Disclosures Under Investment Firms Regulations ("IFR")

DATE: 31 December 2024

Introduction

A new prudential framework for investment firms was introduced by the Investment Firms Directive and the Investment Firms Regulation (**"IFD"** and **"IFR"** and together **"The Regulations"**) which was transposed into law on 26 June 2021.

The objective of the IFD and IFR is to provide for capital, liquidity and other prudential requirements for investment firms that reflect the business models of those firms and proportionately capture the risks posed and faced by these firms.

Under the IFR/IFD framework, Investment firms fall under one of four classifications.

- Class 1 and Class 1 minus investment firms remain subject to the CRR/CRD prudential framework.
- Class 1 investment firms, who are the largest and most systemic, are required to apply for authorisation as credit institutions.
- Class 2 and Class 3 investment firms are subject to the new IFR/IFD prudential regime,

Goodbody Stockbrokers UC (**"Goodbody"** or the **"Company"** or the **"Firm"**) is classified as a Class 2 firm under IFD and IFR.

Class 2 firms must comply with a range of new requirements relating to, Capital & Own Funds, Liquidity, Internal Governance, Remuneration and Disclosure & Reporting.

In accordance with IFR, we have set out below disclosures relating to the following:

- Risk management objectives and policies (Article 47 IFR)
- Governance (Article 48 IFR)
- Own funds (Article 50 IFR)

The reporting reference for these disclosures is 31 December 2024. As required under Article 46 of IFR, this information is being disclosed on the same date as publication of the Goodbody Financial Statements for the year ended 31 December 2024.

Risk Management Objectives and Policies

Risk Profile and Strategy

Goodbody's Risk Management Framework (RMF) sets out how risk is managed within the Company and provides the foundations and organisational arrangements for risk management practices. Goodbody seeks to ensure that all classes of risk directly or indirectly impacting the Company are managed in a single consistent and cohesive manner. The RMF aims to support Goodbody in meeting its purpose and achieving its strategic ambitions by providing a clear, concise and comprehensive approach to the governance, implementation and embedding of risk management practices.

The RMF is underpinned by a number of core Risk Management principles and central among these are the following:

- The Goodbody Board has ultimate responsibility for the governance of all risk-taking activity.
- The Company has adopted a Three Lines of Defence model ("3LOD").
- The Company identifies, assesses, manages, measures and reports all its material risk.
- The Company operates and manages its risks in line with a Risk Appetite Statement.
- The Company ensures through its risk assessment techniques that it has sufficient resilience to withstand a range of adverse scenarios and restore viability.
- The Company promotes a strong risk culture and supports improvements in operational and strategic decisions throughout the Company by ensuring Risk review and challenge.

The Risk Function supports the Company's strategy through its mandate to guide and protect the organisation to achieve its strategy in a safe manner, while simplifying processes to increase the effectiveness of Risk activities. The objectives of the Risk Function are to ensure the Company has a robust risk management framework and culture in place to ensure risks are taken within the risk appetite set by the Board, in support of Group's customer franchise and social responsibility.

Effective management of the Risk Function ensures that the Risk Strategy is implemented efficiently through the annual Risk Function Plan which details the key priorities for Risk for the year. The Risk Function Plan is developed by the Chief Risk Officer, in collaboration with the Risk Senior Management Team. The Plan is designed to align to the Company strategy and planning cycles, to ensure closer involvement in the development, implementation and safe execution of the Company's strategy.

Risk to Client

K-AUM (assets under management)

Conduct Risk Management is an integral part of the Firm's client service proposition. The Firm's Conduct Committee was established to review and oversee the Goodbody conduct risk profile and seeks to further promote and embed a client centric culture in Goodbody, driving consistent client management and fair outcomes across all Goodbody business units. The Conduct Committee receives it delegated authority from the Goodbody Executive Committee which comprises the group of senior executives in Goodbody.

Observance of Client Suitability is of key importance from both a regulatory and a client service perspective to ensure clients are provided with investments that are suited to their requirements. Goodbody has a robust Client Suitability Review in place to ensure that clients invest appropriately. This review is conducted at several levels, from the initial account opening phase to ongoing interaction with Investment Managers and also in relation to specific products. This is supported by a focus on compliance with rules, processes, and client due diligence.

Advisory and discretionary clients are required to complete a risk profile questionnaire to assist the alignment of investment assets/products to the client's risk appetite. A statement of suitability is issued annually to ensure investment objectives remain aligned to their investment strategy.

The Company manages its advisory activities in the context of assets under management in line with the type of client, their service requirements, and general risk appetite.

Product Strategy and Execution is defined as the risk that the Firm's products/services fail to meet customer needs, are inappropriately complex or are not fit for purpose resulting in customer detriment, regulatory sanctions and/or reputational damage. The Goodbody Product Committee ("GPC") is the principal approving body and primary decision maker for product risk management in Goodbody. The GPC plays a key role in providing leadership and promoting a culture of compliance and client focus across Goodbody.

K-COH (client order handling)

Client orders are processed according to the prevailing best execution policy and are received only through authorised channels.

K-CMH (client money held) and K-ASA (asset safeguard)

Care with counterparty selection helps reduce exposure to credit risk and particular care is made in the selection of counterparties who hold client assets. The Client Asset Requirements ("CAR") obliges Goodbody to exercise an appropriate level of due diligence in the selection and oversight of its counterparty relationships. The Client Asset Counterparty Approval Group provides both the initial and on-going approval of client asset related counterparty relationships, both with credit institutions and with third parties.

Client asset oversight is conducted by a segregated and dedicated team reporting to the Head of Client Asset Oversight (HCAO). It operates a mature and Board Risk and Compliance Committee approved monitoring plan and maintains a Board approved Client Asset Management Plan (CAMP). In line with the CAR, Goodbody is subject to an annual client asset examination performed by an external auditor.

Risk to Market

K-NPR (net position risk)

The Risk to Market can be defined as the risk to Goodbody earnings and shareholder value (capital) resulting from adverse movements in the level or volatility of market prices of equities and currencies.

Market Risk is managed through a combination of:

- Specific, Board-approved Market Risk Appetite.
- Dedicated and specific limits to the scope of trading activities managed by both the first and second lines of defence.
- A control environment that includes inter alia, segregation of duties, risk monitoring and escalation procedures.
- Clearly defined segregation of duties between front and back-office functions, system access controls and "four-eyes" principle.
- Sophisticated trading systems that facilitate the close monitoring of exposures at instrument and portfolio level.
- Four levels of limit control architecture clearly outlining the scope of the trading authority provided.

The Firm's policies relating to its market risk activities define a robust, well-established limit framework. This limit framework defines clear limits for book size, individual positions, sector exposure, value at risk levels, price value (PV01) and credit spread (CS01) limits, stop loss limits and FX exposure. Clear escalation procedures are defined and a monthly management reporting of the Firm's market risk activities and its adherence to the limit framework is presented to the Executive Risk and Compliance Committee and the Board Risk and Compliance Committee.

K-CMG (clearing margin)

As part of our overall clearing service, our provider posts the required margin to the relevant clearing house on behalf of the Firm.

Risk to Firm

K-TCD (trading counterparty default), K-CON (concentration), and K-DTF (daily trading flow)

The Company manages the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into and that the Company is unable to recover the full amount that it is owed through the realisation of any security interests. This includes:

(a) K-TCD - Risk of Trading counterparty default: Loss arising in situations where Goodbody has given irrevocable instructions for a transfer of a principal amount or security in exchange for receiving a payment or security from a counterparty which defaults before the transaction is completed.

(b) K-CON: Concentration risk arising from exposure to a client or group of connected clients in the firm's trading book.

(c) K-DTF – Risk associated with transactions conducted by the firm on its own trading book or on behalf of clients.

Credit Risk is governed by Credit Risk Management Framework and a set of credit risk management policies, collectively forming the credit risk policy architecture. The credit risk architecture sets out:

- The principles and governance arrangements for the identification, assessment, measurement, management, monitoring and reporting of credit risk.
- Formal governance structure for the review and approval of counterparties with which Goodbody places firm and client cash and assets with continuous monitoring.
- Established and enforced an efficient internal control and reporting system including the risk controls and assurance practices to ensure that exceptions and deviations to credit policies and limits are monitored and reported in a timely manner for review and action.
- Established a robust debtors management and oversight control environment with weekly senior management sign off.

In addition:

- The assessment of potential credit risk arising from new or amended credit related products or service activities is governed through the Goodbody Product Committee and Goodbody Change Committee.
- There is clear segregation of client assets from Firm assets as required under CAR.

The vast majority of the Company's transactions with market side counterparties and institutional clients settle on a delivery versus payment (DVP) basis thus minimising the potential exposure to credit risk. For standard transactions, in the case of retail clients, either cash (in the case of purchases) or stock (in the case of sales) must be placed with the Company prior to trading.

Under the 3LOD model of risk management each line plays a distinct role within the Goodbody's risk governance, management, oversight and assurance responsibilities. The Board is ultimately responsible for ensuring the effective operation of the 3LOD model.

Liquidity

Liquidity risk is the risk that Goodbody will not have available funds or banking facilities to meet obligations as they fall due and is forced to obtain funds at far higher interest rates than under normal conditions due to a mismatch between the maturities of assets and liabilities or an unexpected outflow of funds (referred to as funding-liquidity risk).

It includes the risk that Goodbody will incur lost revenue, excessive cost and/or reputational damage because it is unable to conduct market transactions or is forced to conduct transactions at more unfavourable prices than under normal conditions due to a market events (referred to as market-liquidity risk).

The AIB Group ILAAP Framework and Goodbody Liquidity & Funding Risk Management Policy set out rules to ensure liquidity and funding risk is effectively managed including detailing the risk management activities in place and the integrated approach to comprehensive risk management assessment activities within Goodbody.

The Goodbody Liquidity and Funding Risk Management Policy empowers the internal control functions with appropriate and sufficient authority, stature and access to the Board and its committees to fulfil their roles and responsibilities.

The Goodbody Board is ultimately responsible and accountable for the effective management of liquidity and funding risks and for the system of internal control in Goodbody. This is achieved through a liquidity and funding risk governance structure designed to facilitate the reporting, evaluation and escalation of liquidity and funding risks from business segments and control functions upwards to the Board and its appointed committees.

Goodbody's liquidity risk measurement approach considers cashflow analysis which gives management visibility of potential liquidity challenges and opportunities. The measurement tool for assessing cashflow utilises liquidity scenario stress testing. Liquidity stress testing is the assessment of the funding and liquidity impact of certain possible developments and shocks, including possible macro- or microeconomic scenarios, on Goodbody's overall liquidity position, including on its minimum or additional liquidity requirements.

The Goodbody liquidity stress testing processes are supported by a framework of stress testing and a combination of risk management activities including the Internal Capital Adequacy and Risk Assessment Process (ICARAP), Wind-down plan and Contingency Funding Plan. The stress testing approach comprises of scenario and sensitivity analysis and back-testing that seeks to ensure that liquidity risk assessment is dynamic and forward-looking and considers not only existing risks but also potential and emerging threats.

Stress testing supports risk appetite and limit settings, investment and hedging decisions, new product approval process, strategic business planning and capital/liquidity adequacy assessment.

Measurement of liquidity risk is managed by Goodbody Finance in accordance with the Board approved risk appetite and risk control limits, including the design of the liquidity risk measurement approaches, the definition of the measurement tools, the choice of liquidity risk drivers and the assumptions. Goodbody Financial Risk is responsible for the independent validation of liquidity risk measurement tools and assumptions.

Risk monitoring and reporting arrangements are in place for each of the material liquidity risks. This enables management, governance committees and external stakeholders to adequately assess the effectiveness of the risk management processes and adherence to policies, and where required, regulatory requirements. Risk monitoring and reporting also facilitates the decision-making process in relation to the remedial management action required to resolve any risk events which have arisen.

Goodbody established a set of liquidity measures for assessing and controlling liquidity and funding risks. These measures include intraday liquidity assessment, high quality liquidity buffer assessment, asset encumbrance, liquidity single name concentration, liquidity projections, and a contingency funding plan.

Governance

Board Composition and Directorships

At 31 December 2024 the Board of Directors of the Company was comprised of a Chair, three additional Independent Non-Executive Directors, three AIB Group Non-Executive Directors and two Executive Directors.

Name	Board Position(s)
James Garvey	Chair & Independent Non-Executive Director
Grainne Hennessy	Independent Non-Executive Director
Joan Kehoe	Independent Non-Executive Director & Risk & Compliance Committee Chair
Fergal O'Dwyer	Independent Non-Executive Director & Audit Committee Chair
Cathy Bryce	AIB Group Non-Executive Director
Donal Galvin	AIB Group Non-Executive Director
Mary Whitelaw	AIB Group Non-Executive Director
Simon Howley	Executive Director
Martin Tormey	CEO & Executive Director

Additional Directorships held by Goodbody Directors as at 31 December 2024	
Number of additional Directorships held	24
of which AIB Group directorships	5
of which External Directorships	19

During the financial year ended 31 December 2024, the following Board appointments and other Board changes have taken place:

Name	Role	Change
Walter Brazil	Independent Non-Executive Director	Retired 31 March 2024
Grainne Hennessy	Independent Non-Executive Director	Appointed 9 September 2024
Eimear Dooley	Joint Company Secretary	Resigned 4 July 2024

Board Diversity

The Goodbody Board recognises the benefits of having diversity in its composition. Diversity includes and makes use of differences in the skills, geographical and industry experience, background, nationality, ethnicity, gender, age, educational attainment and personal strengths of individual Directors and contributes to the Board's ability to provide effective challenge to Management and leadership and oversight of Goodbody.

The Goodbody Board set a target of achieving at least 40% female representation on the Board by 2025. At 31 December 2024, female representation on the Goodbody Board was **44%**. Although the target set has been exceeded the Board remains committed to maintaining gender diversity on the Board and to achieving the most appropriate blend and balance of diversity possible over time.

A copy of the Goodbody Board Diversity Policy is available at the following link: https://www.goodbody.ie/wp-content/uploads/Goodbody-Stockbrokers-Board-Diversity-Policy-2025.pdf

Risk Committee

In accordance with the Central Bank of Ireland's Corporate Governance Requirements for Investment Firms and Market Operators, the Goodbody Board has established a Risk and Compliance Committee ("BRCC"). The Board Risk and Compliance Committee operates under its own Terms of Reference which are reviewed and approved by the Goodbody Board on an annual basis. The Goodbody Chief Risk Officer (CRO) and Goodbody Chief Compliance Officer (CCO) have a direct reporting line to the Chair of BRCC. A summary of the responsibilities, composition and activities of BRCC in 2024 is set out below:

Board Risk and Compliance Committee (BRCC)	
Eight Meetings during 2024	**Composition (as at 31 December 2024):** Joan Kehoe (Chair) Grainne Hennessy Fergal O'Dwyer

Responsibilities

BRCC is appointed by the Board to assist and advise the Board in fulfilling its oversight responsibilities in relation to:

- Fostering sound risk governance, regulatory compliance and a robust risk and compliance risk management framework.
- Ensuring that all material risks within the Company are appropriately identified, reported, assessed, managed and controlled.
- Ensuring that the Company's overall actual and future risk appetite and strategy, taking into account all types of risks, are aligned with the business strategy, objectives, corporate culture and values of Goodbody.
- Promoting risk awareness culture within Goodbody.
- Reviewing the strength of the compliance culture within the business and promoting a strong compliance culture across Goodbody.

Activities in 2024

Several changes were made to the membership of BRCC in 2024. Effective 31 March 2024, Mr. Brazil retired as a member of BRCC. Following a Board review of Committee composition, Ms. Whitelaw stepped down as a member of the Committee and Ms. Hennessy was appointed as a member of the Committee, both changes effective 3 October 2024.

The following, while not intended to be exhaustive is a summary of the key items considered, reviewed and/or approved or recommended by the Goodbody BRCC during 2024:

- Regular reports from the CRO which provided an overview of risk profile and material risks including business model, capital adequacy, financial, liquidity & funding, operational, regulatory compliance, conduct, people & culture and related mitigants;
- Regular reports from the Head of Client Asset Oversight and reviewed the Goodbody Client Asset Management Plan (CAMP), prior to approval by the Board;
- The appointment of Mr. Lawlor as Goodbody Chief Compliance Officer;
- Regular reports from the CCO on regulatory compliance and compliance function matters. Where required Goodbody subsidiary compliance issues were considered;
- Regular reports from the Goodbody Money Laundering Reporting Officer (MLRO) and recommended the annual MLRO Report and Financial Crime Business Wide Risk Assessment to the Board for approval;
- Risk and Compliance Frameworks and Policies for adoption by the Company were approved by BRCC or recommended to the Board for approval where required;
- The outcome of the Material Risk Assessment (MRA) was recommended to the Board for approval;
- A revised Risk Appetite Statement (RAS) for Goodbody, aligned to the updated MRA, was recommended to the Board for approval;
- Recovery planning, business continuity management and operational resilience;
- Macroeconomic scenarios and capital & liquidity assessment approach, the Goodbody ICARAP and associated Capital Adequacy Statement, were recommended to the Board;
- Third party management governance updates from the Goodbody Chief Operations Officer;
- Product governance updates from the chair of the Goodbody Product Committee; and
- Formal confidential consultations were held with the CRO, Head of Internal Audit, Head of Client Asset Oversight, CEO and CCO with only Members of the Committee present.

Own Funds

Internal Capital Adequacy Assessment

In line with the requirements of IFD/IFR the Firm is required to prepare an internal assessment which assesses the capital and liquidity adequacy of the Firm and for the Firm to determine that it is adequately capitalised and maintains sufficient liquidity against the risks to which it is exposed. This is the Firms Internal Capital and Risk Assessment process document (ICARAP).

A robust governance structure is in place around the assessment, monitoring & control of the Firm's capital adequacy. The ICARAP measures the Firm's capital through two lenses, namely the Normative and Economic perspectives, which complement and inform each other.

- The Normative perspective is aimed at the survival of Goodbody, under stress scenarios, based upon the regulatory and supervisory requirements.
- The Economic perspective assesses projected economic losses under stress scenarios that deplete capital. Both perspectives cover a three-year assessment of Goodbody's ability to fulfil all its capital & liquidity-related regulatory and supervisory requirements, which includes the assessment of
  - a baseline scenario
  - a mild stress scenario: economic downturn
  - a severe stress scenario: economic recession

In summary, the normative perspective covers a three-year assessment of Goodbody's ability to fulfil all its capital-related regulatory and supervisory requirements, the Economic perspective assesses the extent to which the material risks of the firm are covered by internal capital resources over the same period.

The Goodbody ICARAP presents an outline of the Goodbody business model, to clearly illustrate how the key risks facing Goodbody have been addressed through the ICARAP process. The document then outlines the core elements of the risk management and control framework mitigants that supports the business model. This provides the context for the Internal Capital requirement calculations that are generated through stress and scenario testing of the material risk exposures under a Normative and Economic perspective.

Own Funds reconciliation

Set out in document 4.1 "Own Funds Disclosure Year end 2024" is the Composition of Regulatory Own Funds, the reconciliation of Own Funds to the audited year end 31st December 2024 financial statement's balance sheet of the Firm and the main features of instruments issued by the Firm.

Fixed Overhead Requirement

In accordance with Article 13 of IFR, the Fixed Overhead Requirement was €19.3m as at 31st December 2024

K Factor Requirement

Set out in document 4.2 "K Factor requirement Dec-24" is the K–factor requirement for the year-end 31st December 2024 calculated, in accordance with Article 15 of the Regulations, in aggregate form for Risk to Market, Risk to Firm and Risk to Client, based on the sum of the applicable K–factors.

ESG Risks

Environmental, Social and Governance ("ESG") risks

In line with the requirements of IFD/IFR the firm is required to disclose information on environmental, social and governance ("ESG") risks, including physical risks and transition risks, as defined in the EBA report on the management and supervision of ESG risks for credit institutions and investment firms issued on 23 June 2021. The firm's ESG disclosures under IFR can be found here.

Remuneration

Remuneration policy and practices for Material Risk Takers "MRTs"

In line with the requirements of IFD/IFR the firm is required to disclose information regarding its remuneration policy and practices for individuals identified as MRTs.

The firm's remuneration disclosures under IFR for the year ended 31st December 2024 can be found here.