

20  
25

Bank of Ireland Mortgage Bank Unlimited Company  
Annual Report



**Bank of  
Ireland**

## Inside this report

---

Directors and other information	3
Report of the Directors	4
Statement of Directors' responsibilities	7
Corporate governance statement	8
Independent Auditor's report	9
Income statement	14
Statement of comprehensive income	15
Balance sheet	16
Statement of changes in equity	17
Notes to the financial statements	18
Glossary	71
Abbreviations	72

## Directors and other information

### Directors at date of signing

Kevin Kingston  
Patricia Byron  
Alan Hartley  
Deirdre Hogan  
Peter Kearney  
Michael Lauhoff  
Tony Morley  
Steve Pateman

### Registered Office

Bank of Ireland,  
2 College Green,  
Dublin 2,  
D02 VR66

### Registered Number

386415

### Cover Assets Monitor

Forvis Mazars,  
Harcourt Centre,  
Block 3,  
Harcourt Road,  
Dublin 2,  
D02 A339

### Independent Auditor

KPMG,  
1 Harbourmaster Place,  
IFSC,  
Dublin 1,  
D01 F6F5

### Secretary

Hill Wilson Secretarial Limited,  
Bank of Ireland,  
2 College Green,  
Dublin 2,  
D02 VR66



# Report of the Directors

The Directors hereby present their report, together with the audited financial statements of Bank of Ireland Mortgage Bank Unlimited Company (the 'Bank'), for the financial year ended 31 December 2025.

## Review of business

The Bank's principal activities are the provision of Irish residential mortgages and the issuance of securities in accordance with the Asset Covered Securities Acts, 2001 and 2007 (as amended, the 'ACS Acts').

The Bank is a wholly owned subsidiary of The Governor and Company of the Bank of Ireland ('Bank of Ireland'). The Bank's ultimate holding company is Bank of Ireland Group plc. Bank of Ireland Group plc and its subsidiaries constitute the Bank of Ireland Group (the 'Group').

## Financial performance

The Bank generated profit before taxation (PBT) in 2025 of €10 million (2024: €10 million):

- net interest income increased to €129 million (2024: €110 million) due to increased lending volumes and reduced funding costs due to the lower interest rate environment;
- operating expenses increased to €109 million (2024: €106 million) driven by higher IT change spend;
- loans and advances to customers at amortised cost (before impairment loss allowances) amounted to €20.3 billion at 31 December 2025 (2024: €18.9 billion);
- a net impairment loss of €15 million arose in the year (2024: net impairment gain of €2 million) (see notes 2, 8 and 13); and
- the return on assets is 4 basis points (2024: 4 basis points) (see note 31).

## Financial results

The reported PBT of €10 million is reflective of the application of the transfer pricing arrangement between Bank of Ireland and the Bank based on the profit split method. The arrangement is in accordance with Organisation for Economic Co-operation and Development (OECD) guidelines on Transfer Pricing, which are the internationally accepted principles in this area, and takes account of the functions, risks and assets involved in the financial arrangement between both parties. The transfer pricing charge in respect of credit management, central function costs, risks borne by and assets provided by Bank of Ireland in facilitating the operations of the Bank, amounted to €69 million in 2025 (2024: €68 million) and attributes an arm's length profit to the Bank of €10 million for the current year (2024: €10 million).

Net interest income increased to €129 million for 2025, from €110 million in 2024, due to increased lending volumes and reduced funding costs due to the lower interest rate environment.

Net trading income for the year was €2 million (2024: €2 million), which reflects the impact of fair value movements on Life Loans classified at fair value through profit or loss.

Net trading income in 2025 also included offsetting fair value movements on both derivatives and debt securities in a fair value hedge relationship. These were €nil in 2024.

Operating expenses increased to €109 million for 2025 (2024: €106 million). The transfer pricing charge increased to €69 million in 2025 (2024: €68 million). Other operating costs increased to €40 million (2024: €38 million), driven by higher IT change spend.

The net impairment loss of €15 million for 2025 (2024: net impairment gain of €2 million) reflects a combination of: the application of an increased quantum of post-model adjustments (PMAs) at 31 December 2025 (€12 million net loss), a €2 million net loss associated with portfolio activity reflecting updated credit risk assessments, recoveries and case specific loss emergence, and a €1 million loss associated with impairment methodology and model updates incorporating the current macroeconomic outlook.

## Irish mortgage market performance

In 2025, the Irish new mortgage market increased by 15% to €14.5 billion (2024: €12.6 billion)<sup>1</sup>. Housing demand continued to outstrip supply and house prices grew by 7.0% nationally, with 5.6% growth in the Dublin area and 8.1% growth outside Dublin, while housing completions rose 20% in 2025.

<sup>1</sup> Source: Banking and Payments Federation Ireland (BPFI) Mortgage Drawdowns Report Q4 2025.

The Bank provided €3.1 billion of new mortgage lending in 2025, up 10% on 2024. Loans and advances to customers at amortised cost (before impairment loss allowances and including accrued interest) increased to €20.3 billion (31 December 2024: €18.9 billion).

Ireland's growing population means demand for property remains high. However, there are supply constraints in the housing market, particularly in the greater Dublin and other urban areas.

## Asset quality

Loans and advances to customers at amortised cost (before impairment loss allowances and including accrued interest) amounted to €20.3 billion at 31 December 2025 (2024: €18.9 billion). Impairment loss allowances are €0.1 billion (2024: €0.1 billion).

The Bank's non-performing exposure (NPE) resolution strategies involve restructuring and sales activity supplemented with portfolio level initiatives.

The Bank continues to keep its NPE resolution strategies under review while responding to the associated and evolving regulatory framework. NPEs stood at €0.2 billion at 31 December 2025 (2024: €0.2 billion).



## Report of the Directors *(continued)*

### Capital

At 31 December 2025, the common equity tier 1 (CET1) ratio was 21.0% (2024: 23.3%). The total capital ratio was 24.7% (2024: 27.6%). The movement in the Bank's CET1 and total capital ratios primarily reflects an increase in risk weighted assets, driven by higher lending volumes and net regulatory model headwinds.

The Bank is required to maintain a CET1 ratio of 8.5% on a regulatory basis. This includes a Pillar 1 requirement of 4.5%, a Capital Conservation Buffer of 2.5% and a Countercyclical (CCyb) Buffer of 1.5%.

The Bank's capital includes the Bank's shareholders' funds (subject to regulatory adjustments) together with dated subordinated debt and other equity instruments.

The amount of regulatory capital required to be held is determined by risk weighted asset levels. The Bank meets its capital management objectives by maintaining capital ratios in excess of the minimum requirements set by the Single Supervisory Mechanism (SSM) and Central Bank of Ireland (CBI).

The leverage ratio at 31 December 2025 was 6.6% (2024: 6.8%). The Bank expects to remain above the regulatory leverage ratio requirement of 3%.

Capital strategy is integrated into the overall business strategy of the Bank and the Group.

### Principal risks and uncertainties

The principal risks that the Bank is exposed to are Credit Risk, Market Risk, Funding and Liquidity Risk, Operational Risk, Conduct Risk, Regulatory Risk, Business and Strategic Risk and Capital Adequacy Risk. The financial risk management objectives and policies of the Bank, including the policy for hedging, and the exposure of the Bank to these key risks, is set out in note 26 Risk management and control.

### Funding

The Bank has an approved funding policy that includes funding directly through the use of asset backed securities, mortgage backed promissory note programmes and borrowings from the Group. The Bank also has the ability to access secured funding through the tendering operations of the European Central Bank (ECB).

At 31 December 2025, the Bank had a customer loan portfolio of €20.4 billion (net of impairment loss allowances and including Life Loans of €0.2 billion) funded through debt securities in issue: €1.1 billion (5%); equity and subordinated liabilities: €1.6 billion (8%) and net Group borrowings: €17.7 billion (87%). Of the €1.1 billion debt securities in issue, €0.6 billion is held by Bank of Ireland. The remaining €0.5 billion is issued to other external bondholders with a range of maturities out to 2043.

Covered bonds are an important element of the Bank's funding strategy. The Bank obtains a rating for the covered bonds from Moody's Investor Services, 31 December 2025: Aaa (2024: Aaa). During 2025, €1.3 billion of securities in issue matured (2024: €1.3 billion). Full details of debt securities in issue are contained in note 18 to the financial statements.

At 31 December 2025, the Bank had €52 million of subordinated loan borrowings from its immediate parent, Bank of Ireland (2024: €51 million).

### Accounting records

The measures taken by the Directors to secure compliance with the Bank's obligation to keep adequate accounting records are the use of appropriate systems, the implementation of robust controls and procedures and the employment of competent persons with relevant experience. The accounting records are kept at Baggot Plaza, 27-33 Upper Baggot Street, Dublin 4.

### Disclosure of information to auditors

The Directors in office at the date of this report have confirmed that, as far as they are aware:

- there is no relevant audit information of which the Bank's auditor is unaware; and
- they have taken all the steps that ought to be taken, as Directors, in order to make themselves aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

### Dividends

No dividends were paid during 2025 (2024: €nil).

### Audit committee

During 2025, the Bank's Audit Committee assisted the Board in fulfilling its responsibilities relating to:

- the integrity of the financial statements;
- the relationship between the Bank and its external auditors;
- the Bank's internal controls, internal audit and IT systems;
- oversight of compliance functions; and
- review and monitoring of the statutory auditor's independence and the effectiveness of the audit process.

### Outlook

The Bank has maintained a strong loan book with loans and advances to customers (before impairment allowances and excluding Life Loans) at €20.3 billion at 31 December 2025 (2024: €18.9 billion). Forecasts out to 2028 indicate the Bank will grow its loan book and continue to generate sustainable profits and capital over the period.

### Sustainability

The Bank is cognisant of the growing regulatory requirements around the Environmental, Social and Corporate Governance (ESG) agenda, and these are addressed in the Sustainability sections (pages 19 to 22 and pages 112 to 224) of the 2025 Annual Report of Bank of Ireland Group plc.



## Report of the Directors *(continued)*

### Directors

Kevin Kingston <i>Independent Non-Executive Chairman (from 16 July 2025)</i>	Harry Lorton <i>Independent Non-Executive Chairman (Resigned 16 July 2025)</i>
Alan Hartley <i>Managing Director</i>	Tony Morley <i>Group Non-Executive Director</i>
Aine McCleary <i>Group Non-Executive Director (Resigned 22 May 2025)</i>	Michael Lauhoff <i>Group Non-Executive Director (Appointed 16 May 2025)</i>
Tony McMahon <i>Executive Director (Resigned 22 May 2025)</i>	Deirdre Hogan <i>Executive Director (Appointed 14 April 2025)</i>
Steve Pateman <i>Independent Non-Executive Director</i>	Patricia Byron <i>Independent Non-Executive Director (Appointed 5 March 2025)</i>
Peter Kearney <i>Independent Non-Executive Director (Appointed 8 April 2025)</i>	

### Directors' and Secretary's interests

The Directors and Secretary do not hold shares or interests in the Company or any other Group undertaking with the exception of Bank of Ireland Group plc. A number of the Bank's Directors hold shares in Bank of Ireland Group plc, however under S.260(f) of the Companies Act 2014, these shareholdings are not required to be disclosed in the Report of the Directors.

Signed on behalf of the Board by:



Kevin Kingston  
Chairman



Alan Hartley  
Managing Director



Deirdre Hogan  
Director



Hill Wilson Secretarial Limited  
Secretary

### Political donations

Political donations are required to be disclosed under the Electoral Acts 1992 to 2014. The Directors, on enquiry, have satisfied themselves that there were no political donations made during 2025 (2024: €nil).

### Corporate governance

The Corporate governance statement on page 8 forms part of the Report of the Directors.

### Going concern

The Directors consider it appropriate to prepare the financial statements on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern over the period of assessment. The considerations assessed are set out on page 19 in the going concern disclosure within the accounting policies in note 1 to the financial statements.

### Post balance sheet events

There have been no significant events identified since the end of the financial year requiring adjustments to or disclosures in the financial statements.

### Independent auditor

KPMG, Chartered Accountants, were appointed statutory auditor on 16 July 2018. They have been re-appointed annually since that date and will continue in office in accordance with section 383(2) of the Companies Act 2014.

27 February 2026



## Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Bank and of its profit or loss for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Bank and which enable them to ensure that the financial statements are prepared in accordance with the applicable accounting framework and comply with the provisions of the Companies Act 2014 and with the requirements of the European Union (Credit Institutions: Financial Statements) Regulations 2015. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking all reasonable steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Bank included on the Bank of Ireland website. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:



Kevin Kingston  
Chairman



Alan Hartley  
Managing Director



Deirdre Hogan  
Director

27 February 2026



# Corporate governance statement

## Introduction

A key objective of the Bank's governance framework is to ensure compliance with applicable legal and regulatory requirements. The Bank is subject to the Central Bank of Ireland Corporate Governance Requirements for Credit Institutions 2015 (the 'Requirements'). The Bank is also subject to the additional obligations of Appendix 1 of the Requirements for High Impact designated credit institutions.

In late 2024, the Chief Risk Officer (CRO) departed the Group, meaning that the Bank was not compliant with Section 12.1 of the Requirements being the requirement to have a CRO. On 8 April 2025, the Group CRO was appointed as the Bank's CRO bringing the Bank back into compliance with the Requirements.

## Financial reporting process

The Board, supported by the Audit Committee, is responsible for establishing and maintaining adequate internal control and risk management systems of the Bank in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Bank's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The Bank's overall control system around the financial reporting process includes:

- clearly defined organisation structure and authority levels with reporting mechanisms to the Board;
- a comprehensive set of policies and procedures, in line with the Group, 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.

## Risk assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting.

The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Bank's financial statements.

## Control activities

The Board is responsible for establishing and maintaining the design and implementation of control structures to manage the risks which they judge to be significant for internal control over financial reporting. Appropriate reconciliations support the prompt production of management accounts and Board reports and inputs to Group consolidation returns that are required to be submitted within defined timetables. These control structures include appropriate division of responsibilities and specific control activities, with the objective of detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Bank's Annual Report.

The Audit Committee monitors the effectiveness and adequacy of the Bank's internal control, internal audit and IT systems, monitoring and reviewing the quality and integrity of the financial statements, liaising with the external auditor particularly in relation to their audit findings, and reviews the effectiveness and adequacy of the Bank's regulatory compliance plan with the objective of maintaining an effective system of internal control.

## Monitoring

The Board ensures that appropriate measures are taken to consider and address any shortcomings identified and measures recommended by the independent auditors.

Group Internal Audit (GIA) provides independent, reasonable assurance to its key stakeholders on the effectiveness of the Bank's risk management and internal control framework. GIA seeks to positively influence risk management standards, ensure identification and remediation of issues and sharing of lessons learned for the ongoing benefit of the Bank and its key stakeholders.



# Independent Auditor's Report

## to the Members of Bank of Ireland Mortgage Bank Unlimited Company

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Bank of Ireland Mortgage Bank Unlimited Company ('the Company') for the year ended 31 December 2025 set out on pages 14 to 70, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and related notes, including the material accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is Irish Law and FRS 101 Reduced Disclosure Framework issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2025 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Union (Credit Institutions: Financial Statements) Regulations 2015.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the Directors on 16 July 2018. The period of total uninterrupted engagement is the eight years ended 31 December 2025. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

#### Conclusions relating to going concern

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. The Bank of Ireland Group plc (the Parent) adopts a centralised approach to its assessment of going concern, particularly having regard to the Liquidity Management Agreement between the Parent and the Company, thus our work was performed in conjunction with the auditors of the Parent (the Parent auditors). Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- we used our knowledge of the Company, its Parent, the financial services industry, and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Company's financial resources or ability to continue

operations over the going concern period. In this regard, we considered the Liquidity Management Agreement between the Company and its Parent, in which the Parent has responsibility for monitoring and overseeing the liquidity position of the Company and for ensuring at all times that the Company has sufficient liquidity to meet all obligations. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- the availability of funding and liquidity for the Parent to enable it to continue to meet its obligations under the Liquidity Management Agreement with the Company in the event of a market wide stress scenario; and
  - the impact on regulatory capital requirements in the Parent and the Company in the event of an economic slowdown or recession.
- we also considered whether these risks could plausibly affect the availability of financial resources for the Company in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Parent's financial forecasts and in particular in relation to their impact on its liquidity management responsibilities to the Company.

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 when the financial statements are authorised for issue.

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

#### Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the Company's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- inquiring of Directors and other management as to the Company's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims;
- inquiring of Directors, the Audit Committee and internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;
- inquiring of Directors, the Audit Committee and internal audit regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud;
- inspecting the Company's regulatory and legal correspondence;



## Independent Auditor's Report *(continued)*

- reading Board of Directors and Audit Committee minutes;
- considering remuneration incentive schemes and performance targets for management; and
- performing planning analytical procedures to identify any unusual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's licence to operate. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We identified a fraud risk in relation to the Company's Impairment loss allowance on loans and advances to customers at amortised cost, specifically relating to the valuation of post model adjustments.

Further detail in respect of Impairment loss allowance on loans and advances to customers at amortised cost, related to post model adjustments, is set out in the key audit matter disclosures in this report.

In response to the fraud risks, we also performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation; and
- assessing significant accounting estimates for bias.

As the Company is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Company operates and gaining an understanding of the control environment including the Company's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance

with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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 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.

In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2024):

#### **Impairment loss allowance on loans and advances to customers at amortised cost - €80 million (2024: €65 million)**

*Refer to page 22 and 23 (accounting policy) and note 26 (financial disclosures)*

#### **The key audit matter**

The calculation of expected credit losses (ECL), also referred to as 'impairment loss allowance' on loans and advances to customers at amortised cost involves a high degree of judgement owing to the ongoing macroeconomic uncertainty, developments in credit quality and arrears experience.

The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECL include:

#### **Accuracy of Probability of Default (PD) models**

ECL may be inappropriate if certain models do not accurately predict defaults over time, become out of line with wider industry experience, or fail to reflect the credit risk of financial assets.

Owing to the complexity, subjectivity and estimation uncertainty in the PD models, including the underlying assumptions, we have identified a significant risk of error in expected credit losses as a result of inaccurate PDs being generated by the PD models.

#### **Economic Scenarios**

IFRS 9 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied to the determination of the economic scenarios and the weightings applied to them.



## Independent Auditor's Report *(continued)*

We have identified a significant risk due to error with respect to management judgement applied in the selection of scenarios, the associated scenario probabilities and the key economic variables used as an input to calculate ECL, particularly given the prevailing uncertainties in the economic outlook.

### Post model adjustments (PMAs)

Adjustments to the model-driven ECL results are applied by management to address known impairment model limitations, emerging trends or other risks not captured by the ECL models. These adjustments are inherently uncertain and significant management judgement is involved in identifying and estimating certain PMAs.

We have identified a significant risk of error associated with the completeness, as well as a significant risk of error and fraud associated with the valuation of those PMAs with a significant degree of management judgement required in the estimation of the adjustment.

For the reasons outlined above, we determined this to be a key audit matter.

### How the matter was addressed in our audit

#### Accuracy of PD models

- We performed end-to-end process walkthroughs to update our understanding of the key systems, applications and controls used in the ECL modelling processes.
- In conjunction with our credit modelling specialists, we tested the design, implementation and operating effectiveness of key controls including:
  - model validation, implementation and model monitoring process for the PD models;
  - monitoring of staging effectiveness to assess whether the PD models are appropriately identifying assets which have experienced a significant increase in credit risk ('SICR'); and
  - controls over the completeness and accuracy of the significant model inputs and outputs, including documentation of data lineage for the data used within the ECL calculation.
- In conjunction with our credit modelling specialists, we held probing inquiries with the model development and validation teams to assess whether the basis for any model changes and enhancements introduced during the period were reasonable.
- We tested the completeness and accuracy of a sample of identified critical data elements used within the PD models by vouching a sample of critical data elements to the underlying source documentation.
- In conjunction with our credit modelling specialists, we independently reperformed key aspects of the PD models underlying the calculation of ECL, including:
  - inspecting the Company's impairment methodologies to assess their compliance with IFRS 9;
  - independent replication testing for a selection of IFRS 9 PD models;
  - reperformance of ECL calculations for a selection of IFRS 9 PD models; and
  - inspecting model validation and model monitoring reports and assessing whether the findings have been appropriately evaluated and addressed by management and/or model developers.

- In conjunction with our credit modelling specialists, we assessed whether the operation of existing PD models, as well as related monitoring, planned updates and oversight was reasonable and in accordance with IFRS 9 by inspecting the associated model development documents, validation reports, and inspecting model code which underpinned the models.

#### Economic scenarios

- We performed end-to-end process walkthroughs to update our understanding of the process and tested the design, implementation and operating effectiveness of key controls related to the selection and estimation of macroeconomic forecasts used in measuring ECL, including the economic scenarios and probability weightings applied to them.
- In conjunction with our own economic specialists:
  - we held probing inquiries with the Company's Economic Research Unit ('ERU') and Real Estate Advisory Unit ('REAU') and inspected related documentation to assess whether the basis for management assumptions were reasonable and consistent with external forecasts where relevant;
  - we challenged whether management's forward-looking information (FLI) upside and downside scenario weightings were reasonable and reflected the particular features of the macroeconomic outlook in Ireland, having regard to available information at year-end; and
  - we assessed and challenged the reasonableness of the significant assumptions and datapoints underpinning management's economic scenarios by comparing them to independent and observable economic forecasts, leveraging a number of external data points available at year-end.

#### Post model adjustments

- We performed end-to-end process walkthroughs to update our understanding of the process and tested the design, implementation and operating effectiveness of key controls over the identification, estimation, review and authorisation of PMAs.
- In conjunction with our credit modelling specialists, we evaluated the reasonableness of the PMAs by critically assessing management's methodology, including the limitation and/or risk that the PMA is seeking to address, and the PMA's compliance with the requirements of IFRS 9.
- We inspected the PMA estimation methodology and tested the completeness and accuracy of key data inputs into the underlying calculations of the PMAs.
- We evaluated the completeness and accuracy of the PMAs having regard for our understanding of the risk profile of loan books, recent loss history, model limitations and/or data limitations.
- We challenged the overall reasonableness of PMAs by comparing the PMAs recognised by management to the various risks, model limitations and/or data limitations that we consider to exist in each loan portfolio, creating bespoke audit responses to each PMA appropriate to their nature.
- We assessed whether any PMAs identified for testing are indicative of fraud / management bias or other deficiencies based on the results of the procedures above.



## Independent Auditor's Report *(continued)*

We found the significant judgements used by management in determining the ECL charge and provision, including the accuracy of PD models, economic scenarios and application of PMAs, to be reasonable.

### **Our application of materiality and an overview of the scope of our audit**

Materiality for the financial statements as a whole was set at €20 million (2024: €15.8 million) determined with reference to a benchmark of net assets (of which it represents 1.3% (2024: 1%)). We consider net assets to be the most appropriate benchmark as it is one of the principal considerations for users of the financial statements in assessing the financial performance of the Company.

Performance materiality for the financial statements as a whole was set at €15 million (2024: €11.8 million) determined with reference to a benchmark of materiality (of which it represents 75% (2024: 75%)). We applied this percentage in our determination of performance materiality so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

In applying our judgement in determining performance materiality, we considered a number of factors including; the number and value of misstatements detected and the number and severity of deficiencies in control activities identified in the prior year financial statements audit.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €1 million (2024: €0.79 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

In planning the audit, we applied materiality to assist in determining the overall audit strategy, determining what risks were significant risks, including those set out above, and to determine the nature, timing and extent for our audit response. We also apply the concept of materiality in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team in Dublin in conjunction with the Parent Company's auditors as described elsewhere herein.

### **Other information**

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Report of the Directors, the corporate governance statement, the glossary and abbreviations. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the Report of the Directors;
- in our opinion, the information given in the Report of the Directors is consistent with the financial statements; and
- in our opinion, those parts of the Report of the Directors specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have been prepared in accordance with the Companies Act 2014.

### **Corporate governance statement**

As required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on page 8, that:

- based on the work undertaken for our audit in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act; and
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

### **Our opinions on other matters prescribed by the Companies Act 2014 are unmodified**

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 financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

### **We have nothing to report on other matters on which we are required to report by exception**

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

### **Respective responsibilities and restrictions on use Responsibilities of Directors for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 7, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's Report *(continued)*

### **Auditor's 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 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 these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

### **The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014.

Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



---

#### **Conor Holland**

*for and on behalf of*  
KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place, IFSC,  
Dublin 1, D01 F6F5

27 February 2026



## Income statement *(for the year ended 31 December 2025)*

	Note	2025 €m	2024 €m
Interest income calculated using the effective interest method	3	648	613
Other interest income	3	35	199
<b>Interest income</b>		<b>683</b>	<b>812</b>
Interest expense	4	(554)	(702)
<b>Net interest income</b>		<b>129</b>	<b>110</b>
Fee and commission income		3	2
Net trading income	5	2	2
<b>Total operating income</b>		<b>134</b>	<b>114</b>
Operating expenses	7	(109)	(106)
<i>Transfer pricing charge</i>		(69)	(68)
<i>Other operating costs</i>		(40)	(38)
<b>Total operating profit before impairment (losses) / gains on financial instruments</b>		<b>25</b>	<b>8</b>
Net impairment (losses) / gains on financial instruments	8	(15)	2
<b>Profit before taxation</b>		<b>10</b>	<b>10</b>
Taxation charge	9	(1)	(1)
<b>Profit for the year</b>		<b>9</b>	<b>9</b>



## Statement of comprehensive income *(for the year ended 31 December 2025)*

	2025 €m	2024 €m
<b>Profit for the year</b>	<b>9</b>	<b>9</b>
<b>Other comprehensive income, net of tax</b>		
Items that may be reclassified to profit or loss in subsequent years		
<i>Cash flow hedge reserve, net of tax</i>		
Changes in fair value	(7)	1
Transfer to income statement	3	29
<b>Net change in cash flow hedge reserve</b>	<b>(4)</b>	<b>30</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>(4)</b>	<b>30</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>5</b>	<b>39</b>

The effect of tax on these items is shown in note 9, Taxation.



## Balance sheet *(for the year ended 31 December 2025)*

	Note	2025 €m	2024 €m
<b>Assets</b>			
Derivative financial instruments	10	5	20
Other financial assets at fair value through profit or loss	11	166	185
Loans and advances to banks	12	874	1,419
Loans and advances to customers at amortised cost	13	20,264	18,786
Deferred tax asset	15	4	4
Other assets	16	181	109
<b>Total assets</b>		<b>21,494</b>	<b>20,523</b>
<b>Liabilities</b>			
Deposits from banks	17	18,736	16,692
Derivative financial instruments	10	34	42
Debt securities in issue	18	1,055	2,144
Other liabilities	19	33	14
Provisions	20	4	5
Subordinated liabilities	21	52	51
<b>Total liabilities</b>		<b>19,914</b>	<b>18,948</b>
<b>Equity</b>			
Called up share capital presented as equity	22	488	488
Share premium	22	661	661
Retained earnings		259	250
Other reserves		(28)	(24)
<b>Shareholders' equity</b>		<b>1,380</b>	<b>1,375</b>
Other equity instruments - Additional Tier 1	23	200	200
<b>Total equity</b>		<b>1,580</b>	<b>1,575</b>
<b>Total equity and liabilities</b>		<b>21,494</b>	<b>20,523</b>

*Kevin P Kingston*

Kevin Kingston  
Chairman

*Alan Hartley*

Alan Hartley  
Managing Director

*Deirdre Hogan*

Deirdre Hogan  
Director

*Hill Wilson Secretarial Limited*

Hill Wilson Secretarial Limited  
Secretary



## Statement of changes in equity *(for the year ended 31 December 2025)*

	Share capital €m	Share premium €m	Retained earnings €m	Cash flow hedge reserve €m	Total shareholders' equity €m	Other equity instruments €m	Total equity €m
<b>At 1 January 2025</b>	488	661	250	(24)	1,375	200	1,575
<b>Comprehensive income</b>							
Profit for the year	-	-	9	-	9	-	9
Other comprehensive income	-	-	-	(4)	(4)	-	(4)
<b>Total comprehensive income</b>	-	-	9	(4)	5	-	5
<b>Balance at 31 December 2025</b>	488	661	259	(28)	1,380	200	1,580

	Share capital €m	Share premium €m	Retained earnings €m	Cash flow hedge reserve €m	Total shareholders' equity €m	Other equity instruments €m	Total equity €m
<b>At 1 January 2024</b>	488	661	241	(54)	1,336	200	1,536
<b>Comprehensive income</b>							
Profit for the year	-	-	9	-	9	-	9
Other comprehensive income	-	-	-	30	30	-	30
<b>Total comprehensive income</b>	-	-	9	30	39	-	39
<b>Balance at 31 December 2024</b>	488	661	250	(24)	1,375	200	1,575



## Notes to the financial statements

1	Accounting policies	19
2	Critical accounting estimates and judgements	27
3	Interest income	33
4	Interest expense	33
5	Net trading income	34
6	Auditor's remuneration (excluding Value Added Tax)	34
7	Operating expenses	34
8	Net impairment (losses) / gains on financial instruments	35
9	Taxation	35
10	Derivative financial instruments	36
11	Other financial assets at fair value through profit or loss	39
12	Loans and advances to banks	39
13	Loans and advances to customers at amortised cost	40
14	Modified financial assets	43
15	Deferred tax	44
16	Other assets	44
17	Deposits from banks	44
18	Debt securities in issue	45
19	Other liabilities	48
20	Provisions	48
21	Subordinated liabilities	48
22	Share capital and share premium	48
23	Other equity instruments - Additional Tier 1	49
24	Pension schemes	49
25	Segmental information	49
26	Risk management and control	49
27	Fair values of financial assets and financial liabilities	62
28	Contingent liabilities and commitments	##
29	Related party transactions	66
30	Transferred financial assets	69
31	Alternative performance measures	70
32	Post balance sheet events	70
33	Approval of financial statements	70

# 1 Accounting policies

Bank of Ireland Mortgage Bank Unlimited Company is a public unlimited company, incorporated and domiciled in Ireland. The significant accounting policies adopted by the Bank of Ireland Mortgage Bank Unlimited Company (the 'Bank') are as follows:

## 1.1 Basis of preparation

The financial statements comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements on pages 18 to 70.

The financial statements of the Bank have been prepared under the historical cost convention, modified to include the fair valuation of certain financial instruments, in accordance with the Companies Act 2014, the Asset Covered Securities Acts 2001 to 2007 (the 'ACS Acts'), FRS 101 and the European Union (Credit Institutions: Financial Statements) Regulations 2015.

In preparing these financial statements, the Bank applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union ('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.

The Bank's ultimate parent company, Bank of Ireland Group plc, is a public limited company incorporated and registered in Ireland.

The consolidated financial statements for the Bank of Ireland Group (the 'Group') are available to the public and may be obtained from the Bank of Ireland Head Office, 2 College Green, Dublin 2, D02 VR66.

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

- a cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries of the Group;
- the effects of new but not yet effective IFRS; and
- disclosures in respect of the compensation of key management personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements have been prepared in euro and are rounded to the nearest million except where otherwise indicated.

## 1.2 Going concern

The time period that the Directors have considered in evaluating the appropriateness of the going concern basis in preparing the financial statements for the year ended 31 December 2025 is a period of twelve months from the date of approval of these financial statements ('the period of assessment').

In making this assessment, the Directors considered the Bank's business, profitability projections, funding and capital plans together with a range of other factors, such as the outlook for the Irish economy, the competitive landscape and the impact on business activity and the availability of collateral to access the Eurosystem.

In addition, the Directors are satisfied that the Bank, through the existence of the Liquidity Management Agreement with its immediate parent company, has sufficient liquidity to meet obligations as they fall due throughout the period of assessment.

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

## 1.3 Adoption of new and amended accounting standards

There have been no new standards or amendments to standards adopted by the Bank during the year ended 31 December 2025 which have had a material impact on the Bank.

The accounting policies set out below are the Bank's material accounting policies.



## 1 Accounting policies *(continued)*

### 1.4 Interest income and expense

Interest income and expense are recognised in the income statement using the effective interest method for financial instruments measured at amortised cost in accordance with IFRS 9. The Bank presents interest resulting from negative effective interest rates on financial liabilities as interest income.

The effective interest method is the method that is used in the calculation of the amortised cost of a financial asset or liability and in the allocation and recognition of interest revenue or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When calculating the effective interest rate, the Bank estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses (except, in accordance with IFRS 9 in the case of Purchased or Originated Credit-impaired (POCI) financial assets where ECL are included in the calculation of a 'credit adjusted effective interest rate'). The calculation includes all fees, points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

In the case of a financial asset that is neither credit-impaired nor a POCI financial asset, interest revenue is calculated by applying the effective interest rate to the gross carrying amount.

In the case of a financial asset that is not a POCI financial asset but is credit-impaired at the reporting date, interest revenue is calculated by applying the effective interest rate to the amortised cost, which is the gross carrying amount adjusted for any impairment loss allowance. In the case of a POCI financial asset, interest revenue is recognised by applying the credit-adjusted effective interest rate to the amortised cost.

Where the Bank revises its estimates of payments or receipts on a financial instrument (excluding modifications of a financial asset and changes in ECL), it recalculates the gross carrying amount of the financial asset or amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets). The adjustment is recognised as interest income or expense.

### 1.5 Fee and commission income

The Bank accounts for fee and commission income when the contract with the customer is agreed and each party's rights under the contract, together with the payment terms, are identified. In addition, it must be probable that the Bank will collect the consideration to which it is entitled.

Interest income and expense on derivative financial instruments designated as hedging instruments are presented in net interest income, in line with the underlying hedged asset or liability.

For portfolio cash flow hedges of financial assets, the Bank aggregates the interest income or expense on the hedged assets with the interest income or expense on the related derivatives designated as hedging instruments. Where the resulting total is an expense, the amount is presented as interest expense on the assets. Where the resulting total is income, it is presented as interest income on the assets.

For micro fair value hedges of financial liabilities, the Bank aggregates, for each hedged liability separately, the interest income or expense on the liability with the interest income or expense on the related derivative or derivatives designated as hedging instruments. Where the resulting total for a liability is an expense, the amount is presented as interest expense on the liability. Where the resulting total is income, it is presented as interest income on the liability.

Interest income or expense on derivatives that are held with hedging intent, but for which hedge accounting is not applied (economic hedges) is included in other interest income or expense. Interest income or expense on derivatives held with trading intent is included in trading income.

Interest income on customer loans measured at fair value through profit or loss (FVTPL) is recognised when earned, and presented within other interest income.

Accrued interest is presented on the balance sheet with the relevant financial asset or liability.

#### **Modifications**

Where the contractual cash flows of a financial asset are modified and the modification does not result in derecognition of the financial asset, the Bank recalculates the gross carrying amount of the financial asset as the present value of the modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises a modification gain or loss in the income statement. Where a modification is a forbearance measure which does not result in derecognition, the modification gain or loss is included in the income statement within net impairment gains or losses. Otherwise, the modification gain or loss is included within interest income.

Fee and commission income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Bank recognises revenue when it transfers control of a product or service to a customer.



# 1 Accounting policies *(continued)*

## 1.6 Financial assets

### Recognition, classification and measurement

A financial asset is recognised in the balance sheet when, and only when, the Bank becomes a party to its contractual provisions. At initial recognition, a financial asset is measured at fair value (plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs) and is assigned one of the following classifications for the purposes of subsequent measurement:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI); or
- financial assets at fair value through profit or loss.

The Bank determines the appropriate classification based on the contractual cash flow characteristics of the financial asset and the objective of the business model within which the financial asset is held. In determining the business model for a group of financial assets, the Bank considers factors such as how performance is evaluated and reported to key management personnel; the risks that affect performance and how they are managed; how managers are compensated; and the expected frequency, value and timing of sales of financial assets.

In considering the contractual cash flow characteristics of a financial asset, the Bank determines whether the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In this context, 'principal' is the fair value of the financial asset on initial recognition and 'interest' is consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In making the determination, the Bank assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Bank considers contingent events, leverage features, prepayment and term extensions, terms which limit the Bank's recourse to specific assets and features that modify consideration of the time value of money.

### Financial assets at amortised cost

#### Debt instruments

A debt instrument is measured, subsequent to initial recognition, at amortised cost where it meets both of the following conditions and has not been designated as measured at FVTPL:

- the financial asset has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model whose objective is achieved by holding financial assets to collect contractual cash flows.

Purchases and sales of debt securities at amortised cost are recognised on trade date: the date on which the Bank commits to purchase or sell the asset. Loans measured at amortised cost are recognised when cash is advanced to the borrowers.

Interest revenue using the effective interest method is recognised in the income statement. An impairment loss allowance is recognised for expected credit losses with corresponding impairment gains or losses recognised in the income statement.

### Financial assets at fair value through profit or loss

All other financial assets are measured, subsequent to initial recognition, at FVTPL. Financial assets at FVTPL comprise:

#### Financial assets mandatorily measured at FVTPL

Financial assets meeting either of the conditions below are mandatorily measured at FVTPL:

- financial assets with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- financial assets held within a business model whose objective is achieved neither by collecting contractual cash flows nor both collecting contractual cash flows and selling financial assets. This classification includes the Bank's portfolio of Life Loans.

#### Financial assets designated as measured at FVTPL

A financial asset may be designated at FVTPL only if doing so eliminates or significantly reduces measurement or recognition inconsistencies (an 'accounting mismatch') that would otherwise arise from measuring financial assets or liabilities or recognising gains and losses on them on different bases.

#### Reclassification

When, and only when, the Bank changes its business model for managing financial assets, it reclassifies all affected financial assets. Reclassification is applied prospectively.

#### Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the Bank has transferred substantially all the risks and rewards of ownership. Where a modification results in a substantial change on a quantitative or qualitative basis, to the contractual cash flows of a financial asset, it may be considered to represent expiry of the contractual cash flows, resulting in derecognition of the original financial asset and recognition of a new financial asset at fair value.

The Bank reduces the gross carrying amount of a financial asset and the associated impairment loss allowance when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

# 1 Accounting policies *(continued)*

## 1.7 Impairment of financial instruments

### Scope

The Bank recognises impairment loss allowances for expected credit losses on the following categories of financial instruments unless measured at FVTPL:

- financial assets that are debt instruments; and
- loan commitments.

### Basis for measuring impairment

The Bank allocates financial instruments into the following categories at each reporting date to determine the appropriate accounting treatment.

#### Stage 1: 12-month ECL *(not credit-impaired)*

These are financial instruments where there has not been a significant increase in credit risk since initial recognition. An impairment loss allowance equal to 12-month ECL is recognised. This is the portion of lifetime ECL resulting from default events that are possible within the next 12 months.

#### Stage 2: Lifetime ECL *(not credit-impaired)*

These are financial instruments where there has been a significant increase in credit risk since initial recognition but which are not credit-impaired. An impairment loss allowance equal to lifetime ECL is recognised. Lifetime ECL are the ECL resulting from all possible default events over the expected life of the financial instrument.

#### Stage 3: Lifetime ECL *(credit-impaired)*

These are financial instruments which are credit-impaired at the reporting date but were not credit-impaired at initial recognition. An impairment loss allowance equal to lifetime ECL is recognised.

### Purchased or Originated Credit-impaired financial assets

These are financial assets that were credit-impaired at initial recognition. They are not subject to any initial impairment loss allowance but an impairment loss allowance is subsequently recognised for the cumulative changes in lifetime ECL since initial recognition. A POCI financial asset remains classified as such until it is derecognised, even if assessed as no longer credit-impaired at a subsequent reporting date.

With the exception of POCI financial assets, a financial instrument may migrate between stages from one reporting date to the next.

### Significant increase in credit risk

In determining if a financial instrument has experienced a significant increase in credit risk since initial recognition, the Bank assesses whether the risk of default over the remaining expected life of the financial instrument is significantly higher than had been anticipated at initial recognition, taking into account changes in prepayment expectations where relevant. The Bank uses reasonable and supportable information available without undue cost or effort at the reporting date, including forward-looking information. A combination of quantitative, qualitative and backstop indicators are generally applied in making the determination. The Bank assumes that no significant increase in credit risk has occurred if credit risk is 'low' at the reporting date.

### Credit-impaired

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

### Measurement of ECL and presentation of impairment loss allowances

ECL are measured in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; 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.

ECL are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of the difference between all contractual cash flows due to the Bank in accordance with the contract and all the cash flows the Bank expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: the present value difference between the contractual cash flows that are due to the Bank if the commitment is drawn and the cash flows that the Bank expects to receive.

Expected cash flows arising from the sale on default of a loan are included in the measurement of ECL under IFRS 9 where the following conditions are met:

- selling the loan is one of the recovery methods that the Bank expects to pursue in a default scenario;
- the Bank is neither legally nor practically prevented from realising the loan using that recovery method; and
- the Bank has reasonable and supportable information upon which to base its expectations and assumptions.

For financial assets, the discount rate used in measuring ECL is the effective interest rate (or 'credit-adjusted effective interest rate' for a POCI financial asset) or an approximation thereof.



## 1 Accounting policies *(continued)*

For undrawn loan commitments, it is the effective interest rate, or an approximation thereof, that will be applied when recognising the financial asset resulting from the loan commitment.

Impairment loss allowances for ECL are presented in the financial statements as follows:

- financial assets at amortised cost: as a deduction from the gross carrying amount in the balance sheet; and
- loan commitments: as a provision in the balance sheet.

### Utilisation of impairment loss allowances

The Bank reduces the gross carrying amount of a financial asset and the associated impairment loss allowance when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Indicators that there is no reasonable expectation of recovery include the collection process having been exhausted or it becoming clear during the collection process that recovery will fall short of the amount due to the Bank. The Bank considers, on a case-by-case basis, whether enforcement action in respect of an amount that has been written off from an accounting perspective is or remains appropriate. Any subsequent recoveries are included in the income statement as an impairment gain.

### Forbearance

Forbearance occurs when a borrower is granted an agreed change to a loan ('forbearance measure') for reasons relating to the actual or apparent financial stress or distress of that borrower. Forbearance has not occurred if the agreed change to a loan granted to a borrower is not related to the actual or apparent financial stress or distress of that borrower.

Prior to any decision to grant forbearance, the Bank performs an assessment of a customer's financial circumstances and ability to repay and assesses whether the loan is credit-impaired. Where the loan is credit-impaired, it is allocated to

Stage 3 (unless a POCI financial asset). If a forbore loan has a variable interest rate, the discount rate for measuring ECL is the current effective interest rate determined under the contract before the modification of terms.

Financial assets to which forbearance has been applied continue to be reported as forbore until such time as they satisfy conditions to exit forbearance in line with European Banking Authority (EBA) guidance on non-performing and forbore classifications. Forborne financial assets which are not credit-impaired are generally classified as Stage 2. A financial asset can only be reclassified from Stage 3 when certain conditions are met over a pre-defined period of time or probation period, in line with regulatory requirements.

Where the cash flows from a forbore loan are considered to have expired, due to the loan being restructured in such a way that results in a substantial modification, the original financial asset is derecognised and a new financial asset is recognised, initially measured at fair value. Any difference between the carrying value of the original financial asset and the fair value of the new financial asset on initial recognition is recognised in the income statement. The new financial asset may be initially allocated to Stage 1 or, if credit-impaired, be categorised as a POCI financial asset.

Where a forbearance measure represents a modification of the contractual cash flows of a financial asset and does not result in its derecognition, the Bank recalculates the gross carrying amount of the financial asset as the present value of the modified contractual cash flows that are discounted at the financial asset's original effective interest rate (before any modification of terms) and a modification gain or loss is included in the income statement within net impairment gains or losses.

## 1.8 Financial liabilities

The Bank classifies its financial liabilities as being measured at amortised cost unless it has designated liabilities at FVTPL or is required to measure liabilities mandatorily at FVTPL such as derivative liabilities. Financial liabilities are initially recognised at fair value, (normally the issue proceeds i.e. the fair value of consideration received) less, in the case of financial liabilities subsequently carried at amortised cost, transaction costs. For financial liabilities carried at amortised cost, any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement using the effective interest method.

When a financial liability that is measured at amortised cost is modified without resulting in derecognition, a gain or loss is recognised in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified contractual cash flows discounted at the original effective interest rate.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

## 1.9 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is currently a legally enforceable right of set off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

No impairment loss allowance for ECL is recognised on a financial asset, or portion thereof, which has been offset.



## 1 Accounting policies *(continued)*

### 1.10 Valuation of financial instruments

The Bank recognises certain financial assets and financial liabilities (including derivative financial instruments) at fair value in the balance sheet. Fair value 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 Bank has access at that date. If an active market does not exist, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow (DCF) analysis, option pricing models and other valuation techniques commonly used by market participants. To the extent possible, these valuation techniques use observable market data. Where observable data does not exist, the Bank uses estimates based on the best information available.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price in an arm's length transaction, 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 which uses only observable market inputs.

When such evidence exists, the initial valuation of the instrument may result in the Bank recognising a profit on initial recognition. In the absence of such evidence, the instrument is initially valued at the transaction price.

Any day one profit is deferred and recognised in the income statement to the extent that it arises from a change in a factor that market participants would consider in setting a price. Straight line amortisation is used where it approximates to that amount.

Subsequent changes in fair value are recognised immediately in the income statement without the reversal of deferred day one profits or losses. Where a transaction price in an arm's length transaction is not available, the fair value of the instrument at initial recognition is measured using a valuation technique.

#### **Transfers between levels of the fair value hierarchy**

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred. The Bank provides these disclosures within note 26, Risk management and control.

### 1.11 Derivative financial instruments and hedge accounting

The Bank has made the accounting policy choice allowed under IFRS 9 to continue to apply the hedge accounting requirements of IAS 39.

Derivatives are initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured at their fair value at each reporting date. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Certain derivatives embedded in other financial instruments that are not financial assets are separated from the host contract and accounted for as derivatives, when their economic characteristics and risks are not closely related to those of the host contract and the entire host contract is not carried at fair value through profit or loss.

Fair value gains or losses on derivatives are normally recognised in the income statement.

However, where they are designated as hedging instruments, the treatment of the fair value gains and losses depends on the nature of the hedging relationship.

The Bank designates certain derivatives as either:

- hedges of the exposure to changes in the fair value of recognised assets or liabilities that is attributable to a particular risk (fair value hedge); or
- hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedge).

Hedge accounting is applied to these derivatives provided certain criteria are met. The Bank documents, at the inception of the transaction, the relationship between hedging

instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank 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 hedged items. Hedge relationships are concluded to be effective if the hedging instruments that are used in hedging transactions offset the changes in fair value or cash flow of the hedged items within a range of 80% to 125%.

#### **Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The hedged item in a micro fair value hedge is a single specified item e.g. a fixed-rate debt security in issue.

If the criteria for hedge accounting cease to be met, no further adjustments are made to the hedged item for fair value changes attributable to the hedged risk. The cumulative adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity using the straight line method for macro hedges and the effective interest method for micro hedges. When a hedged item held at amortised cost that is designated in a micro fair value hedge or included in a repricing time period of a portfolio hedge is derecognised, the unamortised fair value adjustment included in the carrying value of that hedged item is immediately reclassified to the income statement.



## 1 Accounting policies *(continued)*

### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in other comprehensive income are reclassified to the income statement in the periods in which the hedged item affects profit or loss.

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 existing in other comprehensive income at that time remains in other comprehensive income and is recognised in the income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately reclassified to the income statement.

### 1.12 Issued debt and equity securities

The classification of instruments as a financial liability or an equity instrument is dependent upon the substance of the contractual arrangement. Instruments which carry a contractual obligation to deliver cash or another financial asset to another entity are classified as financial liabilities. The coupons on these instruments are recognised in the income statement as interest expense using the effective interest method.

Where the Bank has absolute discretion in relation to the payment of coupons and repayment of principal, the instrument is classified as equity and any coupon payments are classified as distributions in the period in which they are made. If the Bank purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid is included in net trading income, net of any costs or fees incurred.

### 1.13 Income taxes

#### Current income tax

Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise.

The Bank has determined that the global minimum top-up tax - which it is required to pay under Pillar 2 legislation - is an income tax within the scope of IAS 12. The Bank has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The consolidated financial statements for the Group contain the required disclosures, and the Bank has therefore availed of the exemption within FRS 101 from making further disclosures in this Annual Report.

#### Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax on items taken to other comprehensive income is also recognised in other comprehensive income and is subsequently reclassified to the income statement together with the deferred gain or loss. Income tax on items recognised directly in equity is recognised directly in equity except for the income tax consequences of dividends on a financial instrument classified as equity, which are recognised according to where the previous transactions or events that generated distributable profits were recognised.

### 1.14 Pensions

The Group operates various pension schemes, certain of which employees of the Bank are members: Bank of Ireland Retirement Savings Plan (also known as RetireWell) and Bank of Ireland Group Pensions Fund (BIGPF). RetireWell is a defined contribution scheme. The BIGPF is a hybrid scheme which includes elements of both defined benefit and defined contribution arrangements. Under IAS 19, the BIGPF is accounted for as a defined benefit scheme.

While the BIGPF Scheme is recognised as a defined benefit scheme, the Principal Employer recognises the net defined benefit cost of the plan as a whole and the Bank recognises a cost equal to its contributions payable for the year.

Further information on the Group's pension schemes is available in note 42 Retirement benefit obligations of the Group's Annual Report for the year ended 31 December 2025.



## 1 Accounting policies *(continued)*

### 1.15 Share capital and reserves

#### Dividends on ordinary shares

Final dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders on the recommendation of the Board of Directors, or approved by the Board of Directors, as appropriate. Interim dividends are recognised in equity in the period in which they are paid.

#### Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative changes in fair value, excluding any ineffectiveness, of cash flow hedging derivatives.

These are transferred to the income statement when hedged transactions impact the Bank's profit or loss.

#### Other equity instruments

Other equity instruments represent the issuance of Additional tier 1 notes by the Bank to its immediate parent, Bank of Ireland. See note 23, Other equity instruments - Additional Tier 1 for details.

### 1.16 Collateral

The Bank enters into master 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.

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

The Bank also receives collateral in the form of cash or securities in respect of other credit instruments, such as derivative contracts, in order to reduce credit risk.

Collateral received in the form of securities is not recorded on the balance sheet. Collateral received in the form of cash is recorded on the balance sheet, with a corresponding liability recognised within deposits from banks. Any interest payable arising is recorded as interest expense. In certain circumstances, the Bank pledges collateral in respect of liabilities or borrowings. Collateral pledged in the form of securities or loans and advances continues to be recorded on the balance sheet.

Collateral placed in the form of cash is recorded in loans and advances to banks or customers. Any interest receivable arising is recorded as interest income.

### 1.17 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless the probability of their occurrence is remote.

### 1.18 Securitisations

The Company has entered into a securitisation transaction in order to finance specific loans and advances to customers. All financial assets continue to be held on the Company's balance sheet and a liability recognised for the proceeds of the funding transaction, unless:

- the rights to the cash flows have expired or been transferred;
- substantially all the risks and rewards associated with the financial instruments have been transferred, in which case the assets are derecognised in full; or

- a significant portion, but not all, of the risks and rewards have been transferred. In this case the asset is derecognised entirely if the transferee has the ability to sell the financial asset. Otherwise, the asset continues to be recognised only to the extent of the Company's continuing involvement.

Where the above conditions apply to a fully proportionate share of all or specifically identified cash flows, the relevant accounting treatment is applied to that proportion of the asset.



## 2 Critical accounting estimates and judgements

In preparing the financial statements, the Bank makes estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in estimating the likelihood of future events, actual results could differ from those estimates, which could affect the future reported amounts of assets and liabilities. The estimates and judgements that have had the most significant effect on the amounts recognised in the Bank's financial statements are set out below.

### Impairment loss allowance on financial assets

The measurement of impairment loss allowance requires significant judgement and estimation and is dependent on complex impairment models.

In arriving at impairment loss allowances, accounting estimates which could change and have a material influence on the quantum of impairment loss allowance and net impairment charge within the next financial year include:

- generation of forward-looking macroeconomic scenarios and their probability weightings which are used in both the assessment of 'significant increase in credit risk' and in the measurement of impairment loss allowances;
- valuing property collateral; and
- the selection of appropriate methodologies and model factors for internal risk rating and impairment models.

Accounting judgements which could change and have a material influence on the quantum of impairment loss allowance and net impairment charge within the next financial year include determining if post-model management adjustments may be necessary to impairment model outputs to address impairment model / data limitations or late breaking events.

Other key accounting estimates, which are not expected to change and materially influence the quantum of impairment loss allowance and net impairment charge within the next financial year, include determining timeframes to realisation and likely net sale proceeds.

Other key accounting judgements which are not expected to change and materially influence the quantum of impairment loss allowance and net impairment charge within the next financial year, include:

- the Bank's criteria for assessing if there has been a significant increase in credit risk since initial recognition such that a loss allowance for lifetime rather than 12 month expected credit losses (ECL) is required;
- the approximation made at transition to IFRS 9 of the residual lifetime Probability of Default (PD) expectations for most exposures originated prior to adoption of IFRS 9; and
- selection of the most relevant macroeconomic variables for particular portfolios and determining associations between those variables and model components such as PD and loss given default (LGD).

The Bank's approach to measurement of impairment loss allowances and associated methodologies is set out in the credit risk methodologies section on pages 51 to 54.

### Changes in estimates

#### Forward-Looking Information

Forward-Looking Information (FLI) refers to probability weighted future macroeconomic scenarios approved semi-annually by the Group's Executive Risk Committee and used in the assessment of 'significant increase in credit risk' and in the measurement of impairment loss allowances under IFRS 9.

The Bank has used four FLI scenarios at 31 December 2025, comprising a central scenario, an upside scenario, and two downside scenarios, all extending over a five year forecast period, with reversion to long run averages for property for years beyond the forecast period. The Bank keeps under review the number of FLI scenarios.

The central scenario forecasts are based on expert judgement and draw on economic analysis and research published by external organisations (e.g. central banks, research institutes etc). This was changed for the 2025 FLI scenarios as previously an average of external forecasts was used to develop the central scenario. This enables the use of the latest macroeconomic data in developing the central scenario, and avoids including forecasts which are out of date and make already outdated assumptions on geopolitical and macroeconomic events. The alternative scenarios comprising one upside and two downside scenarios, are narrative-driven and have been constructed incorporating available reasonable and supportable information. This was the same approach as used in prior years.

The FLI methodology framework was leveraged to assign an initial set of probability weightings to the narrative-driven scenarios. The FLI methodology is a simulation tool that uses recent actual observed values and historical data to produce a number of possible paths for the relevant economic variables based on their historical relationships and volatilities. The FLI model is used for scenario generation for a defined probability weighting and for assessing probability weights for a given scenario.

The narrative-driven scenarios were assessed relative to the simulated distribution.

The probability weightings attached to the scenarios are a function of their relative position on the distribution, with a lower probability weighting attached to the scenarios that were assessed to be more distant from the centre of the distribution.

The final set of probability weightings used in ECL estimates are less weighted to the upside scenarios than at 31 December 2024, and reflect the application of management judgement to the initial modelled probability weightings, with increased weight assigned to the central scenarios, and an offsetting decrease in the modelled upside scenario weight.

External economic and market indicators and ongoing economic uncertainty at 31 December 2025 including the potential impact of escalating geopolitical risk and tariff policy uncertainty informed the application of this management judgement. The estimated ECL impact of this judgement was a c.€1 million (2024: c.€1 million) increase in reported impairment loss allowance.



## 2 Critical accounting estimates and judgements *(continued)*

The table below shows the mean average forecast values for the key macroeconomic variables under each scenario for the forecast period 2026 to 2030, together with the scenario weightings.

	2025				2024			
	Central scenario	Upside scenario	Downside		Central scenario	Upside scenario	Downside	
			Scenario 1	Scenario 2			Scenario 1	Scenario 2
<b>Scenario probability weighting</b>	<b>50%</b>	<b>20%</b>	<b>20%</b>	<b>10%</b>	<b>45%</b>	<b>25%</b>	<b>20%</b>	<b>10%</b>
Modified Domestic Demand - annual growth rate	2.2%	2.9%	1.5%	0.02%	2.8%	3.5%	2.0%	0.6%
Gross Domestic Product - annual growth rate	3.1%	3.7%	2.3%	0.8%	3.2%	3.9%	2.4%	1.1%
Gross National Product - annual growth rate	2.6%	3.2%	1.8%	0.3%	2.7%	3.4%	1.9%	0.6%
Unemployment - average yearly rate	4.8%	3.9%	7.3%	10.3%	4.5%	3.9%	6.8%	9.5%
Interest rate - year end rate	2.4%	3.4%	1.0%	1.2%	2.2%	2.7%	1.6%	3.5%
Residential property price growth - year end figures	2.6%	4.6%	(1.0%)	(3.1%)	2.8%	5.0%	(0.7%)	(3.0%)

The tables below sets out the forecast values for 2026 and 2027 and the average forecast values for the period 2028 to 2030 for the key macroeconomic variables which underpin the above mean average values for the period of 2026 to 2030.

	2026	2027	2028-2030
<b>Central scenario - 50% weighting</b>			
Modified Domestic Demand - annual growth rate	2.6%	2.4%	2.1%
Gross Domestic Product - annual growth rate	3.1%	3.2%	3.0%
Gross National Product - annual growth rate	2.6%	2.7%	2.5%
Unemployment - average yearly rate	4.8%	4.9%	4.7%
Interest rate - year end rate	2.0%	2.3%	2.6%
Residential property price growth - year end figures	3.5%	3.0%	2.2%
<b>Upside scenario - 20% weighting</b>			
Modified Domestic Demand - annual growth rate	3.6%	3.1%	2.6%
Gross Domestic Product - annual growth rate	4.1%	3.9%	3.5%
Gross National Product - annual growth rate	3.6%	3.4%	3.0%
Unemployment - average yearly rate	4.3%	4.0%	3.8%
Interest rate - year end rate	2.8%	3.3%	3.7%
Residential property price growth - year end figures	6.2%	5.7%	3.7%
<b>Downside scenario 1 - 20% weighting</b>			
Modified Domestic Demand - annual growth rate	1.0%	1.1%	1.7%
Gross Domestic Product - annual growth rate	1.6%	1.8%	2.7%
Gross National Product - annual growth rate	1.1%	1.3%	2.2%
Unemployment - average yearly rate	6.1%	7.4%	7.7%
Interest rate - year end rate	1.0%	1.0%	1.0%
Residential property price growth - year end figures	(5.5%)	(2.5%)	1.0%
<b>Downside scenario 2 - 10% weighting</b>			
Modified Domestic Demand - annual growth rate	(2.0%)	(1.8%)	1.3%
Gross Domestic Product - annual growth rate	(1.4%)	(1.1%)	2.2%
Gross National Product - annual growth rate	(1.9%)	(1.6%)	1.7%
Unemployment - average yearly rate	7.6%	10.3%	11.2%
Interest rate - year end rate	2.8%	1.3%	0.6%
Residential property price growth - year end figures	(10.0%)	(6.5%)	0.3%

## 2 Critical accounting estimates and judgements *(continued)*

The central, upside and downside scenarios are described below:

### Central scenario

In the central scenario Irish GDP growth is 10.7% in 2025 and 3.1% in 2026. Modified domestic demand expands by 3.4% and 2.6% respectively in 2025 and 2026. The GDP growth rate in 2025 reflects that the recent surge in exports reflects new pharmaceutical production facilities coming online, not only from running of US tariffs. Crucially, the majority of Irish goods exports to the United States remain exempt from tariffs. Following the White House's recent deal with Pfizer and Astra Zeneca it now looks less likely that tariffs will be imposed on pharmaceutical imports in the near future. Consumer spending has continued to grow robustly. Non-residential construction investment and government spending have also supported demand. Budget 2026 plans a sharp 8% rise in public spending to €118 billion next year, still likely to make a strong contribution to demand. For some time, Irish job creation has exceeded 3% per annum, sustained by high net inward migration and rising participation. However, bottlenecks and labour shortages are being felt. Hence, the central scenario is for employment growth to slow to 1.5% in 2026, the unemployment rate rising gradually to 4.8%. House prices are expected to rise by 6% in 2025 but then slow to 3.5% in 2026. This view reflects signs stretched affordability is weighing on house price inflation. MyHome asking prices fell by 0.4% in Q3 2025, up 5.7% on the year. So, the central scenario sees house price inflation moderating, closer to the pace of pay growth.

**Key features - Economy to remain resilient, unemployment rising marginally over next few years before easing back, moderate house and CRE price growth.**

### Upside scenario

The upside scenario is a plausible scenario, representing a more favourable outlook than the central scenario. Econometric modelling shows that such a scenario has been a relatively frequent event. A qualitative description of how such a scenario as the upside scenario might emerge is as follows: The impact of US tariffs on global growth proves to be less negative than feared, while geopolitical tensions ease globally. These developments provide a boost to consumer and business confidence. Exports are stronger than in the central scenario, as is investment, particularly foreign direct investment (FDI) and business investment. In addition, new technologies, including Artificial Intelligence (AI), boost productivity growth. Stronger growth pushes unemployment down and it remains low throughout the forecast horizon. Better labour market conditions lead to stronger house price inflation. Central banks increase policy interest rates to a greater degree than is assumed in the central scenario.

**Key features - Smaller tariff impact, AI productivity boost, low unemployment, higher house price inflation.**

### Downside scenario 1

Downside 1 is a plausible scenario. Econometric modelling shows that in the past the quantum of such a negative shock has been a relatively frequent event. A qualitative description of how such a scenario as downside 1 might emerge is as follows: Following several years of strong gains - particularly for technology stocks - equity markets experience a correction, with stock prices falling materially. This is accompanied by

stress in the global financial system more widely, with rising risk premia. These shocks lead to lower investment, particularly business investment related to new technologies such as AI, and dent global consumer and business confidence. In addition, US tariffs have a somewhat more negative impact on global trade than assumed in the central scenario. As a result of these shocks global growth slows. Growth in Ireland is subdued, while unemployment rises. Spare capacity in labour and product markets leads to lower inflation, allowing the ECB to reduce policy interest rates. With weak labour market conditions in Ireland, the housing market comes under pressure and house prices fall. Later in the forecast period the global economy rebounds - this along with supportive monetary policy leads to a pickup in growth while unemployment stabilises before starting to decline, and house prices begin to recover.

**Key features - Financial market stress, weak growth, rising unemployment, house price declines**

### Downside scenario 2

Downside 2 is a severe but plausible scenario. Econometric modelling shows that in the past the quantum of such a negative shock has been an infrequent, low probability event. A qualitative description of how such a scenario as downside 2 might emerge is as follows: After several years of strong gains, particularly for technology stocks, equity markets experience a prolonged correction and stock prices fall significantly. The risks associated with a rapidly deflating AI "bubble" crystallise and while the epicentre would likely be the US, the significant exposure of major pension funds to US technology stocks impacts retirement savings and the cost and availability of finance for households and businesses. Asset prices fall on forced selling with a rapid liquidation of related assets which cascades into a broader financial crisis across global markets, with sharply rising risk premia in multiple asset classes. Emerging losses and defaults in the non-bank or "shadow banking sector" compound the stresses across financial markets with some contagion to larger global banks. These shocks lead to much lower investment, particularly business investment related to new technologies such as AI, while negative wealth effects weigh on consumer spending. US tariffs also prove to have a much more negative impact on global trade than assumed in the central scenario. In addition, geopolitical tensions escalate further, including between the US and China, with negative implications for trade and supply chains, while energy prices rise. There is also a climate stress related rise in the price of carbon in Europe. These shocks lead to sharp declines in global consumer and business confidence and global growth slows sharply. The situation is compounded by a slowdown in pharma and tech sector FDI inflows to Ireland, with some production relocated back to the US. The Irish public finances come under pressure as corporation tax and other tax revenues fall, necessitating spending cuts and/or tax increases. In the near-term disruption to global trade and supply chains, and higher prices for carbon permits, pushes up inflation, leading central banks including the ECB to increase policy interest rates. The Irish economy enters deep recession and unemployment increases significantly, remaining high over the entire forecast period. Household finances are put under significant pressure, and this pushes house price inflation well into negative territory.



## 2 Critical accounting estimates and judgements *(continued)*

Eventually inflation falls back, and monetary policy is eased significantly globally – as a result confidence rebounds and growth recovers. Economic activity starts to expand again, picking up towards the end of the forecast horizon, and unemployment stabilises before beginning to decline. House prices also begin to recover, albeit gradually.

**Key features – Financial market stress from sharply deflating technology financial bubble, geopolitical tensions, climate stress, GDP/MDD declines, elevated unemployment, sharper house price declines.**

### Property price growth, all scenarios

In the central scenario, RoI experiences growth of 6.0% in 2025, as supply remains low and demand remains high. Growth will cool off over the rest of the forecast period, stabilising at 2% by 2029 and 2030.

In the upside scenario, RoI property price growth will gradually cool off over the forecast period, to reach below 3% growth by 2030.

In the downside 1 scenario, property prices will see a sharp reversal in growth, reaching a trough of -5.5% in 2026, before a quick recovery within two years to return to moderate growth by 2029-2030.

In the downside 2 scenario, property prices will see a deeper negative price growth than in downside 1, reaching a trough of -10% in 2026 before a slower recovery into moderate growth in 2029-30.

The quantum of impairment loss allowance is impacted by the application of four probability weighted future macroeconomic scenarios. The following table indicates the approximate extent to which the impairment loss allowance for loans and advances to customers at 31 December 2025, excluding post-model adjustments (PMAs) to impairment loss allowances, was increased by virtue of applying multiple scenarios rather than only a central scenario. This analysis excludes PMAs, as such post-model adjustments to impairment loss allowance are applied using management judgement outside of the macroeconomic conditioned ECL model framework (refer to the Management Judgement in Impairment Measurement section below).

Comparative figures as at 31 December 2024 are also outlined below (and in subsequent tables in this section). Changes in the figures as at 31 December 2025 compared to the previous reporting date reflect a number of interrelated dynamics including changes in forward-looking scenarios and associated probability weights; impairment model methodology updates since 31 December 2024; and the composition of the underlying portfolios at the respective reporting dates.

2025 Impact of applying multiple scenarios rather than only central scenario	Additional impairment loss allowance							
	Stage 1		Stage 2		Stage 3		Total	
	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %
Residential mortgages	3	31%	8	75%	2	5%	12	24%

2024 Impact of applying multiple scenarios rather than only central scenario	Additional impairment loss allowance							
	Stage 1		Stage 2		Stage 3		Total	
	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %
Residential mortgages	1	21%	8	80%	2	5%	11	22%



## 2 Critical accounting estimates and judgements *(continued)*

The following table indicates the approximate extent to which the impairment loss allowance, excluding post-model adjustments, would be higher or lower than reported were a 100% weighting applied to the central, upside and downside future macroeconomic scenarios respectively:

2025 Impact of applying only a central, upside or downside scenarios rather than multiple probability weighted scenarios	Multiple scenarios	Central scenario		Upside scenario		Downside scenario 1		Downside scenario 2	
	Impairment loss allowance €m	Impairment loss allowance €m	Impact %						
Residential mortgages	64	(12)	(24%)	(21)	(33%)	86	135%	210	327%

2024 Impact of applying only a central, upside or downside scenarios rather than multiple probability weighted scenarios	Multiple scenarios	Central scenario		Upside scenario		Downside scenario 1		Downside scenario 2	
	Impairment loss allowance €m	Impairment loss allowance €m	Impact %						
Residential mortgages	62	(11)	(22%)	(20)	(32%)	113	184%	213	346%

The following table indicates the approximate extent to which the impairment loss allowance, excluding post-model management adjustments, would be higher or lower than the application of a central scenario if there was an immediate change in residential property prices at the reporting date.

Although such changes would not be observed in isolation, as economic indicators tend to be correlated in a coherent scenario, this gives insight into the sensitivity of the Bank's impairment loss allowance to a once-off change in residential property values.

2025 Impact of an immediate change in residential property prices compared to central scenario impairment loss allowances	Impairment loss allowance - central scenario €m	Residential property price reduction of 10%		Residential property price reduction of 5%		Residential property price increase of 5%		Residential property price increase of 10%	
		Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %
Residential mortgages	52	1.1	2%	0.6	1%	(0.2)	(0.3%)	(0.5)	(1%)

2024 Impact of an immediate change in residential property prices compared to central scenario impairment loss allowances	Impairment loss allowance - central scenario €m	Residential property price reduction of 10%		Residential property price reduction of 5%		Residential property price increase of 5%		Residential property price increase of 10%	
		Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %	Impact €m	Impact %
Residential mortgages	51	0.9	2%	0.4	1%	(0.3)	(1%)	(0.6)	(1%)



## 2 Critical accounting estimates and judgements *(continued)*

The sensitivity of impairment loss allowances to stage allocation is such that, based on the respective impairment cover ratios, a transfer of 1% of Stage 1 balances at 31 December 2025 to Stage 2 would increase the Bank's impairment loss allowance by c.€5 million excluding post-model adjustments.

**Management judgement in impairment measurement**  
Management judgement has been incorporated into the Bank's impairment measurement process for the year end. The Bank's management overlay framework considers credit risks which may require in-model adjustments, post-model adjustments and/or significant increase in credit risk assessments.

### **Credit risk assessment for significant increase in credit risk**

As outlined on page 52 and 53 of note 26 Risk Management and Control, the Bank considers other reasonable and supportable information that would not otherwise be taken into account that would indicate that a significant increase in credit risk had occurred. In this regard, at 31 December 2025, the Bank has assessed the impact of elevated affordability risk including the possible lag effect of higher interest rates passing through on customers rolling off fixed rate contracts.

Accordingly, credit risk assessments have been implemented across the residential mortgage portfolio. Where appropriate, outputs have been utilised to identify significant increases in credit risk and the classification of assets in Stage 2. The credit risk assessments, which leveraged qualitative information not already captured in impairment models, resulted in a management decision to reclassify c.€0.3 billion of Stage 1 assets as Stage 2 at the reporting date (2024: c.€0.3 billion), with an associated €3 million (2024: €2 million) increase in impairment loss allowance.

**Management judgement in impairment model parameters**  
RoI GDP was removed as a secondary risk driver from PD macro-economic regression models in 2025 due to the inherent volatility and potential risk of restatement for this macroeconomic indicator.

### **Post-model adjustments**

To ensure that the measurement of impairment reflects 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 need for Post-model adjustments (PMAs) to the outputs of the Bank's staging and impairment measurement methodologies is considered at each reporting date in arriving at the final impairment loss allowance. Such a need may arise, for example, due to a model limitation or late breaking event.

At 31 December 2025, the Bank's stock of impairment loss allowance of €80 million (2024: €65 million) includes a €16 million total PMA (2024: €3 million). Details of the components of the PMA are outlined below.

### **Post-model management adjustment for NPEs**

The impairment loss allowance at 31 December 2025 includes a €13.5 million PMA (2024: €2.9 million) to reflect the Bank's updated assessment of resolution strategies for a specific cohort of long term NPEs in the residential mortgage portfolio. The quantum of the PMA was calculated for the identified cohort of NPEs following in-depth profiling and segmentation analysis. The full PMA is applied to credit-impaired assets.

### **Post-model management adjustment for Climate Risk**

The Bank has considered the impact of physical and transitional climate-related risks within the mortgage portfolio. The PMA was quantified through separate scenario analysis using the Bank's internal climate risk scenario analysis framework combined with external climate risk analysis.

Accordingly a €0.8 million (2024: €0.2 million) PMA has been recognised to reflect the estimated ECL impact of climate-related risk.

### **Post-model management adjustment for planned impairment model updates**

A €1.5 million PMA has been applied at 31 December 2025 to reflect the estimated impact of planned enhancements to impairment models in 2026 to address observations identified as part of the Bank's internal model validation process.

Planned model updates in 2026 include enhancements to the PD and LGD components of the impairment models. Accordingly, the Bank considered that it was appropriate to recognise the estimated impact of these planned enhancements at 31 December 2025. The requirement for this adjustment is expected to expire upon the implementation of impairment model updates in 2026.

### **Transfer pricing**

A transfer pricing agreement is in place between the Bank and its immediate parent, Bank of Ireland in relation to the use of the Bank's issuance of asset covered securities as a source of funding for Bank of Ireland. The agreement reflects the economic impact of the financial arrangement between both parties on an arm's length basis. Because the transactions between the parties are so closely related that they cannot be evaluated on a separate basis, a profit split method is used. This determines the appropriate profit allocation between Bank of Ireland and the Bank, using a contribution analysis approach where the total profits generated from the transactions under review are shared.

This calculation of the transfer price relies on allocating profits in proportion to the functions and economic risks borne by the parties involved in the transactions.

A review of transfer pricing arrangements between Bank of Ireland and the Bank was completed during the previous financial year. The transfer pricing agreement arising from this review attributes an arm's length profit before taxation to the Bank of €10 million (2024: €10 million).

### **Judgements**

Judgement has been exercised in relation to the funding arrangements and identification of relevant risk borne by Bank of Ireland, taking into consideration the assets provided to the Bank and additional risks undertaken by Bank of Ireland in facilitating the operations of the Bank.

### **Sources of estimation uncertainty**

The principal sources of estimation uncertainty are the split of activity of key management personnel and their teams between the two parties to manage and operate the Bank, and the level of savings generated by issuing asset covered securities rather than using other sources of funding.

## 2 Critical accounting estimates and judgements *(continued)*

A 1% move in the estimation of the split of key management personnel activity would have an impact of €0.2 million (2024: €0.2 million) on profit before tax, similarly a 1% move in the estimation of the level of savings generated by issuing asset covered securities would have an impact of €0.1 million (2024: €0.1 million) on profit before tax.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

### Judgements

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The

calculation includes all fees, points paid or received between parties to the contract and all other premiums or discounts that are an integral part of the effective interest rate.

### Sources of estimation uncertainty

- The expected life, expected cash flows and the appropriateness of how the cash flows are spread over the expected life;
- Economic factors such as unemployment levels, consumer confidence and economic and fiscal stability were considered;
- Mortgage market specific factors such as house price levels, switcher activity and consumer demand.

At 31 December 2025 there was an asset of €279 million included on the balance sheet in relation to effective interest rate adjustments (2024: €274 million). It is estimated that a one year move in the expected life would have an impact of €44 million (2024: €43 million) in the income statement. There has been no change to the average life assumption in 2025 or 2024.

## 3 Interest income

### Interest income recognised on loans and advances to customers

In 2025, €6.8 million of interest was recognised and €4.9 million of interest was received on credit-impaired loans and advances to customers (2024: €9.1 million recognised and €6.5 million received).

### Transferred from cash flow hedge reserve

Interest income also includes a credit of €4 million (2024: €33 million) transferred from the cash flow hedge reserve (note 10).

	2025 €m	2024 €m
Loans and advances to customers at amortised cost	616	549
Loans and advances to banks	32	64
<b>Interest income calculated using the effective interest method</b>	<b>648</b>	<b>613</b>
Interest on financial assets at FVTPL	6	7
Interest on non-trading derivatives	29	192
<b>Total interest income</b>	<b>683</b>	<b>812</b>
<i>of which:</i>		
Receivable from Bank of Ireland	58	223

## 4 Interest expense

	2025 €m	2024 €m
Deposits from banks	488	439
Debt securities in issue	36	70
Subordinated liabilities	2	1
<b>Interest expense from financial liabilities measured at amortised cost</b>	<b>526</b>	<b>510</b>
Non-trading derivatives (not in hedge accounting relationships)	28	192
<b>Interest expense</b>	<b>554</b>	<b>702</b>
<i>of which:</i>		
Payable to Bank of Ireland	546	687



## 5 Net trading income

	2025 €m	2024 €m
Fair value movements on other financial assets at FVTPL	2	2
Interest rate contracts	-	-
	<b>2</b>	<b>2</b>
<b>Fair value hedges</b>		
Fair value gain on liabilities in fair value hedge relationships	1	-
Fair value loss on derivative contracts in fair value hedge relationships	(1)	-
	-	-
<b>Net trading income</b>	<b>2</b>	<b>2</b>

Net income from other financial assets at FVTPL includes realised and unrealised gains and losses on Life Loans, but not interest income.

Interest rate contracts include fair value movements on derivative contracts that do not qualify for hedge accounting, including those that were originally in a fair value hedge relationship which no longer qualify for hedge accounting.

## 6 Auditor's remuneration (excluding Value Added Tax)

	2025 €'000	2024 €'000
<b>Audit and assurance services</b>		
Statutory audit	168	168
Assurance services	44	54
<b>Total auditor's remuneration</b>	<b>212</b>	<b>222</b>

Disclosure of auditor's fees is made in accordance with Section 322 of the Companies Act, 2014 which mandates the disclosure of fees in particular categories and that fees paid to KPMG, the Bank's auditor, for services provided to the Bank be disclosed in this format.

## 7 Operating expenses

	2025 €m	2024 €m
Transfer pricing agreement charge	69	68
Other operating expenses	40	38
<b>Total operating expenses</b>	<b>109</b>	<b>106</b>

The transfer pricing charge in respect of credit management, central function costs, risks borne by and assets provided by Bank of Ireland in facilitating the operations of the Bank amounted to €69 million in the year (2024: €68 million) and attributes an arm's length profit to the Bank of €10 million for the year (2024: €10 million).



## 7 Operating expenses *(continued)*

	2025 €'000	2024 €'000
<b>Staff costs</b>		
Wages and salaries	326	285
Social security costs	38	33
Pension costs	48	50
<b>Total staff costs</b>	<b>412</b>	<b>368</b>
<b>Average number of employees</b>	<b>3</b>	<b>3</b>

## 8 Net impairment (losses) / gains on financial instruments

The Bank's net impairment (losses) / gains on loans and advances to customers at amortised cost are set out below.

The net impairment loss of €15 million (2024: net impairment gain of €2 million) reflects a combination of:

- the application of an increased quantum of post-model adjustments applied at 31 December 2025 (€12 million net loss);
- a €2 million net loss associated with portfolio activity reflecting updated credit risk assessments, recoveries and case specific loss emergence; and
- a €1 million loss associated with impairment methodology and model updates including the updated macroeconomic outlook.

	2025 €m	2024 €m
Loans and advances to customers at amortised cost	(15)	2
<i>Movement in impairment loss allowances (note 13)</i>	(15)	1
<i>Cash recoveries</i>	-	1
<b>Net impairment (losses) / gains on financial instruments</b>	<b>(15)</b>	<b>2</b>

## 9 Taxation

	2025 €m	2024 €m
<b>Current tax</b>		
Current year	1	1
<b>Taxation charge</b>	<b>1</b>	<b>1</b>

	2025 €m	2024 €m
<b>Reconciliation of tax on the profit before taxation at the standard Irish corporation tax rate to actual tax charge</b>		
Profit before taxation	10	10
Profit @12.5%	1	1
<b>Taxation charge</b>	<b>1</b>	<b>1</b>



## 9 Taxation (continued)

	2025			2024		
	Pre-tax €m	Tax €m	Net of Tax €m	Pre-tax €m	Tax €m	Net of Tax €m
<b>Cash flow hedge reserve</b>						
Changes in fair value	(8)	1	(7)	1	-	1
Transfer to income statement	4	(1)	3	33	(4)	29
<b>Net change in cash flow hedge reserve</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>	<b>34</b>	<b>(4)</b>	<b>30</b>

## 10 Derivative financial instruments

The Bank's objectives and policies on managing the risks that arise in connection with derivatives, including the policies for hedging, are included in note 26, Risk management and control. The notional amounts of certain types of derivatives do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit risk. The derivative instruments give rise to assets or liabilities as a result of fluctuations in market rates or prices relative to their terms.

The notional amounts and fair values of derivative instruments held by the Bank are set out in the table below.

Derivatives held for trading comprise derivatives entered into with economic hedging intent to which the Bank does not apply hedge accounting. Derivatives classified as held for hedging in the table below comprise only those derivatives to which the Bank applies hedge accounting.

The Bank uses netting arrangements and collateral agreements to reduce its exposure to credit losses.

All of the derivative assets €5 million (2024: €20 million) are available for offset against derivative liabilities under master netting arrangements. These transactions do not meet the criteria under IAS 32 to enable the assets to be presented net of the liabilities.

At 31 December 2025, cash collateral of €135 million (2024: €161 million) was held against these assets and is reported within note 17, Deposits from banks.

There are no placements with other banks in respect of the derivative liability position of €34 million (2024: €42 million).

For further information on hedging risk management, see note 26, Risk management and control. The Bank designates certain derivatives as hedging instruments in either fair value or cash flow hedge relationships. The following table sets out the interest rate swaps held by the Bank, including those held as hedging instruments.

	2025			2024		
	Contract notional amounts €m	Fair values		Contract notional amounts €m	Fair values	
		Assets €m	Liabilities €m		Assets €m	Liabilities €m
<b>Interest rate swaps</b>						
Held for trading	20,951	2	3	23,728	16	17
Designated as fair value hedges	40	3	-	40	4	-
Designated as cash flow hedges	185	-	31	945	-	25
<b>Total derivative assets / (liabilities)</b>		<b>5</b>	<b>34</b>		<b>20</b>	<b>42</b>

The contract notional swap amounts shown as held for trading above represent the gross value of covered securitisation swaps held by the Bank for regulatory purposes. The market positions of these swaps completely offset each other, and do not give rise to income statement volatility.



## 10 Derivative financial instruments *(continued)*

The timing of the nominal amounts of hedging instruments (excluding those subject to a dynamic macro-hedging process) and the applicable average rates were as follows:

Hedging strategy	2025				2024			
	Up to 1 year €m	1-2 years €m	2-5 years €m	> 5 years €m	Up to 1 year €m	1-2 years €m	2-5 years €m	> 5 years €m
<b>Fair value hedge</b>								
<i>Interest rate risk</i>								
Interest rate swap - notional amount	-	-	40	-	-	-	40	-
Average fixed interest rate	-	-	3.4%	-	-	-	5.5%	-
<b>Cash flow hedge</b>								
<i>Interest rate risk</i>								
Interest rate swap - notional amount	-	-	-	185	760	-	-	185
Average fixed interest rate	-	-	-	1.4%	0.6%	-	-	1%

### Fair value hedges

Certain interest rate derivatives are designated as hedging instruments. These are primarily used to reduce the interest rate exposure on the Bank's issued debt portfolios. The amounts relating to items designated as hedging instruments and hedge ineffectiveness for the year are shown in the tables below.

All hedging instruments are included within derivative financial instruments on the balance sheet and ineffectiveness is included within net trading income on the income statement. There are no material causes of ineffectiveness in the Bank's fair value hedges.

2025 Items designated as hedging instruments and hedge ineffectiveness		Nominal amount of the hedging instrument €m	Carrying amount of the hedging instrument		Changes in value used to calculate hedge ineffectiveness €m	Ineffectiveness recognised in profit or loss €m
Risk category	Hedging instrument		Assets €m	Liabilities €m		
Interest rate risk	Interest rate swaps	40	3	-	1	-

2024 Items designated as hedging instruments and hedge ineffectiveness		Nominal amount of the hedging instrument €m	Carrying amount of the hedging instrument		Changes in value used to calculate hedge ineffectiveness €m	Ineffectiveness recognised in profit or loss €m
Risk category	Hedging instrument		Assets €m	Liabilities €m		
Interest rate risk	Interest rate swaps	40	4	-	-	-

2025 Line item on the balance sheet in which the hedged item is included	Carrying amount of the hedged item	Accumulated amount of fair value adjustments on the hedged item included in the carrying amount of the hedged item	Changes in value used for calculating hedge ineffectiveness €m	Remaining adjustments for discontinued hedges €m
<b>Interest rate risk</b>				
Debt securities in issue	43	(2)	(1)	-



## 10 Derivative financial instruments *(continued)*

2024 Line item on the balance sheet in which the hedged item is included	Carrying amount of the hedged item	Accumulated amount of fair value adjustments on the hedged item included in the carrying amount of the hedged item	Changes in value used for calculating hedge ineffectiveness €m	Remaining adjustments for discontinued hedges €m
<b>Interest rate risk</b>				
Debt securities in issue	44	(3)	-	-

### Cash flow hedges

The Bank designates certain interest rate derivatives in cash flow hedge relationships in order to hedge the exposure to variability in future cash flows arising from floating-rate assets. The amounts relating to items designated as hedging instruments and hedge ineffectiveness are shown in the following tables.

All hedging instruments are included within derivative financial instruments on the balance sheet and ineffectiveness is included within net trading income on the income statement. There are no material causes of ineffectiveness in the Bank's cash flow hedges.

2025 Risk category and hedging instrument	Nominal amount of the hedging instrument €m	Carrying amount of the hedging instrument		Changes in value used for calculating hedge ineffectiveness €m	Changes in the value of the hedging instrument recognised in other comprehensive income €m	Ineffectiveness recognised in profit or (loss) €m	Amount reclassified from the cash flow hedge reserve to profit or loss €m
		Assets €m	Liabilities €m				
Interest rate risk	185	-	(31)	5	(5)	-	4

2024 Risk category and hedging instrument	Nominal amount of the hedging instrument €m	Carrying amount of the hedging instrument		Changes in value used for calculating hedge ineffectiveness €m	Changes in the value of the hedging instrument recognised in other comprehensive income €m	Ineffectiveness recognised in profit or (loss) €m	Amount reclassified from the cash flow hedge reserve to profit or loss €m
		Assets €m	Liabilities €m				
Interest rate risk	945	-	(25)	(34)	34	-	33

The amounts relating to items designated as hedged items were as follows:

Risk category	2025			2024		
	Changes in the hedged risk used for calculating hedge ineffectiveness €m	Cash flow hedge reserve €m	Remaining adjustments for discontinued hedges €m	Changes in the hedged risk used for calculating hedge ineffectiveness €m	Cash flow hedge reserve €m	Remaining adjustments for discontinued hedges €m
Interest rate risk	(5)	33	-	34	28	(1)

In 2025 and 2024, there were no forecast transactions to which the Bank had applied hedge accounting which were no longer expected to occur. Movements in the cash flow hedge reserve are shown in the statement of changes in equity (page 17). A reconciliation of the movements in the cash flow hedge reserve is shown in the following table:



## 10 Derivative financial instruments *(continued)*

	2025 €m	2024 €m
<b>Changes in fair value</b>		
Interest rate risk	(8)	1
<b>Transfer to income statement</b>		
<i>Interest income</i>		
Interest rate risk	4	33
Deferred tax on reserve movements	-	(4)
<b>Net change in cash flow hedge reserve</b>	<b>(4)</b>	<b>30</b>

## 11 Other financial assets at fair value through profit or loss

Other financial assets at fair value through profit or loss represent the Life Loan mortgage product, which was offered by the Bank until November 2010.

On Life Loans, unlike a standard mortgage product, borrowers do not make any periodic repayments and the outstanding loan balance increases through the life of the loan as interest due is capitalised. The mortgage is typically repaid out of the proceeds of the sale of the property.

The cash flows of the Life Loans are not considered to consist solely of payments of principal and interest, and as such are classified as FVTPL.

Other financial assets at FVTPL are not subject to impairment under IFRS 9. For further information on the calculation of fair value, see note 27, Fair values of financial assets and financial liabilities.

	2025 €m	2024 €m
<b>Other financial assets at fair value through profit or loss</b>		
Life loans	166	185

## 12 Loans and advances to banks

	2025 €m	2024 €m
Funds placed with Bank of Ireland	874	1,419
Less impairment loss allowance on loans and advances to banks	-	-
<b>Total loans and advances to banks at amortised cost</b>	<b>874</b>	<b>1,419</b>
<b>Loans and advances to banks by remaining maturity</b>		
Repayable on demand	44	43
3 months or less	313	780
1 year or less but over 3 months	-	313
5 years or less but over 1 year	137	82
Over 5 years	380	201
Less impairment loss allowance	-	-
<b>Total loans and advances to banks at amortised cost</b>	<b>874</b>	<b>1,419</b>

For the purpose of disclosure of credit risk exposures, loans and advances to banks are included within financial assets at amortised cost in note 26, Risk management and control on page 55.



## 12 Loans and advances to banks *(continued)*

	2025		2024	
	Gross carrying amount €m	Impairment loss allowance €m	Gross carrying amount €m	Impairment loss allowance €m
<b>Movement in loans and advances to banks</b>				
Opening balance	1,419	-	1,670	-
Net changes in exposure	(545)	-	(251)	-
<b>Closing balance</b>	<b>874</b>	<b>-</b>	<b>1,419</b>	<b>-</b>

The table shows the movement in both the gross carrying amount and impairment loss allowance subject to 12 month expected credit losses on loans and advances to banks. All balances are receivable from Group entities and are deemed, due to low credit risk, to be Stage 1 for the purposes of ECL measurement. See note 26 for more detail on risk management and control.

## 13 Loans and advances to customers at amortised cost

The Bank's exposure to credit risk on loans and advances to customers is from its mortgage lending activities on residential property in the Republic of Ireland.

	2025 €m	2024 €m
Loans and advances to customers at amortised cost	20,319	18,830
Accrued interest receivable	25	21
Less impairment loss allowance on loans and advances to customers at amortised cost	(80)	(65)
<b>Total loans and advances to customers at amortised cost</b>	<b>20,264</b>	<b>18,786</b>
<b>Loans and advances to customers at amortised cost by remaining maturity</b>		
3 months or less	246	202
1 year or less but over 3 months	642	602
5 years or less but over 1 year	3,507	3,297
Over 5 years	15,949	14,750
Less impairment loss allowance on loans and advances to customers at amortised cost	(80)	(65)
	<b>20,264</b>	<b>18,786</b>

The following tables show the changes in gross carrying amount and impairment loss allowances of loans and advances to customers at amortised cost for the year ended 31 December 2025.

Transfers between stages represent the migration of loans from Stage 1 to Stage 2 following a 'significant increase in credit risk' or to Stage 3 as loans enter defaulted status. Conversely, improvement in credit quality and loans exiting default result in loans migrating in the opposite direction. The approach taken to identify a 'significant increase in credit risk' and identifying defaulted and credit-impaired assets is outlined in note 26, Risk management and control and note 1, Accounting policies.

Transfers between each stage reflect the balances and impairment loss allowances prior to transfer. The impact of re-measurement of impairment loss allowance on stage transfer is reported within 're-measurement' in the new stage that a

loan has transferred into. For those tables based on an aggregation of the months' transfers between stages, transfers may include loans which have subsequently transferred back to their original stage or migrated further to another stage.

'Net changes in exposure' comprise the movements in the gross carrying amount and impairment loss allowance as a result of new loans originated and repayments of outstanding balances throughout the reporting period.

'Net impairment (losses) / gains in income statement' does not include the impact of cash recoveries which are recognised directly in the income statement (note 8).

'Re-measurement' includes the impact of re-measurement on stage transfers noted above, other than those directly related to the update of FLI and / or other model and parameter updates, changes in post-model adjustments and re-measurement due to changes in asset quality that did not result in a transfer to another stage.



## 13 Loans and advances to customers at amortised cost *(continued)*

'ECL model parameter and/or methodology changes' represents the impact on impairment loss allowances of semi-annual updates to the FLI, and other model and parameter updates used in the measurement of impairment loss allowances, including the impact of stage migrations where the migration is directly related to the update of FLI and / or other model and parameter updates.

'Impairment loss allowances utilised' represents the reduction in the gross carrying amount and associated impairment loss allowance on loans where the Bank has no reasonable

expectations of recovering a financial asset in its entirety or a portion thereof. The utilisation of an allowance does not, of itself, alter a customer's obligations nor does it impact on the Bank's rights to take relevant enforcement action.

### Securitisations

Loans and advances to customers include residential mortgages that have been securitised but not derecognised. See note 30, Transferred financial assets for further details.

2025 Gross carrying amount (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Total gross carrying amount €m
<b>Opening balance 1 January 2025</b>	<b>17,781</b>	<b>859</b>	<b>190</b>	<b>18,830</b>
Total net transfers	(4)	-	4	-
<i>To 12 month ECL (not credit-impaired)</i>	1,069	(1,069)	-	-
<i>To lifetime ECL (not credit-impaired)</i>	(1,070)	1,112	(42)	-
<i>To lifetime ECL (credit-impaired)</i>	(3)	(43)	46	-
Net changes in exposure	1,612	(106)	(20)	1,486
Impairment loss allowances utilised	-	-	(2)	(2)
Other movements	5	-	-	5
<b>Gross carrying amount at 31 December 2025</b>	<b>19,394</b>	<b>753</b>	<b>172</b>	<b>20,319</b>

Total gross loans and advances to customers (excluding accrued interest) increased during the period by €1.5 billion from €18.8 billion at 31 December 2024 to €20.3 billion at 31 December 2025.

The Bank had no POCI loans in 2025. Stage 1 loans have increased by €1.6 billion primarily reflecting net new lending.

Stage 2 loans have decreased by €0.1 billion, primarily due to repayments.

Impairment loss allowances utilised on loans and advances to customers at amortised cost during 2025 includes €0.4 million of contractual amounts outstanding that are still subject to enforcement activity.

2025 Impairment loss allowance	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Total impairment loss allowance €m
<b>Opening balance 1 January 2025</b>	<b>(10)</b>	<b>(18)</b>	<b>(37)</b>	<b>(65)</b>
Total net transfers	(17)	15	2	-
<i>To 12 month ECL (not credit-impaired)</i>	(18)	18	-	-
<i>To lifetime ECL (not credit-impaired)</i>	1	(6)	5	-
<i>To lifetime ECL (credit-impaired)</i>	-	3	(3)	-
Net impairment gains/(losses) in income statement	12	(15)	(12)	(15)
<i>Re-measurement</i>	15	(18)	(14)	(17)
<i>Net changes in exposure</i>	-	2	2	4
<i>ECL model parameter and / or methodology changes</i>	(3)	1	-	(2)
Impairment loss allowances utilised	-	-	2	2
Measurement reclassification and other movements	-	-	(2)	(2)
<b>Impairment loss allowance at 31 December 2025</b>	<b>(15)</b>	<b>(18)</b>	<b>(47)</b>	<b>(80)</b>



## 13 Loans and advances to customers at amortised cost *(continued)*

2024	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Total gross carrying amount €m
<b>Gross carrying amount (before impairment loss allowance)</b>				
<b>Opening balance 1 January 2024</b>	<b>15,712</b>	<b>1,616</b>	<b>195</b>	<b>17,523</b>
Total net transfers	590	(638)	48	-
<i>To 12 month ECL (not credit-impaired)</i>	1,540	(1,540)	-	-
<i>To lifetime ECL (not credit-impaired)</i>	(942)	974	(32)	-
<i>To lifetime ECL (credit-impaired)</i>	(8)	(72)	80	-
Net changes in exposure	1,471	(119)	(33)	1,319
Impairment loss allowances utilised	-	-	(20)	(20)
Other movements	8	-	-	8
<b>Gross carrying amount at 31 December 2024</b>	<b>17,781</b>	<b>859</b>	<b>190</b>	<b>18,830</b>

Total gross loans and advances to customers (excluding accrued interest) increased during the year ended 31 December 2024 by €1.3 billion from €17.5 billion at 31 December 2023 to €18.8 billion at 31 December 2024.

During 2024, the Bank completed one transaction whereby it derecognised €15 million of loans and advances to customers (after impairment loss allowance). The portfolio derecognised had a gross carrying value of €32 million (before impairment loss allowance).

The Bank recognised an impairment loss of €2 million relating to the disposal of these loans which was reported through net impairment losses on financial instruments.

The Bank had no POCI loans in 2024. Stage 1 loans increased by €2.1 billion primarily reflecting net new lending together with the impact of transfers from other risk stages.

Net transfers from other risk stages (primarily Stage 2) reflected updated methodology used in credit risk assessments, application of updated FLI and other portfolio activity.

Stage 2 loans decreased by €0.8 billion, primarily due to net transfers to other risk stages.

Impairment loss allowances utilised on loans and advances to customers at amortised cost during 2024 includes €0.1 million of contractual amounts outstanding that are still subject to enforcement activity.

2024	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Total gross carrying amount €m
<b>Impairment loss allowance</b>				
<b>Opening balance 1 January 2024</b>	<b>(10)</b>	<b>(21)</b>	<b>(51)</b>	<b>(82)</b>
Total net transfers	(16)	16	-	-
<i>To 12 month ECL (not credit-impaired)</i>	(18)	18	-	-
<i>To lifetime ECL (not credit-impaired)</i>	2	(6)	4	-
<i>To lifetime ECL (credit-impaired)</i>	-	4	(4)	-
Net impairment (losses)/gains in income statement	16	(13)	(2)	1
<i>Re-measurement</i>	16	(14)	(12)	(10)
<i>Net changes in exposure</i>	-	1	4	5
<i>ECL model parameter changes</i>	-	-	6	6
Impairment loss allowances utilised	-	-	20	20
Measurement reclassification and other movements	-	-	(4)	(4)
<b>Impairment loss allowance at 31 December 2024</b>	<b>(10)</b>	<b>(18)</b>	<b>(37)</b>	<b>(65)</b>



## 13 Loans and advances to customers at amortised cost *(continued)*

The Bank takes collateral as a secondary source, which can be called upon if the borrower is unable or unwilling to service and repay debt as originally assessed. The following table sets out the weighted average indexed Loan to Value (LTV) for the mortgage loan book.

Property values are determined by reference to the latest property valuations held, indexed to the Residential Property

Price Index (RPPI) published by the Central Statistics Office (CSO). The indexed LTV profile of the mortgage loan book in the table is based on the CSO RPPI at October 2025. Weighted average LTVs are calculated at a property level and reflect the average property value in proportion to the outstanding mortgage.

LTV ratio of total Mortgage loan book	2025			2024		
	Not credit-impaired €m	Credit-impaired €m	Total €m	Not credit-impaired €m	Credit-impaired €m	Total €m
Less than 50%	9,084	92	9,176	8,300	98	8,398
51% to 70%	6,117	41	6,158	5,901	48	5,949
71% to 80%	2,773	12	2,785	2,660	12	2,672
81% to 90%	2,003	5	2,008	1,624	7	1,631
91% to 100%	160	4	164	143	6	149
<b>Subtotal</b>	<b>20,137</b>	<b>154</b>	<b>20,291</b>	<b>18,628</b>	<b>171</b>	<b>18,799</b>
101% to 120%	3	5	8	6	3	9
121% to 150%	5	7	12	5	8	13
Greater than 150%	2	6	8	1	8	9
<b>Subtotal</b>	<b>10</b>	<b>18</b>	<b>28</b>	<b>12</b>	<b>19</b>	<b>31</b>
<b>Total</b>	<b>20,147</b>	<b>172</b>	<b>20,319</b>	<b>18,640</b>	<b>190</b>	<b>18,830</b>
<b>Weighted average LTV:</b>						
Stock of mortgages at year end (%)			52%			52%
New mortgages during the year (%)			74%			73%

## 14 Modified financial assets

The following table provides analysis of financial assets for which the contractual cash flows have been modified while they had an impairment loss allowance measured at an amount equal to lifetime expected credit loss, and where the modification did not result in derecognition.

	2025 €m	2024 €m
<b>Financial assets modified during the year</b>		
Amortised cost before modification	43	53
Net modification gains (i.e. net of impairment gains impact)	-	-
<b>Financial assets modified since initial recognition</b>		
Gross carrying amount of financial assets for which impairment loss allowance has changed from lifetime to 12 month expected credit losses during the year	509	1,107

## 15 Deferred tax

The Bank is within the scope of the Organisation for Economic Co-operation and Development 15% minimum effective tax rate Model Rules (Pillar 2).

The Bank has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The consolidated financial statements for the Group contain the required disclosures, and the Bank has therefore availed of the exemption within FRS 101 from making further disclosures in this Annual Report.

	2025 €m	2024 €m
<b>The movement on the deferred tax account is as follows:</b>		
Opening deferred tax asset	4	8
Cash flow hedges	-	(4)
<b>Closing deferred tax asset</b>	<b>4</b>	<b>4</b>
<b>Deferred tax assets are attributable to the following items:</b>		
<b>Deferred tax asset</b>		
Cash flow hedges	4	4
<b>Closing deferred tax asset</b>	<b>4</b>	<b>4</b>
Represented on the balance sheet as follows:		
<b>Deferred tax asset</b>	<b>4</b>	<b>4</b>

## 16 Other assets

	2025 €m	2024 €m
<b>Other assets</b>	<b>181</b>	<b>109</b>
<b>Other assets are analysed as follows:</b>		
Within 1 year	54	26
After 1 year	127	83
	<b>181</b>	<b>109</b>

As part of the mortgage securitisation (see note 30, Transferred financial assets), the Bank has transferred the beneficial interest of the mortgages to Bank of Ireland. At 31 December 2025, amounts owed from Bank of Ireland on the principal on this mortgage portfolio amounted to € 127 million (2024: €83 million).

## 17 Deposits from banks

	2025 €m	2024 €m
<b>Deposits from banks</b>	<b>18,736</b>	<b>16,692</b>
<b>Deposits by remaining maturity</b>		
3 months or less	3,675	2,819
1 year or less but over 3 months	2,892	2,700
5 years or less but over 1 year	11,625	10,398
Greater than 5 years	544	775
<b>Total</b>	<b>18,736</b>	<b>16,692</b>
<i>of which:</i>		
Due to Bank of Ireland	<b>18,736</b>	<b>16,692</b>



## 18 Debt securities in issue

	2025 €m	2024 €m
<b>Debt securities in issue</b>	<b>1,055</b>	<b>2,144</b>
<b>Bonds and medium term notes by remaining maturity</b>		
3 months or less	455	761
1 year or less but over 3 months	5	513
5 years or less but over 1 year	42	493
Greater than 5 years	553	377
	<b>1,055</b>	<b>2,144</b>
<i>of which:</i>		
Due to Bank of Ireland	<b>631</b>	<b>956</b>

	2025 €m	2024 €m
<b>Balance at beginning of the year</b>	<b>2,144</b>	<b>3,471</b>
Redemptions	(1,260)	(1,319)
Issuances	175	-
Other movements	(4)	(8)
<b>Balance at end of the year</b>	<b>1,055</b>	<b>2,144</b>

At 31 December 2025 the total nominal value of mortgage covered securities in issue was €0.9 billion (2024: €2.1 billion). On 29 May 2025, the Bank issued a €175 million 7 year (callable at the end of year 6) senior debt instrument. The bond carried a coupon of 3.90%.

### Asset Covered Securities

The Bank, as a registered designated mortgage credit institution under the Asset Covered Securities Act, 2001, established its mortgage covered securities programme (the 'Programme') in 2004. Pursuant to the Programme, the Bank may from time to time issue mortgage covered securities denominated in any currency in accordance with the provisions of the Asset Covered Securities (ACS) Acts. ACS issued by the Bank may be listed on the Main Securities Market or the Global Exchange Market of the Irish Stock Exchange plc trading as Euronext Dublin. ACS is secured by a statutory preference over a pool of prescribed assets known as a cover assets pool (the 'Pool'). The ACS Acts restrict and regulate the activities in which ACS issuers may engage. The Programme's most recent annual update was completed on 17 December 2025.

In accordance with the ACS Acts the required disclosures are set out in note 18(a) - 18(h) below.

In August 2023, the European Union (Covered Bonds) Regulations 2023 amended the ACS Act of 2001 by introducing a new requirement under Section 26B for the Bank to obtain permission from the CBI to operate the Programme. This permission was granted on 24 June 2024.

### Mortgage-Backed Euro Promissory Notes

The Bank executed on 13 December 2021 a Deed of Amendment to the Framework Agreement with the CBI dated 28 February 2012 under which the Bank may issue special mortgage-backed euro promissory notes (SMBPN) to the CBI. The Bank's obligations under the SMBPN are secured by way of a first floating charge over all the Bank's right, title, interest and benefit, present and future, in and to certain mortgages and related loans forming part of a mortgage pool and the benefit of all related security.

A deed of floating charge entered into by the Bank at the time contains a provision whereby during the subsistence of the security constituted by such deed of charge, otherwise than with the prior written consent of the CBI, the Bank shall:

- not create or attempt to create or permit to arise or subsist any encumbrance on or over the property charged under such deed of charge or any part thereof; or
- not, otherwise than in the ordinary course of business, sell, transfer, lend or otherwise dispose of the property charged under such deed of charge or any part thereof, or redeem, agree to redeem or accept repayment in whole or in part of any loan, or attempt or agree to do so, whether by means of one or a number of transactions related or not and whether at one time or over a period of time.

The Bank and Bank of Ireland executed on 25 May 2021 a Framework Agreement with the CBI under which Bank of Ireland may issue SMBPN to the CBI. Bank of Ireland's obligations under the SMBPN are secured by way of a first floating charge over all the Bank's and Bank of Ireland's respective right, title, interest and benefit in and to certain mortgages and related loans forming part of a mortgage pool and the benefit of all related security. Both the Bank and Bank of Ireland entered into the Framework Agreement and a deed of floating charge as the Bank in respect of certain of the mortgages and related security is the holder of the legal right, title, interest and benefit therein and thereto and Bank of Ireland is the holder of the beneficial right, title, interest and benefit therein and thereto.

The deed of charge contains a provision whereby, during the subsistence of the security constituted by such deed of charge and in respect of the aforementioned mortgages and related security, otherwise than with the prior written consent of the CBI, the Bank and Bank of Ireland shall:

- not create or attempt to create or permit to arise or subsist any encumbrance on or over the property charged under such deed of charge or any part thereof, which includes the property of which Bank of Ireland is the beneficial owner and the Bank is the legal owner; or
- not, otherwise than in the ordinary course of business, sell, transfer, lend or otherwise dispose of the property charged under such deed of charge or any part thereof which includes the property of which Bank of Ireland is the beneficial owner and the Bank is the legal owner or redeem, agree to redeem or accept repayment in whole or in part of any loan or attempt or agree to do so whether by means of one or a number of transactions related or not and whether at one time or over a period of time.



## 18 Debt securities in issue *(continued)*

On 29 November 2024, the Governing Council of the ECB issued a press release announcing changes to the collateral framework, including gradually phasing out certain temporary collateral easing measures.

From the temporary collateral framework, the eligibility of private individuals and pools of credit claims backed by real estate assets as eligible debtor and asset types for additional credit claims will be discontinued. Therefore, the acceptance of

pools of residential mortgages as eligible collateral under the above Framework Agreements with the CBI in respect of SMBPN will no longer be permitted. The change will enter into force with the next regular update of the applicable legal framework. The Bank continues to have an option to participate in the ECB short term Main Refinancing Operations (MRO). The Bank did not access MRO for funding purposes at any time during 2025 or 2024.

### a. Mortgage accounts and principal outstanding in the cover assets pool

Range €'000	2025		2024	
	Number of accounts	Total balances of accounts €m	Number of accounts	Total balances of accounts €m
0-100	29,039	1,422	31,590	1,493
100-200	24,268	3,527	25,889	3,778
200-500	16,557	4,644	18,866	5,331
Over 500	946	633	1,151	775
	<b>70,810</b>	<b>10,226</b>	<b>77,496</b>	<b>11,377</b>

There could be one or more accounts per mortgaged property giving rise to different figures for the number of accounts and the number of properties in the Pool at any point in time. There were 65,496 properties in the Pool at 31 December 2025 (2024: 71,361). The total balance of accounts represents the cumulative amount outstanding on all the mortgage accounts in the Pool at 31 December 2025 and 2024 respectively.

### b. Geographic location of mortgage properties in the cover assets pool

	2025		2024	
	Dublin	Outside Dublin	Dublin	Outside Dublin
% of overall properties	28%	72%	28%	72%
Number of accounts	19,872	50,938	21,852	55,644
Number of properties	18,377	47,119	20,118	51,243

The number of accounts represents the cumulative number of mortgage accounts held in the Pool at 31 December 2025 and 31 December 2024 respectively. There could be one or more accounts per mortgaged property giving rise to different figures for the number of accounts and the number of properties in the Pool at 31 December 2025 and 31 December 2024.



## 18 Debt securities in issue *(continued)*

### c. Mortgage accounts in default in the cover assets pool at year end

	2025	2024
Number of accounts in default	8	41
Cumulative current balance on above accounts (€'000)	1,009	5,933
<i>of which:</i>		
Arrears represent (€'000)	28	154

For the purposes of this disclosure, mortgage accounts in default are mortgage accounts that are three months or more in arrears, in line with ACS legislation.

### d. Mortgage accounts in default in the cover assets pool with arrears of more than €1,000

	2025	2024
Number of accounts in the Pool during the year which were three months or more in arrears with an arrears balance greater than €1,000	140	157
Number of accounts in the Pool at 31 December previously three months or more in arrears with an arrears balance greater than €1,000	28	48

### e. Replacement of non-performing assets in the cover assets pool

For the purpose of this disclosure, the term 'non-performing' is as defined in the ACS Acts as 'relating to mortgage accounts that are in arrears for a period of three months or more'. During 2025, 159 accounts were non-performing (2024: 138 accounts) and were replaced with other mortgage credit assets.

### f. Amount of interest in arrears on mortgage accounts in the cover assets pool not written off

The total amount in arrears (including principal and interest) in respect of mortgage assets that are in arrears for three months or more that had not been written off at 31 December 2025 was €27,574 (2024: €153,861). €9,856 of this represented non-payment of interest (2024: €78,264).

### g. Total mortgage principal and interest repayments on mortgage accounts in the cover assets pool

	2025 €m	2024 €m
Interest paid in respect of mortgage credit assets	363	408
Capital repaid in respect of mortgage credit assets	1,152	1,164

### h. Number and amount of mortgage accounts in the cover assets pool secured on commercial property

At 31 December 2025 and 31 December 2024, there were no mortgage accounts in the Pool that were secured on commercial property.



## 19 Other liabilities

	2025 €m	2024 €m
Amounts due to Bank of Ireland	31	12
Other liabilities	2	2
	<b>33</b>	<b>14</b>

Amounts owed to Bank of Ireland are unsecured, interest free and are repayable on demand. Other liabilities include tax and social insurance, which are payable at various dates over the coming months in accordance with the applicable statutory provisions and are expected to be fully paid within 12 months.

## 20 Provisions

	2025 €m	2024 €m
Opening balance	5	7
Charge to income statement	2	1
Provision utilised	(3)	(3)
<b>Closing balance</b>	<b>4</b>	<b>5</b>

At 31 December 2025, the Bank held a provision of €4 million (2024: €4 million) in respect of the industry wide Tracker Mortgage Examination Review ('Review'). The provision represents the Bank's best estimate of the cost of remediating any remaining impacted customers, addressing customer appeals and closing out all other outstanding costs of the exercise.

## 21 Subordinated liabilities

At 31 December 2025, total subordinated loans and accrued interest were €52 million (2024: €51 million). The balance at 31 December 2025 and 31 December 2024 relates to €50 million interest bearing subordinated notes which were issued by the Bank on 29 January 2020 to its immediate parent, Bank of Ireland. The notes are subordinated in right of payment to the claims of depositors and all other senior creditors of the Bank. The interest rate on the notes stepped up during 2025, increasing from 2.128% to 4.717% following the contractual reset on 29 January 2025. The notes mature on 29 January 2030 and, following the expiry of the initial five year non call period in January 2025, are now callable at the issuer's discretion on any interest payment date.

## 22 Share capital and share premium

<b>Authorised</b>	2025 €m	2024 €m
1 billion ordinary shares of €1 each	1,000	1,000

<b>Allotted, called up and fully paid - presented as equity</b>	2025 €m	2024 €m
488 million ordinary shares of €1 each	488	488
Share premium	661	661



## 23 Other equity instruments - Additional Tier 1

In 2017, the Bank issued Additional tier 1 (AT1) notes with a par value of €200 million to its immediate parent, Bank of Ireland.

The principal terms of the AT1 notes are as follows:

- the notes constitute direct, unsecured and subordinated obligations of the Bank, rank behind Tier 2 instruments and in priority to ordinary shareholders;
- the notes bore a fixed rate of interest of 5.01% until the first call date on 27 October 2022. Since this initial call date, the AT1 notes bear interest of 7.73% (fixed at five year mid-swap rate two business days prior to the call date +4.8%). In the event the notes are not redeemed interest is fixed periodically in advance for five-year periods based on market rates at that time;
- the Bank may elect at its sole and full discretion to cancel (in whole or in part) the interest otherwise scheduled to be paid on any interest payment date;
- the notes have no fixed redemption date, and the note holders will have no right to require the Bank to redeem or purchase the notes at any time;
- the Bank may, in its sole and full discretion but subject to the satisfaction of certain conditions, elect to redeem all

(but not some only) of the notes on the initial call date or semi-annually on any interest payment date thereafter. In addition, the AT1 notes are repayable, at the option of the Bank, due to certain regulatory or tax reasons. Any repayments require the prior consent of the regulatory authorities;

- the notes will be written down together with any accrued but unpaid interest if the Bank's CET1 ratio (calculated on an individual basis) falls below 5.125%; and
- subsequent to any write-down event the Bank may, at its sole discretion, write-up some or all of the written-down principal amount of the AT1 notes provided regulatory capital requirements and certain conditions are met.

	2025 €m	2024 €m
Additional tier 1 notes issued	200	200

## 24 Pension schemes

The employees of the Bank are members of two pension schemes: Bank of Ireland Retirement Savings Plan (also known as RetireWell) and Bank of Ireland Group Pension Fund (BIGPF).

The Bank is a participating employer in the RetireWell plan in respect of 1 employee (2024: 1 employee). The remaining 2 employees are members of the BIGPF (2024: 2 employees). RetireWell is a defined contribution scheme and the BIGPF scheme is a hybrid scheme, commonly known as a cash balance scheme.

The schemes are operated for eligible employees of Bank of Ireland (the 'Principal Employer') and the Bank which are entities under common control.

The Principal Employer met the employer's contributions due for the Bank in 2025 and 2024 (see note 7, Operating expenses for details of amounts recharged). The Bank had no outstanding amounts payable to the scheme at 31 December 2025 or 31 December 2024.

## 25 Segmental information

The Bank's income and assets are entirely attributable to mortgage lending activity in the Republic of Ireland.

## 26 Risk management and control

### Risk management

The Board approves policies and limits with respect to credit risk, market risk, funding and liquidity risk, operational risk, conduct and regulatory risk, business and strategic risk and capital adequacy risk. The Bank has entered into a range of service level agreements with the Group to support its overall risk management and control processes. Group Treasury has responsibility for day-to-day monitoring of market and liquidity risks. The Group Operational Risk Unit has responsibility for the operational risk framework and policy.

The Bank's risk management and control policies comply with Group risk management policies, which include reviews on a regular basis. In addition, Group control functions (e.g. Credit Review, Group Internal Audit, etc.) independently review compliance with policies as part of their ongoing work in the Bank. The general framework of risk management, financial and operational controls is designed to safeguard the Bank's assets.



## 26 Risk management and control *(continued)*

### Credit risk

#### Definition of credit risk

Credit risk is the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Bank in respect of loans or other financial transactions or any other deterioration in a counterparty's creditworthiness. Credit risk is a key risk for the Bank and, aside from exposures to entities within the Group, primarily arises from loans and advances to customers to purchase residential property.

Credit risk includes but is not limited to:

- **Debt underwriting risk:** the risk of loss arising from movements in credit spreads or other changes in market conditions in respect of debt underwriting transactions;
- **Loan origination risk:** the risk of loss from originating credit exposures where asset quality is outside risk appetite;
- **Credit concentration risk:** the risk of loss due to excessive exposures to a single entity or group of entities engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions;
- **Credit quality deterioration risk:** the risk for potential financial loss due to a ratings downgrade (e.g. PD or IFRS9 staging migration);
- **Default risk:** the risk that counterparties will be unable to meet the required payments on their debt obligations;
- **Collateral valuation risk:** the risk of loss arising from a change in the value or enforceability of security held due to errors in the nature, quantity, pricing, or characteristics of security held in respect of a transaction with credit risk.

ESG factors, including climate change represent a common driver across the Bank's principal risk types, including credit risk and its sub risks. ESG risk factors are managed as part of credit risk and its sub risks including in policies, risk appetite, risk monitoring and reporting.

#### Credit risk statement

The Bank takes Credit Risk, consistent with the Bank's Risk Identity, designed to deliver an appropriate return on capital, while ensuring credit exposures do not exceed levels which would produce unacceptable earnings and capital volatility under both stress and non-stress conditions. Concentrations are generally avoided except when they are necessary and consistent with the Bank's risk identity.

The Bank's credit strategy is to underwrite credit risk within a clearly-defined risk appetite. This is done through the extension of credit to customers in a manner that results in an appropriate return for the risks taken and on the capital deployed while operating within Board approved risk parameters.

The Bank's exposure to credit risk is governed by the Group Credit Risk Policy which is approved by the Board. The credit risk function of the Group is responsible for proposing credit policy to the Board and for the oversight of credit risk in accordance with Board / Group Credit Risk Committee (GCRC) approved policies. Underwriting and credit management / collections' activities are centralised.

#### Credit risk management

The core values and principles governing the provision of credit are contained in Group Credit Risk Policy, which is approved by the Board. Exposures are approved by dedicated

underwriting units which operate under the Group's credit risk management system through a hierarchy of tiered individual authorities which reflect credit competence, proven judgement and experience.

The Bank's approach to the management of credit risk is focussed on a detailed credit analysis at origination followed by early intervention and active management of accounts where creditworthiness has deteriorated. The Bank seeks to prevent loans from becoming credit-impaired and to minimise any losses through actions such as implementing forbearance solutions, action to enforce security where appropriate, or asset/portfolio disposals. Loans that are credit-impaired, or at risk of becoming credit-impaired, are managed by dedicated collection teams focused on working-out loans.

The Bank manages, limits and controls concentrations of credit risk by placing limits on the amounts of risk accepted in relation to one borrower or groups of borrowers. Concentrations of credit risk by geographical and industry sector are provided in a table on page 57.

Credit risk information is reported on a monthly / quarterly basis to senior management. Reporting includes information and detailed commentary on loan book composition and asset quality (credit grade, PD profiles, impairment loss allowances and RWAs).

An independent control unit within the Risk Division of the Group undertakes periodic reviews of the appropriateness of the risk rating models that are used within the business and evaluates whether the models are compliant with regulatory requirements.

Credit Review undertakes periodic reviews of the quality and management of the Bank's credit risk assets including an examination of adherence to approved credit policies and procedures.

#### Credit risk measurement

All credit transactions are assessed at origination for credit quality and the borrower is assigned a credit rating based on a pre-defined credit rating scale. The risk, and consequently the credit rating, is reassessed periodically. The use of internal credit rating models and scoring tools, which measure the degree of risk inherent in lending to specific borrowers, is central to the credit risk assessment and ongoing management processes within the Bank.

The Bank measures impairment loss allowances for expected credit losses on essentially all credit risk exposures not measured at FVTPL. The Bank's impairment modelling methodologies are approved by the Group's Model Risk Committee and / or Risk Measurement Committee and the quantum of the Bank's impairment gain or loss, NPEs and impairment loss allowances are reviewed by the Bank's Audit Committee.

The Bank's credit risk rating systems and impairment models and methodologies play a key role in quantifying the appropriate level of impairment loss allowance.

Further details are provided in the section on credit risk methodologies on pages 51 to 54. An analysis of the Bank's impairment loss allowances at 31 December 2025 is set out on page 55.



## 26 Risk management and control *(continued)*

### Collateral

The Bank takes collateral as a secondary repayment source, which can be called upon if the borrower is unable or unwilling to service and repay debt as originally envisaged. The Bank's requirements around completion, valuation and management of collateral are set out in appropriate policies, loan origination standards and credit risk procedures.

In relation to loans and advances to customers, the principal type of security taken is residential property. The Bank's credit risk processes are designed to ensure that mortgage charges are enforceable from the outset of the loan. The market value of properties held as security for the Bank's loan book are determined by reference to the original or latest property valuations held, indexed to the Residential Property Price Index published by the CSO.

An annual external valuation is required on security for NPEs in excess of €300,000. The Bank applies Forward Looking Information to collateral values for the purposes of measuring the impairment loss allowance. This is described in note 2, Critical accounting estimates and judgements.

The extent to which collateral and other credit enhancements mitigate credit risk in respect of the Bank's loan portfolio is set out on page 43. Information on repossessed collateral is set out on page 57.

### Forbearance strategies

A forbearance measure is a concession to a borrower for reasons relating to the actual or apparent financial difficulties of that borrower.

The key objective of granting forbearance measures is to ensure a sustainable repayment situation can be achieved. This includes paving the way for non-performing borrowers to return to performing status and reducing the likelihood of performing borrowers reaching a non-performing status.

A request for forbearance will always be a trigger event for the Bank to undertake an assessment of the customer's financial circumstances and ability to repay prior to any decision to grant a forbearance treatment. This assessment may result in a deterioration in the credit rating assigned to the loan, potentially impacting how frequently the loan must be formally reviewed. This assessment may also result in a loan being considered to have experienced a 'significant increase in credit risk' or becoming classified as credit-impaired.

It is the Bank's policy to measure the effectiveness of forbearance arrangements over the lifetime of those arrangements.

### Asset quality - loans and advances to customers

#### Asset quality methodology

The Bank has allocated financial instruments into one of the following categories at the reporting date:

#### **Stage 1 – 12 month Expected Credit Loss (ECL) (not credit-impaired)**

Loans which have not experienced a significant increase in credit risk since initial recognition and are not credit-impaired. An impairment loss allowance equal to 12-month ECL is recognised, which is the portion of lifetime ECL resulting from default events that are estimated within the next 12 months.

#### **Stage 2 – Lifetime ECL (not credit-impaired)**

Loans which have experienced a 'significant increase in credit risk since initial recognition' and are not credit-impaired. An impairment loss allowance equal to lifetime ECL is recognised, being the ECL resulting from all estimated default events over the expected life of the loan. 'Credit risk' in this context refers to the change in the risk of a default occurring over the expected life of the loan.

#### **Stage 3 – Lifetime ECL (credit-impaired)**

Credit-impaired loans, other than purchased or originated credit-impaired loans. An impairment loss allowance equal to lifetime ECL is recognised. This encompasses loans where: (i) the borrower is considered unlikely to pay in full without recourse by the Bank to actions such as realising security; and / or (ii) the borrower is greater than 90 days past due and the arrears amount is material.

#### **Purchased or Originated Credit-impaired financial asset**

Loans that were credit-impaired at initial recognition. A POCI is not subject to any initial impairment loss allowance but an impairment loss allowance is subsequently recognised for the cumulative changes in lifetime ECL since initial recognition. A POCI remains classified as such until it is derecognised, even if assessed as no longer credit-impaired at a subsequent reporting date. POCI obligations remain outside of the normal stage allocation process for the lifetime of the obligation.

Further information on the approaches to identifying 'significant increase in credit risk since initial recognition' and credit-impaired assets is outlined in the Credit risk methodologies section.

The Bank continued to apply the following classifications at the reporting date:

#### **Forborne loans**

Loans where a forbearance measure has been granted and where the criteria to exit a forborne classification, in line with EBA guidance, are not yet met. Loans that have never been forborne or loans that are no longer required to be reported as 'forborne' are classified as 'non-forborne'.

#### **'Non-performing exposures' (NPEs)**

These are:

- **credit-impaired loans** which includes loans where the borrower is considered unlikely to pay in full without recourse by the Bank to actions such as realising security, and / or loans where the borrower is greater than 90 days past due and the arrears amount is material; and
- **other loans** meeting NPE criteria as aligned with regulatory requirements.

#### **Credit risk methodologies**

The Bank's credit risk methodologies encompass internal credit rating models, scoring tools and impairment models. This is set out below.

#### **Internal credit rating models**

The use of internal credit rating models and scoring tools, which measure the degree of risk inherent in lending to specific counterparties, is central to the credit risk assessment and ongoing management processes within the Bank.



## 26 Risk management and control *(continued)*

The primary model measures used are:

- Probability of Default (PD): the probability that a given counterparty will default on any of its credit obligations to the Bank within the next twelve months;
- Exposure at Default (EAD): the total amount the Bank is owed by the borrower at the point of default;
- Loss Given Default (LGD): the loss incurred (after the realisation of any collateral) on a specific transaction should the borrower default, expressed as a percentage of EAD; and
- Expected Loss Best Estimate (ELBE): the expected loss incurred (after the realisation of any collateral) on a specific transaction given the borrower's default expressed as a percentage of EAD based on current economic conditions.

The Bank has adopted the Retail Internal Rating Based approach for its exposures.

Under this approach, the Bank uses its own estimates of PD, LGD and credit conversion factors when calculating regulatory capital requirements.

Lending to financial institutions is assigned an internal rating supported by external ratings of the major rating agencies.

### Methodology for loan loss provisioning

#### Approach to measurement of impairment loss allowances

Impairment is measured in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; 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.

Impairment on loans and advances to customers at amortised cost and associated loan commitments is measured through the use of impairment models, supplemented where necessary by management overlays. In general, a loss allowance is recognised for all loans and loan commitments in scope for the impairment requirements of IFRS 9. Impairment on other financial assets at amortised cost is measured using modelled loss rates.

#### Impairment models

The Bank's impairment models are executed on a monthly basis and allocate financial instruments to Stage 1, 2 or 3 and measure the applicable 12 month or lifetime ECL. The characteristics of an exposure determine which impairment model is applied, with market segment being a key influencing factor (e.g. Owner occupied and Buy to let).

ECLs are calculated as the sum of the marginal losses for each time period from the reporting date. The key components of the ECL calculation are Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), and are as described below. Other components include discount rate and maturity. The current contractual interest rate is generally used as the discount rate as it is considered a suitable approximation of the effective interest rate determined at initial recognition.

#### IFRS 9 PD

Where available, the ratings or underlying scores from internal credit rating models are used as a starting point for IFRS 9 PD calibration. A current point-in-time IFRS 9 PD represents the

expected default rate over the next 12 months. It is used to calculate the 12-month ECL and as the starting point for lifetime PD estimation. Future point-in-time PDs are projected for each year from year two to the loan's maturity.

Together, the current point-in-time IFRS 9 PD and future point-in-time IFRS 9 PDs are used to calculate an IFRS 9 lifetime PD expectation for each FLI scenario. The scenario weighted averages determine an overall IFRS 9 lifetime PD expectation. As lifetime PD was not calculated historically, the Bank used reasonable and supportable information available without undue cost or effort to approximate the residual IFRS 9 lifetime PD expectations at initial recognition for most loans originated prior to the adoption of IFRS 9 on 1 January 2018.

ROI GDP was removed as a secondary risk driver from macroeconomic regression models due to the inherent volatility and risk of restatement for this macroeconomic indicator.

#### IFRS 9 EAD

Current point-in-time EAD represents the expected exposure if the borrower defaults within the next 12 months. Future point-in-time EAD incorporates expected contractual cash flows and caps the exposure at the contractual limit.

#### IFRS 9 LGD

Current point-in-time LGD represents the loss expected if default occurs within the next 12 months. To calculate lifetime ECL, future point-in-time LGDs are calculated for each year from the start of year 2 to maturity of the exposure. These calculations are based on historical data, with cure rates incorporated where relevant, to reflect the likelihood of borrowers returning to performing status. FLI is also reflected for example through changes in collateral, cure rates, time to sale and loss on portfolio sales applied where property collateral is held.

#### Identifying a significant increase in credit risk

The Bank's standard criteria to identify financial instruments which have had a 'significant increase in credit risk since initial recognition' are applied to loans and advances to customers at amortised cost. 'Credit risk' in this context refers to the change in the risk of a default occurring over the expected life of the loan.

Unless credit-impaired, a loan is generally allocated to Stage 2 if any of the following criteria are met at the reporting date:

- remaining lifetime PD at the reporting date is more than double and more than 50 basis points higher than the remaining lifetime PD at initial recognition as estimated based on facts and circumstances (adjusted where relevant for changes in prepayment expectations);
- a contractual payment is greater than 30 days past due;
- the exposure is a forbore loan;
- the exposure has exited default / Stage 3 in the previous 3 months.

The above criteria are automatically applied as part of the monthly execution of the Bank's impairment models. In addition, the Bank considers other reasonable and supportable information that would not otherwise be considered that would indicate that a significant increase in credit risk had occurred. In this regard, the Bank has assessed the impact of elevated affordability risk including the possible lag effect of higher interest rate pass through on customers rolling off fixed rate contracts.



## 26 Risk management and control *(continued)*

In line with 2024, credit risk assessments were implemented across the portfolio and the outputs have been utilised to identify significant increases in credit risk and the reclassification of Stage 1 assets as Stage 2. These credit risk assessments, which leveraged qualitative information not already captured in impairment models, resulted in a credit management decision to classify €0.3 billion of Stage 1 assets as Stage 2 at the reporting date (31 December 2024: €0.3 billion), and a corresponding €3 million increase in impairment loss allowance (31 December 2024: €2 million).

Where a financial asset has been modified but not derecognised, the quantitative assessment of 'significant increase in credit risk' continues to be based on the remaining lifetime PD at initial recognition.

The Bank assesses the effectiveness of its staging criteria semi-annually, taking into account considerations such as the extent to which:

- exposures have moved directly from Stage 1 to Stage 3;
- exposures have moved to Stage 3, having spent only a short period in Stage 2; and
- there is potential over-reliance on backstop or qualitative criteria in identifying Stage 2 exposures.

The Bank applies the low credit risk expedient to loans and advances to banks. Low credit risk encompasses PD grades 1 to 5 on the Bank's internal PD rating system, which broadly aligns with ratings of AAA to BBB- for the external major rating agencies. Such financial instruments are allocated to Stage 1.

### Identifying defaulted assets and credit-impaired assets

The Bank aligns the definition of Default with Credit Impaired and NPE definitions, so that any exposure classified as Credit Impaired or NPE is classified as Defaulted. Where default criteria are no longer met, the credit facility exits credit-impaired (Stage 3), subject to meeting defined probation criteria, in line with regulatory requirements.

Under the definition of default, the Bank considers certain events as resulting in mandatory default and credit-impaired classification without further assessment. These include:

- greater than 90 days past due and the past due amount is material;
- more than 3 full monthly payments past due;
- a forbearance arrangement is put in place and that arrangement involves debt forgiveness or reduction in interest rate / margin;
- legal action is underway by the Bank to enforce repayment or realise security;
- the Bank or a receiver takes security into possession;
- the Bank has formally sought an insolvency arrangement in respect of the borrower;
- the exposure is classified as non-performing forborne for supervisory reporting purposes;
- mortgages where default has occurred on another credit facility secured on the same property collateral, or more than 20% of overall balance sheet exposure to the customer in the mortgage portfolio is in default; and
- the borrower has been granted multiple forbearance arrangements over a period of three years.

Certain other events necessitate a lender assessment and, if the outcome of the lender assessment is that the contractual amount of principal, interest and fees will not be fully repaid in

what is assessed to be the most likely cash flow scenario, or will be repaid only via recourse by the Bank to actions such as realising security, when this was not originally envisaged, default and credit-impaired classification is mandatory. The events include those set out below:

- a forbearance measure has been requested by a borrower and formally assessed;
- the non-payment of interest (e.g. via interest roll-up, arrears capitalisation etc.) as a result of the terms of modification of loans, including refinancing and renegotiation of facilities where during the renegotiation process, the lender becomes aware that the borrower is under actual or apparent financial distress;
- there are justified concerns about a borrower's future ability to generate stable and sufficient cash flows;
- a borrower's sources of recurring income are no longer available to meet regular loan repayments;
- evidence of fraudulent activity by the borrower or another party connected with the loan;
- the contractual maturity date has passed without repayment in full;
- repayment of a credit obligation is suspended because of a law allowing this option or other legal restrictions;
- a material third-party creditor is known to have sought an insolvency arrangement in respect of the borrower;
- offer of voluntary surrender of security or sale of security at a possible shortfall; or
- it becomes known that the borrower has become unemployed with no comparable new employment secured.

### Review of credit-impaired loans

It is Bank policy to regularly review credit-impaired loans above agreed thresholds at a minimum annually or on receipt of material new information, with the review including a reassessment of the recovery strategy and the continued appropriateness of a credit-impaired classification. The minimum requirements for a credit-impaired loan to return to non credit-impaired status are that the borrower must not be greater than 90 days past due on a material amount, the borrower must be considered likely to pay in full without recourse by the Bank to actions such as realising security and there must be no forbearance arrangement in place where future reliance on realisation of collateral is expected for repayment in full when this was not originally envisaged (i.e. no Unlikelihood to pay trigger persists), and have observed any probation period requirements.

An updated assessment of the borrower's current financial condition and repayment prospects is typically required with evidence of regular, satisfactory repayments under the original or modified agreement for a reasonable period of time.

### Credit risk associated with geopolitical risk, economic uncertainty and affordability rates

In 2025 the Bank conducted a number of assessments in relation to credit risk associated with the impact of elevated affordability risk including the possible lag effect of higher interest rate pass through on customers rolling off fixed rate contracts. In line with 2024, credit risk assessments were implemented across the portfolio and the outputs have been utilised to identify significant increases in credit risk and the reclassification of Stage 1 assets as Stage 2.



## 26 Risk management and control *(continued)*

These credit risk assessments, which leveraged qualitative information not already captured in impairment models, resulted in a credit management decision to classify €0.3 billion of Stage 1 assets as Stage 2 at the reporting date (31 December 2024: €0.3 billion) with a corresponding c.€3 million increase in impairment loss allowance (31 December 2024: €2 million).

Furthermore, the final set of probability weightings applied to FLI scenarios utilised in the Bank's impairment models incorporated the application of management judgement to initial modelled probability weightings to reflect economic uncertainty associated with factors including geopolitical risk and tariff policy uncertainty. The estimated impact of this judgement was a c.€1 million increase in impairment loss allowance (31 December 2024 c.€1 million).

Further details on the selected FLI scenarios for the reporting period, management adjustments and management judgement incorporated into impairment model parameters are provided in the Critical Accounting Estimates and Judgements on pages 27 to 32.

### Forward Looking Information

FLI refers to probability-weighted future macroeconomic scenarios used in the measurement of impairment loss allowances under IFRS 9 and is approved semi-annually by the Group's Executive Risk Committee. Further information is set out in note 2, Critical accounting estimates and judgements. At 31 December 2025 the Bank applied four FLI scenarios, comprised of a central scenario, an upside scenario, and two downside scenarios, including one severe downside scenario.

Each scenario spans a five year forecast period, with reversion to long run averages for property price growth thereafter. The Bank keeps under review the number of FLI scenarios. The central FLI scenario for the year ending 31 December 2025 was developed internally by the Group's Economic Research Unit (ERU) in collaboration with the Group's Real Estate Advisory Unit (REAU).

To incorporate available, reasonable and supportable information and apply meaningful upside and downside FLI scenarios, three alternative scenarios (one upside and two downside) were also constructed by the Group's ERU and the REAU. Each scenario was constructed around narratives reflecting varying levels of geopolitical tensions, trade disruption, energy price, volatility, inflationary pressures, transition related climate risks, the depth of downturn in the economy and the pace of economic recovery.

The alternative scenarios were assessed relative to the historical distribution of key macroeconomic factors to derive an initial set of relative probabilities. Weightings were assigned based on each scenario's relative position within the historical distribution, with lower probabilities representing more extreme outcomes. The final weightings were also informed by other qualitative factors and expert judgment.

The overall ECL for an exposure is determined as a probability-weighted average of the ECL calculated for each scenario, weighted by the probability of each scenario occurring. Beyond the forecast period, default rates are assumed to revert over time to an observed long run average and the value of property collateral for LGD purposes is assumed to grow at an observed long-run rate. Typically, one or two macroeconomic variables are incorporated into each impairment model, as determined through linear regression techniques to be most relevant for forecasting default of the credit risk exposures flowing through that model.

Within the PD models, unemployment represents the primary economic driver, reflecting its strong empirical relationship with default behaviour. Where relevant RoI residential property price is also incorporated as an additional macroeconomic variable.

The lifetime PD expectation for an exposure generated under each of the scenarios, weighted by the probability of each scenario occurring, is used to generate the lifetime PD expectations used for the assessment of 'significant increase in credit risk'.

Loss given default (LGD) estimates reflect portfolio specific recovery expectations and are primarily driven by collateral values, recovery costs and the timing of recoveries. Forward looking macroeconomic information is incorporated where relevant, with property prices representing the principal macroeconomic drivers for collateralised lending.

The application of property price growth forecasts for the estimation of stage 3 impairment loss allowances ensures that the property collateral value at the point of liquidation does not incorporate an improvement on the current market condition.

The development of climate risk modelling capabilities is a key objective of the Bank's Climate Risk Action Plan. Methodology development is in the early stages across the industry. Initial implementation has focused on development of scenario analysis capabilities which is expected to be followed by integration into impairment models and internal credit ratings models in the medium term. At 31 December 2025 the Bank assessed climate-related physical and transition risks impacting asset valuations and PD impacts in the mortgage portfolio. Resultantly the Bank has recognised a post-model management adjustment. For further information, see note 2, Critical accounting estimates and judgements.

### Asset quality

The table below illustrates the relationship between the Bank's internal credit risk rating grades as used for credit risk management purposes and Probability of Default (PD) percentages, and further illustrates the indicative relationship with credit risk ratings used by external rating agencies.

Internal credit risk ratings

PD Grade	PD %	Indicative S&P type external ratings
1-4	0% ≤ PD < 0.26%	AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB
5-7	0.26% ≤ PD < 1.45%	BBB-, BB+, BB, BB-
8-9	1.45% ≤ PD < 3.60%	B+
10-11	3.60% ≤ PD < 100%	B, Below B
12 (credit-impaired)	100%	n/a



## 26 Risk management and control *(continued)*

The following disclosures provide quantitative information about credit risk within financial instruments held by the Bank.

### Financial assets

#### Composition and risk profile

The tables below summarise the composition and risk profile of the Bank's financial assets subject to impairment and the impairment loss allowances on these financial assets.

The below tables exclude loan commitments that are subject to impairment (note 28). Loans and advances to customers at amortised cost excludes loans mandatorily at FVTPL, which are not subject to impairment under IFRS 9 and are thereby excluded from impairment related tables (note 11).

During 2025, the stock of impairment loss allowances increased by €15 million to €80 million. The Bank had no POCI loans in 2025 or 2024.

2025 Financial assets exposure by stage (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Total €m
<b>Financial assets measured at amortised cost</b>				
Loans and advances to customers	19,394	753	172	20,319
Loans and advances to banks	874	-	-	874
Other financial assets	181	-	-	181
<b>Total financial assets measured at amortised cost</b>	<b>20,449</b>	<b>753</b>	<b>172</b>	<b>21,374</b>

2025 Impairment loss allowance on financial assets	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Total €m
<b>Financial assets measured at amortised cost</b>				
Loans and advances to customers	15	18	47	80
Loans and advances to banks	-	-	-	-
Other financial assets	-	-	-	-
<b>Total financial assets measured at amortised cost</b>	<b>15</b>	<b>18</b>	<b>47</b>	<b>80</b>

2024 Financial assets exposure by stage (before impairment loss allowance)	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Total €m
<b>Financial assets measured at amortised cost</b>				
Loans and advances to customers	17,781	859	190	18,830
Loans and advances to banks	1,419	-	-	1,419
Other financial assets	110	-	-	110
<b>Total financial assets measured at amortised cost</b>	<b>19,310</b>	<b>859</b>	<b>190</b>	<b>20,359</b>

2024 Impairment loss allowance on financial assets	Stage 1 - 12 month ECL (not credit- impaired) €m	Stage 2 - Lifetime ECL (not credit- impaired) €m	Stage 3 - Lifetime ECL (credit- impaired) €m	Total €m
<b>Financial assets measured at amortised cost</b>				
Loans and advances to customers	10	18	37	65
Loans and advances to banks	-	-	-	-
Other financial assets	-	-	-	-
<b>Total financial assets measured at amortised cost</b>	<b>10</b>	<b>18</b>	<b>37</b>	<b>65</b>



## 26 Risk management and control *(continued)*

### Loans and advances to customers at amortised cost Composition and risk profile

The following table excludes €166 million of loans and advances to customers at 31 December 2025 (2024: €185 million) that are measured at FVTPL and are therefore not subject to impairment under IFRS 9. At 31 December 2025, loans and advances to customers (pre-impairment loss allowance and excluding accrued interest) of €20.3 billion were €1.5 billion higher than 31 December 2024, primarily due to net new lending.

Credit-impaired loans decreased by €18 million or 9% to €172 million or 1% of customer loans at 31 December 2025 (2024: €190 million or 1%).

The stock of impairment loss allowance on credit-impaired loans increased to €47 million at 31 December 2025 (2024: €37 million).

The total impairment loss allowance at 31 December 2025 includes a PMA of €16 million (31 December 2024: €3 million.)

Impairment loss allowance cover for credit-impaired loans increased to 27% at 31 December 2025 (2024: 19%), reflecting the increased long dated NPE PMA applied at 31 December 2025.

The table below summarises the composition and risk profile of the Bank's loans and advances to customers at amortised cost.

Loans and advances to customers Composition and risk profile (before impairment loss allowance)	2025				2024			
	Not credit- impaired €m	Credit- impaired €m	Total €m	%	Not credit- impaired €m	Credit- impaired €m	Total €m	%
Owner occupied mortgages	19,577	149	19,726	97%	18,044	161	18,205	97%
Buy to let mortgages	570	23	593	3%	596	29	625	3%
<b>Total</b>	<b>20,147</b>	<b>172</b>	<b>20,319</b>	<b>100%</b>	<b>18,640</b>	<b>190</b>	<b>18,830</b>	<b>100%</b>
<b>Impairment loss allowance on loans and advances to customers</b>	<b>33</b>	<b>47</b>	<b>80</b>	<b>-</b>	<b>28</b>	<b>37</b>	<b>65</b>	<b>-</b>

### Asset quality – not credit-impaired

The tables below summarise the composition and impairment loss allowance of the Bank's loans and advances to customers at amortised cost that are not credit-impaired.

2025 Not credit-impaired loans and advances to customers Composition and impairment loss allowance	Stage 1				Stage 2			
	Stage 1 Loans €m	Loans as % of total advances %	Stage 1 ILA €m	ILA % of Stage 1 loans %	Stage 2 Loans €m	Loans as % of advances %	Stage 2 ILA €m	ILA % of Stage 2 loans %
<b>Total mortgages</b>								
Owner occupied mortgages	18,839	92%	14	-	737	4%	18	2%
Buy to let mortgages	555	3%	1	-	16	-	-	-
<b>Total</b>	<b>19,394</b>	<b>95%</b>	<b>15</b>	<b>-</b>	<b>753</b>	<b>4%</b>	<b>18</b>	<b>2%</b>

2024 Not credit-impaired loans and advances to customers Composition and impairment loss allowance	Stage 1				Stage 2			
	Stage 1 Loans €m	Loans as % of total advances %	Stage 1 ILA €m	ILA % of Stage 1 loans %	Stage 2 Loans €m	Loans as % of advances %	Stage 2 ILA €m	ILA % of Stage 2 loans %
<b>Total mortgages</b>								
Owner occupied mortgages	17,206	91%	9	-	838	5%	17	2%
Buy to let mortgages	575	3%	1	-	21	-	1	5%
<b>Total</b>	<b>17,781</b>	<b>94%</b>	<b>10</b>	<b>-</b>	<b>859</b>	<b>5%</b>	<b>18</b>	<b>2%</b>



## 26 Risk management and control *(continued)*

The following tables below provide analysis of the asset quality of loans and advances to customers at amortised cost that are not credit-impaired based on mapping the IFRS 9 twelve month PD of each loan to a PD grade based in the table on page 54.

Not credit-impaired loans and advances to customers (before impairment loss allowance) Asset quality	2025						2024					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
<b>PD Grade</b>												
1-4	5,718	29%	27	4%	5,745	28%	6,567	37%	76	9%	6,643	36%
5-7	12,862	66%	338	45%	13,200	66%	10,538	59%	378	44%	10,916	59%
8-9	503	3%	60	8%	563	3%	475	3%	151	18%	626	3%
10-11	311	2%	328	43%	639	3%	201	1%	254	29%	455	2%
<b>Total not credit-impaired</b>	<b>19,394</b>	<b>100 %</b>	<b>753</b>	<b>100%</b>	<b>20,147</b>	<b>100%</b>	<b>17,781</b>	<b>100%</b>	<b>859</b>	<b>100%</b>	<b>18,640</b>	<b>100%</b>

### Asset quality – credit-impaired

Credit-impaired loans include loans where the borrower is considered unlikely to pay in full without recourse by the Bank to actions such as realising security, and loans where the borrower is greater than 90 days past due and the arrears amount is material. All credit-impaired loans and advances to customers are risk rated PD grade 12.

The table below summarises the composition and impairment loss allowance of the Bank's loans and advances to customers at amortised cost that are credit-impaired (i.e. Stage 3).

Credit-impaired (CI) loans and advances to customers Composition and impairment loss allowance (ILA)	2025				2024			
	Credit-impaired (CI) loans	CI Loans as % of total advances	CI Impairment loss allowance	CI ILA as % of CI loans	Credit-impaired (CI) loans	CI Loans as % of total advances	CI Impairment loss allowance	CI ILA as % of CI loans
	€m	%	€m	%	€m	%	€m	%
Owner occupied mortgages	149	1%	35	23%	161	1%	26	16%
Buy to let mortgages	23	-	12	52%	29	-	11	38%
<b>Total credit-impaired</b>	<b>172</b>	<b>1%</b>	<b>47</b>	<b>27%</b>	<b>190</b>	<b>1%</b>	<b>37</b>	<b>19%</b>

### Concentration of risks of financial assets with credit risk exposure

#### Geographical sectors

The table below analyses the Bank's main credit exposure for loans and advances to customers at amortised cost before impairment loss allowances, as categorised by geographical region. For this table, the Bank has allocated exposures based on the location of the asset.

Loans and advances to customers at amortised cost	2025 €m	2024 €m
Dublin	7,859	7,339
Rest of Republic of Ireland	12,460	11,491
<b>Total</b>	<b>20,319</b>	<b>18,830</b>

#### Industry sectors

All loans and advances to banks and derivative financial instruments are categorised as financial assets or liabilities with banks. All derivatives and loans and advances to banks are transacted with Bank of Ireland. Loans and advances to customers are all categorised as Personal (residential mortgages).

### Reposessed collateral

At 31 December 2025, the Bank had 10 properties in possession with a value of €4 million (2024: 8 properties with a value of €2 million). Reposessed property is sold as soon as practicable, with the proceeds used to reduce indebtedness.

### Other financial assets at amortised cost

#### Asset quality

Other financial assets subject to impairment under IFRS 9 include loans and advances to banks and amounts receivable. The impairment loss allowance on other financial assets at amortised cost at 31 December 2025 is €0.1 million (2024: €0.1 million). None of the balance is credit-impaired. For both years, all other financial assets at amortised cost were performing fully in line with their terms with no amounts past due. These balances relate to receivables from Bank of Ireland which is rated A+ (2024: A).

The Bank applies the low credit risk expedient to loans and advances to banks for the impairment requirements of IFRS 9. 'Low credit risk' encompasses PD grades 1 to 5 on the Bank's internal PD rating system, which broadly aligns with ratings of AAA to BBB- for the external major rating agencies. Such financial instruments are allocated to Stage 1.



## 26 Risk management and control *(continued)*

### Financial instruments at fair value through profit or loss

Financial instruments at FVTPL include derivatives and Life Loans. The table below summarises the asset quality of these financial instruments by equivalent external ratings. These financial instruments are not subject to impairment under IFRS 9.

Financial instruments at FVTPL with ratings equivalent to:	2025		2024	
	€m	%	€m	%
AAA to AA-	-	—	-	-
A+ to A-	5	3%	20	10%
BBB+ to BBB-	17	10%	29	14%
BB+ to BB-	2	1%	6	3%
B+ to B-	122	71%	125	61%
Lower than B-	25	15%	25	12%
<b>Total</b>	<b>171</b>	<b>100%</b>	<b>205</b>	<b>100%</b>

### Maximum exposure to credit risk before collateral held or other credit enhancements

The table below represents a worst case scenario of credit risk exposure to the Bank, without taking account of any collateral held or other credit enhancements attached. The exposures are based on net carrying amounts, net of impairment loss allowances, as reported in the balance sheet, adjusted for deferred acquisition costs.

Maximum exposure	2025 €m	2024 €m
Loans and advances to banks	874	1,419
Loans and advances to customers at amortised cost	19,987	18,513
Other financial assets at fair value through profit or loss	166	185
Derivative financial instruments	5	20
Loan commitments	1,336	1,179
<b>Total</b>	<b>22,368</b>	<b>21,316</b>

### Market risk

Market risk is the risk of loss arising from movements in interest rates, foreign exchange rates, equity, credit spreads or other market prices. Market risk arises naturally through customer lending and wholesale funding.

The management of market risk in the Bank is governed by Group policy, approved by both the Group's and the Bank's Boards of Directors.

The current interest rate risk strategy aims to provide the Bank with protection against material adverse changes in interest and related funding rates by undertaking controlled management of the interest rate structure in the Bank's mortgage and funding products. The Bank has entered into a range of service level agreements with Bank of Ireland to support its overall risk management and control processes. Group Treasury has responsibility for management of market and liquidity risks. The Bank has a formal structure for

managing risk, including established risk limits, reporting lines, mandates and other control procedures.

Group Market Risk is responsible for ensuring that the Bank identifies, understands and measures the market risks to which it is exposed. It is charged with maintaining a policy framework and a set of methods to quantify market risk that are appropriate and fit for purpose and with operating effective monitoring and reporting arrangements that ensures compliance with policy, limits and other controls.

### Loans and advances to customers at amortised cost

At 31 December 2025, the Bank had €3.6 billion (2024: €3.6 billion) of floating-rate loans and advances to customers at amortised cost, where the interest rate is either linked to the ECB Base rate or the Bank's standard variable rate.

The Bank enters into interest rate swaps to hedge the interest rate exposure on floating-rate mortgages against which asset covered securities are issued. These interest rate swaps and related floating-rate mortgages qualify for cash flow hedge accounting. At 31 December 2025, the nominal value of swaps qualifying for hedge accounting was €0.2 billion (2024: €0.9 billion). Further details are provided in note 10, Derivative financial instruments.

At 31 December 2025, the Bank had €16.7 billion (2024: €15.2 billion) of loans and advances to customers at amortised cost, where the rate is typically fixed for periods of 1, 2, 3, 4, 5, 7 and 10 years. The interest rate exposure of the Bank relating to its Irish residential loans is managed through maturity-matched borrowing from the Group resulting in no material sensitivity to changes in interest rates.

### Other financial assets at FVTPL

At 31 December 2025, the Bank had €0.2 billion (2024: €0.2 billion) of 'Life Loan' (equity release) loans and advances to customers, where the rate was initially fixed for 15 years and customers do not make any periodic repayments. The outstanding loan balance increases through the life of the loan as the interest due is capitalised on a quarterly basis. The mortgage is typically repaid out of the proceeds of the sale of the property. The interest rate exposure of the Bank is hedged through a mix of short-term variable and longer-term fixed-rate funding in line with the expected 'Life Loan' mortgage redemption profile.

### Asset Covered Securities

At 31 December 2025, the Bank had (nominal) €0.9 billion in issued asset covered securities (2024: €2.1 billion). €0.4 billion of the issued asset covered securities are at fixed rates (2024: €1.2 billion) and the remaining €0.5 billion have an interest rate that resets based on short-dated Euro InterBank Offered Rate (EURIBOR) (2024: €0.9 billion).

The Bank also enters into interest rate swaps to hedge the interest rate exposure on its fixed-rate asset covered securities in issue. The majority of these interest rate swaps and related fixed-rate issued asset covered securities qualify for fair value hedge accounting. At 31 December 2025, the nominal value of swaps qualifying for fair value hedge accounting is €40 million (2024: €40 million). Further details are provided in note 10, Derivative financial instruments.

Additionally, market risk arises where the rate charged on variable-rate mortgage lending resets with changes in ECB rates, but the related funding is at short-dated EURIBOR. The Bank enters into interest rate swaps to economically hedge this risk.



## 26 Risk management and control *(continued)*

These interest rate swaps do not qualify for hedge accounting and the Bank is exposed to negligible income statement volatility for a one basis point movement in rates.

The Bank measures its interest rate risk in terms of the sensitivity of its fixed-rate mortgage assets and related funding, in net present value terms, to a 1% parallel shift in the yield curve. The Bank is required to ensure that this sensitivity remains within a low operational hedging limit of €1.4 million. At 31 December 2025, the Bank's exposure to a parallel 1% upward shift in the euro yield curve was €0.7 million (2024: €0.4 million). Additionally, to comply with the ACS Acts, the Bank is required to manage the interest rate sensitivity of all of its assets and liabilities to a 10% of own funds limit (Equity, Tier 1 and 2). This is monitored by the Cover Asset Monitor on behalf of the CBI.

### Currency risk

The Bank is not exposed to currency risk as all financial assets and liabilities are denominated in euro.

### Funding and liquidity risk

Funding and liquidity risk is the risk that the Bank will experience difficulty in financing its assets and / or meeting its contractual payment obligations as and when they fall due, or will only be able to do so at substantially above the prevailing market cost of funds.

Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven, among other things, by the maturity structure of loans held by the Bank, while cash outflows are driven, inter alia, by the term of the debt issued by the Bank.

Liquidity risk can increase due to the unexpected lengthening of maturities or non-repayment of assets, or the inability to refinance maturing debt. These factors are often associated with times of distress or adverse events such as a credit rating downgrade(s) or economic or financial turmoil. The Bank has established a risk management framework to manage this risk.

Funding risk can occur where there is an over-reliance on a particular type of funding, a funding gap or a concentration of wholesale funding maturities. The Bank's ability to access funding markets at a sustainable cost and in a sufficient volume can be negatively impacted by a credit rating

downgrade(s) or deterioration in market sentiment which in turn could impact its financial position.

The Bank's Board has approved a Funding and Liquidity Risk policy for the business that permits funding through the use of asset covered securities, residential Mortgage-Backed Promissory Note programmes and borrowings from the Group. It is the Bank's policy to ensure that resources are at all times available to meet the Bank's obligations arising from mortgage products, asset covered securities, capital and expenditure. The management of liquidity is the responsibility of the Bank, supported by Group Treasury. The Bank has outsourced the responsibility for the day to day monitoring and management of liquidity risk to Group Treasury. The Group has been granted a liquidity waiver under Article 8 of the Capital Requirements Regulation (CRR) in respect of the application of CRR Liquidity requirements on an individual basis for Bank of Ireland and the Bank. Consequently, the Group manages funding and liquidity for Bank of Ireland and the Bank as a single liquidity centre. Group Treasury consolidates the Bank's cash flows into the Bank of Ireland liquidity centre, where a cash flow liquidity reporting tool provides daily liquidity risk information by designated cash flow buckets, which is used to manage liquidity risk. This system captures the cash flows from both balance sheet and off-balance sheet transactions. In the case of specific products such as mortgage repayments and off-balance sheet commitments, behavioural adjustments are applied to reflect the Bank's experience of these cash flows based on historical trends.

The Bank is also required to report regularly to its immediate parent, Bank of Ireland, all relevant balance sheet and off-balance sheet items to ensure compliance with Bank of Ireland liquidity procedures.

The following tables summarise the maturity profile of the Bank's financial liabilities at 31 December 2025 and 31 December 2024 based on contractual undiscounted repayment obligations. The Bank does not manage liquidity risk on the basis of contractual maturity. Instead, the Bank manages liquidity risk based on expected cash flows. The balances will not agree directly to the balance sheet as the tables incorporate all cash flows on an undiscounted basis related to both the principal and interest payments.

2025	Demand	Up to 3	3-12	1-5	Over 5	Total
Contractual maturity	€m	months	months	years	years	€m
	€m	€m	€m	€m	€m	€m
Deposits from banks	-	3,765	3,129	12,078	569	19,541
Debt securities in issue	-	458	12	106	621	1,197
Subordinated liabilities	-	2	-	60	-	62
Other financial liabilities	31	-	-	-	-	31
Loan commitments	1,333	-	-	-	-	1,333
<b>Total</b>	<b>1,364</b>	<b>4,225</b>	<b>3,141</b>	<b>12,244</b>	<b>1,190</b>	<b>22,164</b>



## 26 Risk management and control *(continued)*

2024 Contractual maturity	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Deposits from banks	-	2,901	2,906	10,899	810	17,516
Debt securities in issue	-	766	532	524	457	2,279
Subordinated liabilities	-	51	-	-	-	51
Other financial liabilities	12	-	-	-	-	12
Loan commitments	1,175	-	-	-	-	1,175
<b>Total</b>	<b>1,187</b>	<b>3,718</b>	<b>3,438</b>	<b>11,423</b>	<b>1,267</b>	<b>21,033</b>

Deposits from banks represent funding provided by the Group for the purposes of fixed rate mortgage book funding and residual variable rate mortgage book funding.

The table below analyses cash flows on derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The Bank does not manage liquidity risk on the

basis of contractual maturity. Instead, the Bank manages liquidity risk based on expected cash flows. Cash flows associated with derivatives are undiscounted cash flows anticipated over the life of the derivatives based on expected interest rates at year end. Derivative cash flows are included for the pay and receive legs of net settled contracts with negative fair values.

2025 Derivative financial instruments	2025					2024				
	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Net cash outflows / (inflows) on derivative financial instruments	-	1	7	28	36	16	10	(12)	14	28

### Operational risk

Operational risk is the risk of loss resulting from suboptimal or failed internal processes, systems, human factors or from external events. It arises as a direct or indirect consequence of the Bank's normal business activities including the day-to-day execution of business processes, operation of technologies and activities performed by staff, contractors and third party suppliers.

Operational Risk may be driven by a range of factors including information technology, change management, information security and cyber, third party risk management (TPRM) and outsourcing, transaction processing, people, physical security, data, financial and regulatory reporting, legal and tax risks. Losses can also arise from major change and the failure to deliver on the transformation agenda; model design, implementation errors or the inappropriate use of model outputs, data unavailability, poor data quality, inadequate data retention, misuse and destruction management, and failure to comply with legal and regulatory requirements; inaccurate or delayed financial and regulatory reporting due to misinterpretation of requirements, preparation errors or omissions.

Operational resilience works together with operational risk management to minimise operational disruptions and their effects. As the Group's resilience profile improves, it becomes less prone to incur untimely lapses in the provision of Important Business Services.

### Risk Management

The Bank operates systems for the identification, assessment, management, monitoring and reporting of operational risk that are consistent with the Bank's risk management framework, strategic objectives and regulatory obligations. Operational risk is managed in compliance with the Group's operational risk policies which have been adopted by the Board of the Bank. The Bank manages operational risk through accountable executives overseen by the Bank's Audit Committee. In addition, there is oversight by the Group Non-Financial Risk committee.

### Risk mitigation and transfer

Operational risk exposures are assessed regularly, with new controls introduced or adapted as necessary to respond to changes in the operating environment. Recognising that operational risk cannot be entirely eliminated, the Bank implements risk mitigation measures such as contingency planning, incident response and crisis management, enabling resilience, swift response and timely recovery from external events. Where appropriate, the Bank avails of risk transfer mechanisms, including insurance. Services provided to the Bank by external or internal service providers operate under a Master Service Agreement supported by defined Service Level Agreements (SLAs). Formal management of SLAs facilitates the identification and management of risks ensuring that services are delivered to outlined requirements, agreed standards and key performance indicators.



## 26 Risk management and control *(continued)*

### Regulatory risk

Regulatory risk is the risk that the Bank does not identify legal or regulatory change or appropriately manage its relationships with its regulators. The Bank is exposed to regulatory risk as a consequence from all the activities that the Bank engages in during its normal conduct of its business activities. Regulatory risk may materialise from failure to identify new or existing regulatory and/or legislative requirements or deadlines, failure to ensure appropriate governance is in place to embed regulatory requirements into processes, or the failure to appropriately manage the Bank's regulatory relationships. Regulatory risk includes ineffective regulatory change governance and ineffective regulatory engagement.

**Ineffective Regulatory Change Governance:** The risk that regulatory change is not identified and/or there is an inappropriate approach adopted to implement the regulatory changes required.

**Ineffective Regulatory Engagement:** The risk of inappropriate or unprofessional interaction with our regulators.

### Risk management and measurement

The Bank manages regulatory risk under the Group Risk Management Framework. The framework establishes the common principles for the risk management process of identifying, assessing, monitoring and mitigating risks to the Bank. This is implemented by accountable executives and monitored by the Board in line with the overall Bank risk governance structure. The effective management of regulatory risk is primarily the responsibility of business management and is supported by Group Compliance.

### Risk mitigation

Risk mitigants include the early identification, appropriate assessment and monitoring and reporting of risks. The primary risk mitigants for regulatory risk are the existence of the Bank's Regulatory Risk policy and appropriate procedures in place throughout the business.

### Risk reporting

The current status of regulatory risk is reported to the Board members through the Board Risk Report on a regular basis.

### Conduct risk

Conduct risk is the risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Bank's products and services.

The Bank is exposed to conduct risk as a consequence from all the activities that the Bank engages in during the normal conduct of its business. These risks may materialise from failures to comply with regulatory requirements or expectations, as an outcome of risk events in other principal risk categories, from changes in external market expectations or conditions, provision of products and services and the various activities performed by staff, contractors and third party suppliers.

The key conduct risk exposure areas managed by the Bank include the following:

**Market Integrity:** The risk that the Bank fails to ensure that business activities, and those carrying them out, are authorised and comply with regulatory requirements, manage conflicts of interest, observe proper standards of market

conduct and enable employees to raise concerns without fear of retaliation.

**Customer Protection:** The risk that Bank sales (including advice), execution and remediation of our products and services fail to meet the expectations of our customers and regulators.

**Financial Crime:** The risk that the Bank's associated persons (employees or third parties) commit or facilitate financial crime, and/or the Bank's systems, products and/or services are used by customers, employees or third parties to facilitate or attempt to facilitate financial crime.

**Data Privacy:** The risk that the Bank does not comply with relevant data protection and privacy laws and regulations.

### Risk management and measurement

From an ESG perspective, 'Green Washing', or misrepresenting the environmental benefits of green financial products or investments, is an identified sub-risk within conduct risk. The Bank's product approval policy and process incorporates provisions designed to scrutinise products marketed as green products with this risk in mind.

The Bank manages conduct risk under the Group Risk Management Framework. The framework establishes the common principles for the risk management process of identifying, assessing, monitoring and mitigating risks to the Bank.

This is implemented by accountable executives and monitored by the Board in line with the overall Bank risk governance structure. The effective management of conduct risk is primarily the responsibility of business management and is supported by Group Compliance.

The Bank has no tolerance for knowingly causing harm to customers, clients, and markets, arising from the delivery of its products and services. However, we recognise that mistakes and errors of judgement or failures of processes can and do lead to customer harm, for which we have limited tolerance. We mitigate this risk through our conduct risk policies.

### Risk mitigation

Risk mitigants include the early identification, appropriate assessment and measurement and reporting of risks. The primary risk mitigants for conduct risk are the establishment, through Bank conduct policies, of standard mitigating requirements throughout the business. The standards of behaviour are detailed in the Group Code of Conduct policy to which all management and staff must adhere and affirm annually.

The Speak Up Policy sets out the steps colleagues can take to raise any concerns they might have of relevant wrongdoing in the Bank e.g. potential breach of regulation or internal policy under the Risk Management Framework. A training schedule is in place across the Bank to support staff and management in this regard.

### Risk reporting

The current status of conduct risk, including risk dashboards and risk appetite compliance, is reported through the Board Risk Report on a monthly basis.



## 26 Risk management and control *(continued)*

### Business and strategic risk

Business and strategic risk is the risk of not delivering the agreed strategy and business and financial targets designed to ensure the long-term sustainability of the Bank's business. This can be as a result of internal or external factors, e.g., implementing a strategy that does not support the Bank's target outcomes, inadequate planning or implementation of the strategy, changes in the external environment or economic factors.

### Risk management, measurement and reporting

The Bank's risk monitoring and reporting process operates within Group Risk. Business and strategic risk is a principal risk type in the Group Risk Management Framework with a dedicated Second Line of Defence (2LOD) Risk Officer in Group Risk. It is the responsibility of the Head of Business, Strategic and ESG Risk to take reasonable steps to ensure that the Group does not suffer outcomes outside of business and strategic risk appetite.

Divisions and business units are responsible for delivery of their business plans and management of such factors as pricing, sales and loan volumes, operating expenses and other factors that may introduce earnings volatility. Business, divisional and portfolio strategy is developed within the boundaries of the Group's strategy as well as the Group's Risk Appetite Statement.

The current status of business and strategic risk, including risk dashboards and risk appetite compliance, is reported through the Board Risk Report on a monthly basis.

The key dimensions evaluated within business and strategic risk are:

- the strength of the Bank's returns;
- the Bank's performance against business plans including strength of returns;

- evaluation and risk assessment of the Bank's strategy and implementation of the strategy;
- strength of the Bank's competitive position; and
- impact of the economic and geopolitical environment on the Bank's strategy.

The Bank also reviews business and strategic risk as part of the annual risk identification process.

### Risk mitigation

The Bank mitigates business risk through business planning methods, such as cost base management and oversight of business plans, which are informed by expectations of the external environment and the Bank's strategic priorities.

At an operational level, the Bank's annual budget process sets expectation for lending volumes, margins, and costs. The tracking of actual and regularly forecasted volumes, margins and costs against budgeted levels is a key financial management process in the mitigation of business risk. In the case of strategic risk, this risk is mitigated through regular updates to the Board on industry developments, the macroeconomic and geopolitical environment and associated trends which may impact the Bank's activities, review of the competitive environment and strategies at a divisional and business unit level.

### Capital adequacy risk

The objectives of the Bank's capital management policy are to at all times comply with regulatory capital requirements and to ensure that the Bank has sufficient capital to cover the risks of its business and support its strategy.

## 27 Fair values of financial assets and financial liabilities

### Fair value of assets and liabilities

Fair value is defined as 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.

Where possible, the Bank calculates fair value using observable market prices. Where market prices are not available, fair values are determined using valuation techniques which may include DCF models or comparisons to instruments with characteristics either identical or similar to those of the instruments held by the Bank or of recent arm's length market transactions. These fair values are classified within a three-level fair value hierarchy, based on the inputs used to value the instrument. Where the inputs might be categorised within different levels of the fair value hierarchy, the fair value measurement in its entirety is categorised in the same level of the hierarchy as the lowest level input that is significant to the entire measurement. The levels are defined as:

#### Level 1

Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable inputs for the asset or liability.

Transfers between different levels are assessed at the end of all reporting periods.



## 27 Fair values of financial assets and financial liabilities (continued)

The following tables analyse the carrying amounts of the financial assets and financial liabilities by accounting treatment and by balance sheet heading. The tables also show the fair values of the Bank's financial assets and financial liabilities and their classification within the fair valuation hierarchy.

2025	FVTPL		Cash flow hedge derivative at FVOCI €m	Held at amortised cost €m	Total €m	Fair value hierarchy			
	Mandatorily €m	Fair value hedge derivative €m				Level 1 €m	Level 2 €m	Level 3 €m	Total €m
<b>Fair value of financial assets held at amortised cost</b>									
Loans and advances to banks	-	-	-	874	874	-	844	-	844
Loans and advances to customers	-	-	-	20,264	20,264	-	-	21,438	21,438
Other assets	-	-	-	181	181	-	-	181	181
<b>Financial assets held at fair value</b>									
Derivative financial instruments	2	3	-	-	5	-	5	-	5
Other financial assets at FVTPL	166	-	-	-	166	-	-	166	166
	<b>168</b>	<b>3</b>	<b>-</b>	<b>21,319</b>	<b>21,490</b>	<b>-</b>	<b>849</b>	<b>21,785</b>	<b>22,634</b>
<b>Fair value of financial liabilities held at amortised cost</b>									
Deposits from banks	-	-	-	18,736	18,736	-	18,750	-	18,750
Debt securities in issue	-	-	-	1,055	1,055	178	350	462	990
Subordinated liabilities	-	-	-	52	52	-	55	-	55
Other financial liabilities	-	-	-	31	31	-	-	31	31
<b>Financial liabilities held at fair value</b>									
Derivative financial instruments	3	-	31	-	34	-	2	32	34
	<b>3</b>	<b>-</b>	<b>31</b>	<b>19,874</b>	<b>19,908</b>	<b>178</b>	<b>19,157</b>	<b>525</b>	<b>19,860</b>

2024	FVTPL		Cash flow hedge derivative at FVOCI €m	Held at amortised cost €m	Total €m	Fair value hierarchy			
	Mandatorily €m	Fair value hedge derivative €m				Level 1 €m	Level 2 €m	Level 3 €m	Total €m
<b>Fair value of financial assets held at amortised cost</b>									
Loans and advances to banks	-	-	-	1,419	1,419	-	1,405	-	1,405
Loans and advances to customers	-	-	-	18,786	18,786	-	-	19,656	19,656
Other assets	-	-	-	109	109	-	-	109	109
<b>Financial assets held at fair value</b>									
Derivative financial instruments	16	4	-	-	20	-	20	-	20
Other financial assets at FVTPL	185	-	-	-	185	-	-	185	185
	<b>201</b>	<b>4</b>	<b>-</b>	<b>20,314</b>	<b>20,519</b>	<b>-</b>	<b>1,425</b>	<b>19,950</b>	<b>21,375</b>
<b>Fair value of financial liabilities held at amortised cost</b>									
Deposits from banks	-	-	-	16,692	16,692	-	16,742	-	16,742
Debt securities in issue	-	-	-	2,144	2,144	898	179	966	2,043
Subordinated liabilities	-	-	-	51	51	-	51	-	51
Other financial liabilities	-	-	-	12	12	-	-	12	12
<b>Financial liabilities held at fair value</b>									
Derivative financial instruments	17	-	25	-	42	-	18	24	42
	<b>17</b>	<b>-</b>	<b>25</b>	<b>18,899</b>	<b>18,941</b>	<b>898</b>	<b>16,990</b>	<b>1,002</b>	<b>18,890</b>



## 27 Fair values of financial assets and financial liabilities *(continued)*

The following notes summarise the methods and assumptions used in estimating the fair values of financial instruments shown in the tables above:

### **Financial assets and liabilities held at amortised cost**

For financial assets and financial liabilities which are not subsequently measured at fair value on the balance sheet, the Bank discloses their fair value in a way that permits them to be compared to their carrying amounts. The methods and assumptions used to calculate the fair values of these assets and liabilities are set out below.

### **Loans and advances to banks**

The estimated fair value of floating-rate placements and overnight placings which are held at amortised cost is their carrying amount. The estimated fair value of fixed interest bearing placements which are held at amortised cost is based on DCFs using prevailing money market interest rates for assets with similar credit risk and remaining maturity (level 2 inputs).

### **Loans and advances to customers held at amortised cost and other assets**

The fair value of both fixed and variable rate loans and advances to customers held at amortised cost is estimated using valuation techniques which include the discounting of estimated future cash flows at current market rates, incorporating the impact of current credit spreads and margins.

The fair value reflects both loan impairments at the reporting date and estimates of market participants' expectations of credit losses over the life of the loans (level 3 inputs).

### **Deposits from banks and other financial liabilities**

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market prices is based on DCFs using interest rates for new deposits with similar remaining maturity (level 2 inputs).

### **Debt securities in issue and subordinated liabilities**

The fair values of these instruments are calculated based on quoted market prices where available (level 1 inputs). For those notes where quoted market prices are not available, a DCF model is used based on a current yield curve appropriate to the Bank for the remaining term to maturity.

The yield curve used incorporates the effect of changes in the Bank's own credit spread (level 2 and level 3 inputs).

### **Financial assets and financial liabilities recognised and subsequently measured at fair value**

All financial instruments are initially recognised at fair value. The Bank subsequently measures the following instruments at fair value through profit or loss (FVTPL): derivatives and other financial assets at FVTPL.

A description of the methods and assumptions used to calculate the fair value of these assets and liabilities is set out below. For fair value measurements categorised within level 3 of the fair value hierarchy, the valuation policies and procedures are developed by management and the valuation process is documented before being reviewed and approved by senior management to ensure that the valuation method is consistent with market practice, that the output is reasonable and that the methodology is consistent compared to prior years.

### **Derivative financial instruments**

The Bank's derivative financial instruments are valued using valuation techniques commonly used by market participants. These consist of DCF and options pricing models, which typically incorporate observable market data, principally interest rates, basis spreads and counterparty credit (level 2 inputs).

Certain derivatives are valued using unobservable inputs relating to counterparty credit such as ECB forecast rates, which are significant to their valuation (level 3 inputs). A 1% increase / decrease in the forecasted ECB rates within the EUR Base Rate curve for 2025 would result in a decrease / increase of €21 million respectively in the fair value of the derivatives, with a corresponding impact on other comprehensive income. This sensitivity information assumes that all other factors remain constant.

### **Other financial assets at fair value through profit or loss**

Other financial assets at FVTPL represent the Life Loan mortgage product which was offered by the Bank until 2010. Fair values are calculated using DCF models, which incorporate unobservable inputs (level 3 inputs). Using reasonably possible alternative assumptions would not have a material impact on the value of these assets.



## 27 Fair values of financial assets and financial liabilities *(continued)*

The table below shows the movement in level 3 assets and liabilities measured at fair value.

	2025			2024		
	Derivative financial instruments €m	Other financial assets at FVTPL €m	Total €m	Derivative financial instruments €m	Other financial assets at FVTPL €m	Total €m
<b>Movement in level 3 assets measured at fair value</b>						
<b>Opening balance</b>	-	185	185	-	205	205
Net interest income	-	6	6	-	7	7
Net trading income	-	2	2	-	2	2
Repayments	-	(27)	(27)	-	(29)	(29)
<b>Closing balance</b>	-	166	166	-	185	185
<b>Total unrealised gains / (losses) for the year included in profit or loss for level 3 assets at the end of the year</b>	-	6	6	-	8	8
<b>Movement in level 3 liabilities measured at fair value</b>						
<b>Opening balance</b>	24	-	24	35	-	35
Net trading expense	6	-	6	6	-	6
Net interest expense	2	-	2	-	-	-
Redemptions and maturities	-	-	-	(17)	-	(17)
<b>Closing balance</b>	32	-	32	24	-	24
<b>Total unrealised gains / (losses) for the year included in profit or loss for level 3 liabilities at the end of the year</b>	(8)	-	(8)	11	-	11

The following table provides quantitative information about fair value measurements using significant unobservable inputs.

Level 3 assets/liabilities	Valuation technique	Unobservable input	Fair value		Range	
			2025 €m	2024 €m	2025 %	2024 %
Other financial assets at fair value through profit or loss	Discounted Cash Flow	Discount on market rate	166	185	4.50% - 4.90%	4.50% - 6.40%
	Collateral values	Collateral changes			0% - 3.90%	0% - 4.30%
Derivative financial instruments - liabilities	Discounted Cash Flow	Forecasted central bank rates	32	13	2.3%-3.3%	2.2% - 2.6%

## 28 Contingent liabilities and commitments

The Bank has €1.3 billion of approved mortgage loan applications that had not been drawn down at 31 December 2025 (2024: €1.2 billion). Loss allowance provisions of €0.5 million (2024: €0.2 million) were recognised on mortgage loan commitments.

Loan commitments are classified and measured in accordance with IFRS 9. This involves measuring the loss allowance provision for loan commitments on a 12 month or lifetime ECL approach. The loan commitments are mainly classified as Stage 1 for ECL measurement.

The impairment charge is included in the income statement as part of net impairment losses on financial instruments.

<b>Loans and advances to customers at amortised cost</b>	<b>2025</b>	<b>2024</b>
Loan commitments (€bn)	1.3	1.2
Loss allowance provision on loan commitments (€'000)	485	208

## 29 Related party transactions

Bank of Ireland Mortgage Bank Unlimited Company is a public unlimited company, incorporated and domiciled in Ireland. The Bank's immediate parent undertaking is The Governor and Company of the Bank of Ireland, a corporation established in Ireland.

The Bank's ultimate parent undertaking, and controlling party, is Bank of Ireland Group plc, a public limited company incorporated and registered in Ireland. Copies of the consolidated financial statements of the Group for 2025 are available at the Bank of Ireland, Baggot Plaza, 27-33 Upper Baggot Street, Dublin 4.

### Transactions with Directors and Key Management Personnel

#### Loans to Directors

The information in the table below is presented in accordance with the Companies Act 2014.

For the purposes of the Companies Act disclosures, 'Directors' means the Board of Directors of the Bank, any past Directors who were Directors during the relevant period and Directors of the parent companies, The Governor and Company of the Bank of Ireland and its parent Bank of Ireland Group plc.

Directors' emoluments are provided within this note. The Bank has availed of the exemption under FRS 101 not to disclose key management personnel remuneration.

In the tables below, 'balances' and 'repayments' include principal and interest. The 'aggregate maximum amount outstanding' was calculated using the highest balance on each account. While the maximum amounts do not include interest accrued, interest accrued is included in the closing balances.

	<b>Balance at 1 January 2025 €'000</b>	<b>Balance at 31 December 2025 €'000</b>	<b>Aggregate maximum amount outstanding during the year ended 31 December 2025 €'000</b>	<b>Repayments during the year ended 31 December 2025 €'000</b>
<b>Companies Act Disclosures Loans - Mortgages</b>				
<b>Directors at 31 December 2025</b>				
M Lauhoff	384	364	384	31
<b>Directors no longer in office at 31 December 2025</b>				
T McMahon	247	219	247	35

During 2025, A Hartley, A McCleary, T Morley, K Kingston, S Pateman, D Hogan, P Byron, P Kearney and H Lorton had no loans with the Bank. No advances were made during the year. No amounts were waived during the year. None of the above loans were considered to be credit-impaired.

There were no specific provisions or expenses in respect of any failure or anticipated failure to repay any of the above loans or interest thereon. There was no interest which having fallen due on the above loans had not been paid.



## 29 Related party transactions *(continued)*

<b>Companies Act Disclosures Loans - Mortgages</b>	<b>Balance at 1 January 2024 €'000</b>	<b>Balance at 31 December 2024 €'000</b>	<b>Aggregate maximum amount outstanding during the year ended 31 December 2024 €'000</b>	<b>Repayments during the year ended 31 December 2024 €'000</b>
<b>Directors at 31 December 2024</b>				
T McMahon	272	247	272	38

During 2024, A Hartley, A McCleary, T Morley, K Kingston, S Pateman and H Lorton, had no loans with the Bank. No advances were made during the year. No amounts were waived during the year. None of the above loans were considered to be credit-impaired.

There were no specific provisions or expenses in respect of any failure or anticipated failure to repay any of the above loans or interest thereon. There was no interest which having fallen due on the above loans had not been paid.

### Loans to Directors of parent companies - Companies Act Disclosures

In the tables below, 'balances' and 'repayments' include principal and interest. The 'aggregate maximum amount outstanding' was calculated using the highest balance on each account. While the maximum amounts do not include interest accrued, interest accrued is included in the closing balances.

Parent companies at 31 December 2025 and 31 December 2024 are The Governor and Company of the Bank of Ireland and its parent Bank of Ireland Group plc.

<b>Directors of parent companies Loans - Mortgages</b>	<b>Balance at 1 January 2025 €'000</b>	<b>Balance at 31 December 2025 €'000</b>	<b>Aggregate maximum amount outstanding during the year ended 31 December 2025 €'000</b>	<b>Repayments during the year ended 31 December 2025 €'000</b>
<b>Directors at 31 December 2025</b>				
M Spain	255	231	255	33

<b>Directors of parent companies Loans - Mortgages</b>	<b>Balance at 1 January 2024 €'000</b>	<b>Balance at 31 December 2024 €'000</b>	<b>Aggregate maximum amount outstanding during the year ended 31 December 2024 €'000</b>	<b>Repayments during the year ended 31 December 2024 €'000</b>
<b>Directors at 31 December 2024</b>				
M Spain	277	255	277	33

G Andrews, A Bhargava, I Buchanan, E Finnan, E Fitzpatrick, R Goulding, M Greene, N Marshall, M O'Grady, S Pateman, M Sweeney and H Van der Noordaa had no loans with the Bank during 2025. No amounts were waived during 2025.

None of the loans above are considered to be credit-impaired. There is no interest which having fallen due on the above loans has not been paid.

All loans to Directors 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 Bank and of similar financial standing and do not involve more than the normal risk of collectability.

Loans relate to mortgages secured on residential property.

The value of arrangements at the beginning and end of each financial year as stated in the tables above, in accordance with

Section 307 of the Companies Act 2014, expressed as a percentage of the net assets of the Bank at the beginning and end of the financial year is less than 1%.

### Loans to connected persons on favourable terms

There were no loans to connected persons required to be disclosed at 31 December 2025 or 31 December 2024.

### Loans to connected persons - Central Bank of Ireland licence condition disclosures

Connected persons of Directors are defined by Section 220 of the Companies Act 2014.

All loans to 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 and do not involve more than the normal risk of collectability.



## 29 Related party transactions *(continued)*

Under its banking licence, the Bank is required to disclose in its annual audited financial statements details of:

- the aggregate amount of lending to all connected persons, as defined in Section 220 of the Companies Act 2014; and
- the aggregate maximum amount outstanding during the period for which those financial statements are being prepared.

Disclosure is subject to certain de-minimis exemptions and to exemptions for loans relating to principal private residences where the total of such loans to an individual connected person does not exceed €1 million.

The following information is presented in accordance with this licence condition.

In the tables below, 'balances' include principal and interest. The 'aggregate maximum amount outstanding' was calculated using the highest balance on each account. While the maximum amounts do not include interest accrued, interest accrued is included in the closing balances.

Connected persons of the following Director	Balance at 31 December 2025 €'000	Aggregate maximum amount outstanding during the year ended 31 December 2025 €'000	Number of persons at 31 December 2025	Maximum number of persons during the year ended 31 December 2025
T McMahon	985	1,019	1	1

Connected persons of the following Director	Balance at 31 December 2024 €'000	Aggregate maximum amount outstanding during the year ended 31 December 2024 €'000	Number of persons at 31 December 2024	Maximum number of persons during the year ended 31 December 2024
T McMahon	1,019	1,521	1	1

### Key management personnel (KMP) - loans

The information in the table below is prepared in accordance with IAS 24: Related Party Disclosures.

For the purposes of IAS 24: Related Party Disclosures, key management personnel (KMP) comprise the Directors of the Bank and the role of Chief Risk Officer of the Bank. Key management personnel also comprise KMP of the parent companies, The Governor and Company of the Bank of Ireland and its parent Bank of Ireland Group plc.

Key management personnel, including Directors, hold mortgages with the Bank in the ordinary course of business. All loans to Non-executive Directors are made in the ordinary course of business on normal commercial terms. Loans to key management personnel other than Non-executive Directors are made on terms similar to those available to staff generally and / or in the ordinary course of business on normal commercial terms.

The aggregate amounts outstanding, in respect of all loans, quasi-loans and credit transactions between the Bank, its key management personnel as defined above, including members of their close families and entities influenced by them, and key management personnel of the parent companies as noted above, are shown in the following table. In the tables below, 'balances' include principal and interest.

The 'maximum amount outstanding during the year' is calculated using the highest balance on each account. The highest maximum outstanding liability in respect of a loan or mortgage during 2025 for any member of KMP and their close family did not exceed €1 million (2024: €1 million). While the maximum amounts do not include interest accrued, interest accrued is included in the closing balance.

The opening balance includes balances and transactions with KMP who have retired during the prior year and are not related parties during the current year. Therefore, these KMP are not included in the maximum amounts outstanding.

IAS 24 Disclosures 2025 Key management personnel	Balance at 1 January 2025 €'000	Balance at 31 December 2025 €'000	Maximum amounts outstanding during 2025 €'000	Total number of relevant KMP at 1 January 2025	Total number of relevant KMP at 31 December 2025
Loans	2,820	1,475	2,820	6	5



## 29 Related party transactions *(continued)*

IAS 24 Disclosures 2024	Balance at 1 January 2024 €'000	Balance at 31 December 2024 €'000	Maximum amounts outstanding during 2024 €'000	Total number of relevant KMP at 1 January 2024	Total number of relevant KMP at 31 December 2024
<b>Key management personnel</b>					
Loans	2,912	2,317	3,795	6	6

Loans relate to mortgages secured on residential property.

The IAS 24 loan disclosure above includes loans to key management personnel on preferential staff rates amounting to €nil (2024: €nil). None of the loans were credit-impaired at 31 December 2025 or at 31 December 2024. There is no interest which having fallen due on the above loans has not been paid in 2025 (2024: €nil).

There are no guarantees entered into by the Bank in favour of KMP of the Bank and no guarantees in favour of the Bank have been entered into by the KMP of the Bank.

### Directors' remuneration

Other than those fees listed in the following table, there were no other fees or bonuses paid to Directors during 2025 (2024: €nil).

	2025 €'000	2024 €'000
Fees	229	164
Other emoluments	266	193
Other - pension	18	12
<b>Total remuneration</b>	<b>513</b>	<b>369</b>

## 30 Transferred financial assets

	Carrying amount of transferred assets €m	Carrying amount of associated liabilities €m	Fair value of transferred assets €m	Fair value of associated liabilities €m	Net fair value position €m
<b>Transferred financial assets not derecognised</b>					
<b>2025</b>					
<b>Securitisation - Loans and receivables</b>					
Residential mortgages book (Luna Securities DAC Special Purpose Entity)	410	-	429	-	429

	Carrying amount of transferred assets €m	Carrying amount of associated liabilities €m	Fair value of transferred assets €m	Fair value of associated liabilities €m	Net fair value position €m
<b>Transferred financial assets not derecognised</b>					
<b>2024</b>					
<b>Securitisation - Loans and receivables</b>					
Residential mortgages book (Luna Securities DAC Special Purpose Entity)	460	-	482	-	482

### Transferred financial assets not derecognised

The Bank has transferred certain financial assets that are not derecognised from its balance sheet. The Bank is exposed to substantially all risks and rewards including credit and market risk associated with the transferred assets.

The Bank's immediate Parent, Bank of Ireland, holds interests in a structured entity, Luna Securities DAC, which was issued in January 2024, whose purpose is to provide contingent liquidity to the Group via the receipt of transfer of Irish mortgage loans from Group entities and issuing mortgage backed securities.

The beneficial interest in the loans transferred to Luna Securities DAC include mortgages from both Bank of Ireland and the Bank.

The relevant loan book / pool is ring-fenced whereby the cash flows associated with these assets can only be used to repay the related notes holders plus associated issuance fees / costs.



### 31 Alternative performance measures

The Directors' report is prepared using IFRS and non-IFRS measures to analyse the Bank's performance, providing comparability year on year. These performance measures include the alternative performance measure of 'Return on assets' in line with the requirement of the EU (Capital Requirements) Regulations 2014. It is calculated as the statutory profit after tax divided by total assets.

	Source	2025 €m	2024 €m
Profit for the year	Income statement	9	9
Total assets	Balance sheet	21,494	20,523
<b>Return on assets (bps)</b>		<b>4</b>	<b>4</b>

### 32 Post balance sheet events

There have been no significant events identified since the end of the financial year requiring adjustments to or disclosures in the financial statements.

### 33 Approval of financial statements

The Directors approved these financial statements on 27 February 2026.



# Glossary

## **Further information related to certain measures referred to in this Report**

**Bank of Ireland** is The Governor and Company of the Bank of Ireland.

**Life Loans**, unlike a standard mortgage product, do not require borrowers to make any periodic repayments and the outstanding loan balance increases through the life of the loan as interest due is capitalised. The mortgage is typically repaid out of the proceeds of the sale of the property.

**'Non-performing exposures'** consist of:

- credit-impaired loans which includes loans where the borrower is considered unlikely to pay in full without recourse by the Bank to actions such as realising security, and / or loans where the borrower is greater than 90 days past due and the arrears amount is material; and
- other loans meeting NPE criteria as aligned with regulatory requirements.

**Principal employer** is The Governor and Company of the Bank of Ireland.

**The Group** is the Bank of Ireland Group plc and its subsidiary undertakings.

**Wholesale funding** is comprised of deposits by banks (including collateral received) and debt securities in issue.



## Abbreviations

<b>ACS</b>	Asset Covered Securities	<b>GDP</b>	Gross Domestic Product
<b>AT1</b>	Additional tier 1	<b>GIA</b>	Group Internal Audit
<b>Bank</b>	Bank of Ireland Mortgage Bank Unlimited Company	<b>Group</b>	Bank of Ireland Group plc
<b>Bank of Ireland</b>	The Governor and Company of the Bank of Ireland	<b>IAASA</b>	Irish Auditing and Accounting Supervisory Authority
<b>BIGPF</b>	Bank of Ireland Group Pension Fund	<b>IAS</b>	International Accounting Standard
<b>BPFI</b>	Banking and Payments Federation Ireland	<b>IRB</b>	Internal Rating Based
<b>BTL</b>	Buy to let	<b>IFRS</b>	International Financial Reporting Standard
<b>CBI</b>	Central Bank of Ireland	<b>INED</b>	Independent Non-Executive Director
<b>CCyB</b>	Countercyclical buffer	<b>KMP</b>	Key management personnel
<b>CET 1</b>	Common equity tier 1	<b>LGD</b>	Loss Given Default
<b>CRO</b>	Chief Risk Officer	<b>LTV</b>	Loan to Value
<b>CRR</b>	Capital Requirements Regulation	<b>MDD</b>	Modified Domestic Demand
<b>CSO</b>	Central Statistics Office	<b>MRO</b>	Main Refinancing Operations
<b>DCF</b>	Discounted Cash Flow	<b>NPEs</b>	Non-performing exposures
<b>EAD</b>	Exposure at Default	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>EBA</b>	European Banking Authority	<b>PBT</b>	Profit before taxation
<b>ECB</b>	European Central Bank	<b>PD</b>	Probability of Default
<b>ECL</b>	Expected credit losses	<b>PMA</b>	Post-model adjustment
<b>ELBE</b>	Expected Loss Best Estimate	<b>POCI</b>	Purchased or Originated Credit-Impaired
<b>ESG</b>	Environmental, Social and Corporate Governance	<b>RoI</b>	Republic of Ireland
<b>EU</b>	European Union	<b>RPPI</b>	Residential Property Price Index
<b>EURIBOR</b>	Euro InterBank Offered Rate	<b>S&amp;P</b>	Standard & Poor's
<b>ERC</b>	Executive Risk Committee	<b>SLAs</b>	Service Level Agreements
<b>FLI</b>	Forward looking information	<b>SMBPN</b>	Special Mortgage-Backed euro Promissory Note
<b>FRS 101</b>	Financial Reporting Standard 101	<b>SSM</b>	Single Supervisory Mechanism
<b>FVOCI</b>	Fair Value through Other Comprehensive Income	<b>UK</b>	United Kingdom
<b>FVTPL</b>	Fair Value Through Profit or Loss	<b>UTP</b>	Unlikelihood to pay





