AIB Asset Management Holdings Limited

Directors' Report and
Annual Financial Statements
for the year ended 31 December 2021

Company registration number: 03134603

Contents

Directors and other information

Directors	Thomas Hall Paul Scully
Secretary	Adrian Kelly
Registered office	AIB St. Helens 1 Undershaft London EC3A 8AB England
Registered number	03134603
Registered auditor	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Republic of Ireland
Banker	Allied Irish Banks, p.l.c. 10 Molesworth Street Dublin 2 Republic of Ireland

Directors' report

The Directors present herewith their annual report and audited financial statements of AIB Asset Management Holdings Limited ('the Company') for the year ended 31 December 2021. The Statement of Directors' responsibilities in relation to the financial statements appears on page 6.

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006 to include certain matters, such as capital management, principal risks and uncertainties, a review of future developments and non-adjusting events after the reporting date in its Strategic report that would otherwise be required to be disclosed in this Directors' report. The Strategic report is on page 5.

Going concern
The financial statements have been prepared on a basis other than that of going concern as the Directors intend to wind up the Company in the near future, after settlement of taxation and payment of a dividend. Under this basis of accounting assets are stated at their estimated realisable value and liabilities are stated at their estimated settlement value.

Directors and Secretary during the year
The Directors of the Company during the financial year ended 31 December 2021 were:

Thomas Hall
Paul Scully

Elizabeth Hallissey resigned as Secretary of the Company on 26 January 2022.

Adrian Kelly was appointed as Secretary of the company on 27 January 2022.

Directors' and Secretary's interests
None of the Directors or the Secretary who held office at the end of the financial year had any disclosable interests, as defined in the United Kingdom Companies Act 2006, in the shares of the Company or any other Group undertakings.

No contracts of significance in which a Director or the Secretary had a material interest existed at the end of the year or at any time during the year.

Directors' loans
None of the Directors received any loans from the Company during the financial year 2021 (2020: nil).

Directors' indemnities
The Company has not made qualifying third party indemnity provisions for the benefit of its Directors in the Articles of Association.

Accounting records
The Directors have complied with the requirements of the Companies Act 2006 with regard to adequate accounting records by allocating personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at the registered office of its ultimate parent AIB Group plc, 10 Molesworth Street, Dublin 2.

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' report (continued)

Independent auditor
Deloitte Ireland LLP ('Deloitte'), Chartered Accountants and Statutory Audit Firm have expressed their willingness to continue in office under Section 487 of the Companies Act 2006.

Deloitte will step down as auditor of the ultimate parent company, AIB Group plc, following the conclusion of the 2022 financial year end process, having at that point served as statutory auditor for the maximum legally permitted unbroken tenure in office as AIB Group plc's statutory auditor of ten years. Consequently, Deloitte will also step down as auditor of the Company following the conclusion of the 2022 financial year end process.

Approved by the Board of Directors and signed on its behalf by:

Paul Scully

Paul Scully
Director

Date: 13 July 2022

Strategic report

Principal activities and future developments
AIB Asset Management Holdings Limited ('the Company') was set up as an investment holding company. The Company does not currently hold any interests in any subsidiary undertakings since they were all previously transferred to the penultimate parent company.

Business review
The results for the year are set out in the attached financial statements. The loss for the year after taxation amounted to £1k (2020: loss £1k). The loss is due to a tax charge of £1k (2020: charge of £1k). No dividends were declared or paid during the year (2020: nil).

The Company had total assets of £741k at 31 December 2021 (2020: £741k) of which £663k relates to amounts due from Group undertakings (2020: £664k). Total liabilities at 31 December 2021 of £122k are the same as at 31 December 2020. Shareholders' equity at 31 December 2021 decreased to £619k (2020: £620k) reflecting the loss for the year.

Strategy and outlook
The Directors intend to wind up the Company in the near future, after settlement of taxation and payment of a dividend to distribute the remaining reserves.

Principal risks and uncertainties
Information concerning the principal risks and uncertainties facing the Company as required under the terms of the European Accounts Modernisation Directive (2003/51/EEC) is set out in note 10 to the financial statements.

AIB Group plc is monitoring the increased geopolitical risk and uncertainty in the global economy and the potential impact it may have on all its business. The Company has no direct exposure to Ukraine, Russia or Belarus.

Capital management
The Company is dependent on the immediate parent company, Allied Irish Banks p.l.c. ('AIB'), for its capital and funding.

Political and charitable donations
The Company made no political or charitable contributions during the year (2020: nil).

Non-adjusting events after the reporting period
There have been no significant events affecting the Company since the reporting date which require amendment to, or disclosure in, the financial statements.

Approved by the Board of Directors and signed on its behalf by:

Paul Scully

Paul Scully
Director

Date: 13 July 2022

Statement of Directors' responsibilities

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditor in relation to the financial statements. It should be read in conjunction with the statement of Auditor's responsibilities set out in their audit report.

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 the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the United Kingdom. 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 state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these 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 that the financial statements comply with IFRSs as adopted by the UK; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the Board of Directors and signed on its behalf by:

Paul Scully

Paul Scully
Director

Date: 13 July 2022

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

Independent auditor's report to the members of AIB Asset Management Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AIB Asset Management Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its Loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in shareholders' equity;
- the statement of cash flows; and
- the related notes 1 to 17 including a summary of significant accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted accounting standards and IFRSs as issued by IASB

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

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.

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 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.

Other information

The other information comprises the information included in the Directors' Report and Annual Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Annual Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent auditor's report to the members of AIB Asset Management Holdings Limited

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 (UK) 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 further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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Independent auditor's report to the members of AIB Asset Management Holdings Limited

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

David McCaffrey
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2
Date: 18 July 2022

Income statement

for the financial year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit before taxation	2	—	—
Income tax charge	4	**(1)**	(1)
Loss for the financial year		**(1)**	(1)

Statement of comprehensive income

for the financial year ended 31 December 2021

	2021 £'000	2020 £'000
Loss for the financial year	**(1)**	(1)
Other comprehensive income for the year	—	—
Total comprehensive income for the year	**(1)**	(1)

See accompanying notes which form an integral part of the financial statements.

Statement of financial position

as at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Cash and cash equivalents	5	**77**	76
Amounts due from Group undertakings	6	**663**	664
Current taxation	7	**1**	1
Total assets		**741**	741
Liabilities			
Amounts due to Group undertakings	8	**121**	120
Accruals and deferred income		**1**	1
Total liabilities		**122**	121
Shareholders' equity			
Issued share capital presented as equity	9	**84,676**	84,676
Share premium		**66,487**	66,487
Revenue reserves		**(150,544)**	(150,543)
Total shareholders' equity		**619**	620
Total liabilities and shareholders' equity		**741**	741

See accompanying notes which form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 13 July 2022 and signed on its behalf by:

Paul Scully

Paul Scully
Director

Date: 13 July 2022

Company registration number: 03134603

Statement of changes in shareholders' equity

for the financial year ended 31 December 2021

	Ordinary share capital	Share premium	Revenue reserves	Total shareholders' equity
	£'000	£'000	£'000	£'000
At 1 January 2021	**84,676**	**66,487**	**(150,543)**	**620**
Total comprehensive income for the year	—	—	(1)	(1)
At 31 December 2021	**84,676**	**66,487**	**(150,544)**	**619**
At 1 January 2020	84,676	66,487	(150,542)	621
Total comprehensive income for the year	—	—	(1)	(1)
At 31 December 2020	84,676	66,487	(150,543)	620

See accompanying notes which form an integral part of the financial statements.

Statement of cash flows

for the financial year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit before taxation for the year		—	—
Cash flows from operating assets and liabilities			
Change in amounts due from group undertakings		1	(1)
Change in amounts due to group undertakings		1	—
Net cash flows from operating assets and liabilities		2	(1)
Net cash flows from operating activities before taxation		2	(1)
Taxation paid		(1)	—
Net cash flows from operating activities		1	(1)
Net cash flows from investing activities		—	—
Net cash flows from financing activities		—	—
Change in cash and cash equivalents		1	(1)
Cash and cash equivalents at 1 January		76	77
Cash and cash equivalents at 31 December		77	76

See accompanying notes which form an integral part of the financial statements.

Notes to the financial statements

1. Accounting policies
The accounting policies that the Company applied in the preparation of the financial statements for the year ended 31 December 2021 are set out below.

1.1. Reporting entity
AIB Asset Management Holdings Limited is a private company limited by shares. It is incorporated and domiciled in England and Wales. The address of the Company's registered office is AIB, St. Helens, 1 Undershaft, London, EC3A 8AB. The Company's registered number is 03134603.

1.2. Statement of compliance
The financial statements have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively 'IFRS'), as issued by the International Accounting Standards Board ('IASB') and subsequently adopted by the United Kingdom and applicable for the year ended 31 December 2021.

The accounting policies have been consistently applied by the Company and are consistent with the previous year, unless otherwise described.

1.3. Basis of preparation
Functional and presentation currency
The financial statements are presented in pound sterling ('£'), which is the functional currency of the Company. Except as otherwise indicated, financial information presented in pound sterling has been rounded to the nearest thousand (£'000).

Basis of measurement
As going concern is no longer applicable, assets are stated at their estimated realisable value and liabilities are stated at their estimated settlement value.

Use of judgements and estimates
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management's judgement may involve making estimates concerning the likelihood of future events, the actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

There is no accounting policy that is deemed critical to the Company's results and financial position, in terms of the materiality of the items to which the policy is applied, and there are no key sources of estimation of uncertainty.

Going concern
The financial statements have been prepared on a basis other than that of going concern as the Directors are currently considering the future direction of the Company, including the possibility of a members' voluntary winding up. The Directors do not believe that the Company will continue in existence for the foreseeable future. Under this basis of accounting assets are stated at their estimated realisable value and liabilities are stated at their estimated settlement value.

Adoption of new accounting standards
During the financial year to 31 December 2021, the Company applied for the first time certain standards and amendments which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The following are amendments to standards and interpretations which had an insignificant impact on these annual financial statements:
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2.

Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ('IBOR') is replaced with an alternative nearly risk-free interest rate ('RFR'). The amendments include a number of practical expedients. These amendments had no material impact on the financial statements of the Company.

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

Effective interest rate
The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

1. Accounting policies (continued)

1.4. Interest income and expense recognition (continued)

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

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

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

Presentation
Interest income and expense presented in the income statement includes interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis.

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

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

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

1.6. Financial assets
Recognition and initial measurement
The Company initially recognises financial instruments on the trade date, being the date on which the Company commits to purchase the assets. Loan assets are recognised when cash is advanced to borrowers.

Classification and subsequent measurement
On initial recognition, a financial asset is classified and subsequently measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').
The classification and subsequent measurement of financial assets depend on:
- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset (for assets in a 'hold-to-collect' or 'hold-to-collect-and-sell' business model).

Based on these factors, the Company classifies its financial assets into the following category:

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

Due from Group undertakings
Amounts due from Group undertakings are classified as financial assets measured at amortised cost and are recognised and measured accordingly. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

1. Accounting policies (continued)

1.6. Financial assets (continued)

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

The assessment considers the following:
- The strategy for the portfolio as communicated by management;
- How the performance of the portfolio is evaluated and reported to senior management; and
- The risks that impact the performance of the business model, and how those risks are managed.

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

The SPPI test requires an assessment of the contractual terms and conditions to determine whether a financial asset contains any terms that could modify the timing or amount of contractual cash flows of the asset, to the extent that they could not be described as solely payments of principal and interest. In making this assessment, the Company considers:
- features that modify the time value of money element of interest (e.g. tenor of the interest rate does not correspond with the frequency within which it resets);
- terms providing for prepayment and extension;
- leverage features;
- contingent events that could change the amount and timing of cash flows;
- terms that limit the Company's claim to cash flows from specified assets; and
- contractually linked instruments.

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

Reclassifications
Reclassifications of financial assets to alternative asset categories, (e.g. from amortised cost to FVOCI), should be very infrequent, and will only occur when, and only when, the Group changes its business model for managing a specific portfolio of financial assets.

1.7. Financial liabilities
The Company categorises financial liabilities as at amortised cost or as at fair value through profit or loss. The Company recognises a financial liability when it becomes party to the contractual provisions of the contract.

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

Financial liabilities are initially recognised at fair value, being the issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured 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 rate method.

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

Due to Group undertakings
Amounts due to Group undertakings are classified as financial liabilities at amortised cost and are recognised and measured accordingly.

Notes to the financial statements

1. Accounting policies (continued)

1.8. Derecognition

Financial assets

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

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

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

1.9. Impairment of financial assets

The Company recognises loss allowances for expected credit losses ('ECLs') at each balance sheet date for the following financial instrument category that is not measured at FVTPL:

- Financial assets at amortised cost.

ECLs are the weighted average of credit losses. These are an estimate of credit losses over the life of a financial instrument. When measuring ECLs, the Company takes into account:

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

Financial assets at amortised cost were assessed for an ECL at 31 December 2021 and 2020. The ECL amounted to nil (2020: nil).

1.10. Share capital

Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Company.

Share capital

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

Share premium

When shares are issued at a premium whether for cash or otherwise, the excess of the amount received over the par value of the shares is transferred to share premium.

Revenue reserves

Revenue reserves represent retained earnings of the Company.

1.11. Cash and cash equivalents

For the purposes of the cash flow statements, cash comprises cash on hand and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value and with a maturity of less than three months from the date of acquisition.

Notes to the financial statements

1. Accounting policies (continued)

1.12. Prospective accounting changes
The following amendments to existing standards which have been approved by the IASB, but not early adopted by the Company, will impact the Company's financial reporting in future periods. The Company will consider the impact of these amendments as the situation requires. The amendments which are most relevant to the Company are detailed below.

Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Effective date: Annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*: Disclosure of Accounting Policies
The amendments to IAS 1 and IFRS Practice Statement 2 regarding disclosure of accounting policies which were issued in February 2021, amends IAS 1 in the following way:
- Disclosure of material accounting policy information is now required instead of significant accounting policies.
- Amendments have been included to clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial and if users of an entity's financial statements would need it to understand other material information in the financial statements.

Effective date: Annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates
The amendments to IAS 8 regarding accounting policies, changes in accounting estimates and errors were issued in February 2021 to help entities to distinguish between accounting policies and accounting estimates. The changes relate entirely to accounting estimates and clarify the following:
- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimates that result from new information or new developments is not the correction of an error.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods.

Effective date: Annual reporting periods beginning on or after 1 January 2023.

Other
The IASB has published a number of minor amendments to IFRSs through standalone amendments. None of the other amendments are expected to have a significant impact on reported results or disclosures.

Notes to the financial statements

2. Profit before taxation
The Company has not traded during the financial year. It has made neither profit nor loss and all accounting and administrative expenses incurred by the Company, including remuneration of the auditor and Directors, have been borne by AIB.

3. Auditor's fees
Auditor's remuneration including audit fees, other assurance services, tax advisory services and other non-audit services is borne by AIB.

4. Taxation

	2021	2020
	£'000	£'000
Current taxation		
Current tax charge on income for the year	**(1)**	(1)
Total income tax charge for the year	**(1)**	(1)

Factors affecting the effective tax rate
The tax charge for the year is higher (2020: higher) than the standard average rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£'000	£'000
Profit before taxation	**—**	—
Tax charge at standard corporation tax rate in the UK of 19% (2020: 19%)	**—**	—
Effects of:		
Transfer pricing adjustment	**(1)**	(1)
Tax charge	**(1)**	(1)

5. Cash and cash equivalents

	2021	2020
	£'000	£'000
Funds placed with Allied Irish Banks, p.l.c	**77**	76
	77	76

Funds placed with AIB earn interest at market rates.

Notes to the financial statements

6. Amounts due from Group undertakings

	2021	2020
	£'000	£'000
Funds due from Group undertaking	**663**	664
	663	664

Amounts due from Group undertakings are non-interest bearing and repayable on demand. These loans were assessed for an ECL at 31 December 2021 and 2020. It was determined that the ECL on the intercompany loans at 31 December 2021 was £nil (2020: £nil), as the Directors expect to fully recover the amounts owed from the Group entity.

7. Current taxation

	2021	2020
	£'000	£'000
Corporation tax receivable	**1**	1
	1	1

It is AIB policy that where a company uses tax losses from another AIB company to shelter its tax liability, then it will pay the surrendering company for the use of the losses at the corporation tax prevailing. The settlement will be paid either in cash or through the intercompany account. This balance represents amounts receivable from other AIB group undertakings in relation to tax losses surrendered.

8. Amounts due to Group undertakings

	2021	2020
	£'000	£'000
Funds due to Group undertaking	**121**	120
	121	120

Amounts due to Group undertaking are repayable on demand and non-interest bearing.

9. Called up share capital

	2021	2020
	£'000	£'000
Authorised:		
8,467,582,176 ordinary shares of £0.01	**84,676**	84,676
Issued and fully paid:		
8,467,582,176 ordinary shares of £0.01	**84,676**	84,676

Notes to the financial statements

10. Risk management

Risk taking is inherent in the provision of financial services and the Company, as part of AIB, assumes a variety of risk in undertaking its business activities. Risk is defined as any event that could: damage the core earnings capacity of the Company; increase earnings or cash flow volatility; reduce capital; threaten business reputation or viability; and/or breach legal obligations. AIB has adopted an Enterprise Risk Management approach to identifying, assessing and managing risks.

The key elements of the framework are:

- Risk philosophy;
- Risk appetite;
- Risk governance and risk management organisation;
- Risk identification and assessment process;
- Risk strategy; and
- Stress and scenario testing.

Risk management - individual risk types

This section provides details of the exposure to, and risk management of, the following individual risk types which have been identified through the AIB risk assessment process and which are relevant to the Company.

10.1 Credit risk
10.2 Liquidity risk
10.3 Operational risk
10.4 Non-trading interest rate risk

The 4 applicable risk types are discussed below.

10.1 Credit risk

Credit risk is defined as the risk that the Company will incur losses as a result of a customer or counterparty being unable or unwilling to meet their contractual obligations. The table below sets out the maximum exposure to credit risk that arises within the Company.

	2021	2020
	£'000	£'000
Cash and cash equivalents	**77**	76
Amounts due from Group undertakings	**663**	664
Maximum exposure to credit risk	**740**	740

Amounts due from Group undertakings are non-interest bearing and repayable on demand. These loans were assessed for an ECL at 31 December 2021 and 2020. It was determined that the ECL on the intercompany loans at 31 December 2021 was £nil (2020: £nil), as the Directors expect to fully recover the amounts owed from the Group entity.

10.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to fund its assets and meet its payment obligations as they come due, without incurring unacceptable costs or losses. The objective of liquidity management is to ensure that, at all times, the Company holds sufficient funds to meet its contracted and contingent commitments, at an economic price.

The Company's liquidity risk is managed as part of the overall AIB liquidity management. This includes the risk identification and assessment, risk management and mitigation, and risk monitoring and reporting processes.

The following table analyses, on an undiscounted basis, financial liabilities by remaining contractual maturity at 31 December 2021 and 2020:

	2021		2020	
	Repayable on demand	**Total**	Repayable on demand	Total
	£'000	**£'000**	£'000	£'000
Amounts due to Group undertakings	**121**	**121**	120	120
	121	**121**	120	120

10. Risk management (continued)

10.3 Operational risk
Operational risk is the risk arising from inadequate or failed internal processes, people and systems or from external events.

The management of operational risk is a line management responsibility. It is supported by specialist operational risk management ('ORM') functions within AIB that assist and advise line management on specific operational risks. Examples include money laundering prevention, compliance, business continuity planning, information security and insurance.

10.4 Interest rate risk
The interest rate sensitivity analysis for the Company as at 31 December 2021 and 31 December 2020 is illustrated in the following tables:

							2021
	0<3 months	**3<6 months**	**6<12 months**	**1<5yrs**	**5+ years**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Assets							
Cash and cash equivalents	77	—	—	—	—	—	77
Amounts due from Group undertakings	—	—	—	—	—	663	663
Other assets	—	—	—	—	—	1	1
Total assets	77	—	—	—	—	664	741
Liabilities							
Amounts due to Group undertakings	—	—	—	—	—	121	121
Other liabilities	—	—	—	—	—	1	1
Shareholders' equity	—	—	—	—	—	619	619
Total liabilities and shareholders' equity	—	—	—	—	—	741	741
Interest rate sensitivity gap	77	—	—	—	—	(77)	
Cumulative interest sensitivity gap	77	77	77	77	77	—	

Notes to the financial statements

10. Risk management (continued)

10.4 Interest rate risk (continued)

							2020
	0<3 months	3<6 months	6<12 months	1<5yrs	5+ years	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Cash and cash equivalents	76	—	—	—	—	—	76
Amounts due from Group undertakings	—	—	—	—	—	664	664
Other assets	—	—	—	—	—	1	1
Total assets	76	—	—	—	—	665	741
Liabilities							
Amounts due to Group undertakings	—	—	—	—	—	120	120
Other liabilities	—	—	—	—	—	1	1
Shareholders' equity	—	—	—	—	—	620	620
Total liabilities and shareholders' equity	—	—	—	—	—	741	741
Interest rate sensitivity gap	76	—	—	—	—	(76)	
Cumulative interest sensitivity gap	76	76	76	76	76	—	

Notes to the financial statements

11. Classification and measurement of financial assets and financial liabilities
Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The accounting policy for financial assets in note 1.6 and financial liabilities in note 1.7, describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses at 31 December 2021 and 2020 the carrying amounts of the financial assets and financial liabilities by measurement category as defined in IFRS 9 *Financial Instruments* and by statement of financial position heading.

		2021
	At amortised cost	**Total**
	£'000	**£'000**
Financial assets		
Cash and cash equivalents	**77**	**77**
Amounts due from Group undertakings	**663**	**663**
	740	**740**
Financial liabilities		
Amounts due to Group undertakings	**121**	**121**
Other financial liabilities	**1**	**1**
	122	**122**

		2020
	At amortised cost	Total
	£'000	£'000
Financial assets		
Cash and cash equivalents	76	76
Amounts due from Group undertakings	664	664
	740	740
Financial liabilities		
Amounts due to Group undertakings	120	120
Other financial liabilities	1	1
	121	121

Notes to the financial statements

12. Fair value of financial instruments

The term "financial instrument" includes both financial assets and financial liabilities. The fair value of a financial instrument is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date.

Fair values are based on observable market prices where available, and on valuation models or techniques where the lack of market liquidity means that observable prices are unavailable. The fair values of financial instruments are measured according to the following fair value hierarchy that reflects the observability of significant market inputs:

Level 1 - financial assets and liabilities measured using quoted market prices from an active market (unadjusted).
Level 2 - financial assets and liabilities measured using valuation techniques which use quoted market prices from an active market or measured using quoted market prices unadjusted from an inactive market.
Level 3 - financial assets and liabilities measured using valuation techniques which use unobservable market data.

All financial instruments are initially recognised at fair value.

The fair value of financial instruments has been deemed to be equivalent to the book value as the instruments are variable in nature and it is reasonable to assume that the book value is equivalent to the instrument's fair value.

Furthermore, the concept of fair value assumes realisation of financial instruments by way of a sale. However in many cases a sale is unlikely, and the assets and liabilities will be held to maturity.

The methods used for calculation of fair value in the year to 31 December 2021 are as follows:

Amounts due from Group undertakings and to Group undertakings
The fair value of balances with other AIB companies is stated at carrying value.

Other financial liabilities
All other liabilities are held at amortised cost. The carrying amount is considered representative of fair value.

The following table sets out the carrying amount and fair value of financial instruments across the three levels of the fair value hierarchy at 31 December 2021 and 31 December 2020:

					2021
	Carrying amount	**Fair value**			
		Fair value hierarchy			
		Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets not measured at fair value					
Cash and cash equivalents*	77	77	—	—	77
Amounts due from Group undertakings	663	—	—	663	663
	740	77	—	663	740
Financial liabilities not measured at fair value					
Amounts due to Group undertakings	121	—	—	121	121
Other financial liabilities	1	—	—	1	1
	122	—	—	122	122

*Comprises cash on hand

Notes to the financial statements

12. Fair value of financial instruments (continued)

					2020
	Carrying amount	Fair value			
		Fair value hierarchy			
		Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets not measured at fair value					
Cash and cash equivalents*	76	76	—	—	76
Amounts due from Group undertakings	664	—	—	664	664
	740	76	—	664	740
Financial liabilities not measured at fair value					
Amounts due to Group undertakings	120	—	—	120	120
Other financial liabilities	1	—	—	1	1
	121	—	—	121	121

*Comprises cash on hand

13. Related party transactions

The Company has related party relationships with AIB and other AIB entities. The table below provides the balances that the Company has with AIB and other AIB entities:

		2021		2020
	AIB	**Fellow subsidiaries**	AIB	Fellow subsidiaries
	£'000	**£'000**	£'000	£'000
Statement of financial position				
Cash and cash equivalents	**77**	—	76	—
Amounts due from Group undertakings	**663**	—	664	—
Amounts due to Group undertakings	—	**(121)**	—	(120)

Compensation of key management personnel

In the Company, key management personnel ('KMP') comprises of the Directors of the Company. The Company is a subsidiary of AIB. The time and costs of executives and other staff who are primarily employed by AIB are not specifically recharged. The emoluments of the Directors are met by AIB. They do not receive remuneration for services provided to the Company.

Transactions with key management personnel

There were no transactions between the Company and KMP during the financial years ended 31 December 2021 and 2020.

14. Employees

The number of persons employed by the Company during the year was nil (2020: nil).

15. Capital resources

The Company's capital consists of equity comprising issued share capital, share premium and retained earnings. The Company is a member of the AIB Group of companies which has regulatory disciplines over the use of capital. The Company is governed by AIB's policy to maintain a strong capital base. It is not separately regulated.

Notes to the financial statements

16. Ultimate controlling party
The immediate parent company is Allied Irish Banks p.l.c. ('AIB'), a company registered in the Republic of Ireland. This is the smallest group in which the financial statements of the Company are consolidated.

AIB Group plc, a company registered in the Republic of Ireland is the ultimate parent company and ultimate controlling party of AIB Asset Management Holdings Limited.

The ultimate parent company is the largest group, of which AIB Asset Management Holdings Limited is a member, for which consolidated accounts are prepared. The financial statements of AIB and AIB Group plc are available from its registered address at AIB Group plc, 10 Molesworth Street, Dublin 2. Alternatively, information can be viewed by accessing AIB's website at www.aib.ie/investorrelations.

17. Non-adjusting events after reporting period
There have been no significant events affecting the Company since the reporting date which require amendment to, or disclosure in, the financial statements.