Instrument 158, European Union (Capital Requirements) Regulations 2014 (the "Regulations") as outlined in the Basis of Disclosure on page 2 of the Country by Country Report ("Basis of Disclosure").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"), including ISA (Ireland) 800 and ISA (Ireland) 805. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We are independent of the Companies in accordance with the ethical requirements that are relevant to our audit of the Country by Country Report in Ireland, which includes the Irish Auditing & Accounting Supervisory Authority's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Disclosure

In forming our opinion on the Country by Country Report, we draw attention to the Basis of Disclosure included on page 2 of the Country by Country Report. The Country by Country Report is prepared to assist the Companies in meeting the requirements of the Regulations. As a result, the Country by Country Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Country by Country Report

The Directors are responsible for the preparation of the Country by Country Report in accordance with the Regulations, for determining the appropriateness of the Basis of Disclosure described in page 2 of the Country by Country Report and for such internal controls as the Directors determine are necessary to enable the preparation of the Country by Country Report such that it is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the Country by Country Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 this Country by Country Report.

As part of an audit of the Country by Country Report, in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Country by Country Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the Country by Country Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Companies' internal control environment.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standards for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Use of our report

Our report is made solely to the Directors of the Companies as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Companies' Directors as a body, for our audit work, for this report or for the opinions we have formed.

John McCarroll
For and on behalf of
Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Dublin

4 July 2022

