AIB GROUP IRISH PENSION SCHEME

Annual Report and Financial Statements

for the year ended 31 December 2020

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Trustee, Scheme Advisors and Other Information

Participating Employers	Allied Irish Banks p.l.c. (Principal Employer) AIB Capital Markets p.l.c.
Trustee	Allied Irish Banks Pensions Limited Directors during the year and as at date of signing: Gary Byrne — Chairman (appointed 31 December 2020) Joe O'Connor — Chairman (retired 31 December 2020) Jessie Doherty John Feely Frank O'Riordan Dara Rowley Claire Walsh Tom Power (RIP) — (deceased 17 July 2020) Anne Maher — (retired 31 December 2020) Lar Fant — (appointed 21 December 2020) Dave Keenan — (appointed 31 December 2020) Secretary to the Trustee Company: Roma Burke, Lane Clark & Peacock Ireland Ltd
Registered Administrator	Allied Irish Banks, p.l.c. 10 Molesworth Street Dublin 2
Scheme Administration	AIB has responsibility for the administration of the AIB Group Irish Pension Scheme (the "Scheme") and appointed Aon from 1 July 2011 to provide a number of core administrative services. *AIB Staff Pensions Department. Manager: Orla D'Arcy* *Sub-Administrator Aon. Manager: Frank Keating*
Investment Managers	Legal & General Investment Management Limited (LGIM) Barclays Bank plc (Barclays) Aberdeen Standard Investments AIB Bank plc as Servicer of the Beara DAC Profit Participating Note (Beara PPN) Irish Life Investment Managers Limited (ILIM) Goldman Sachs Asset Management International (GSAM) PIMCO Global Advisor (Ireland) Limited (PIMCO) PIMCO (Europe Limited (PIMCO) BlackRock (Luxembourg) S.A. (Blackrock) (ceased March 2020) BNY Mellon Global Management Limited (Newton) (ceased March 2020) Irish Property Unit Trust (IPUT)
Custodian	The Bank of New York Mellon SA/NV- Dublin branch Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2

Actuary	Liam Quigley F.S.A.I. Mercer Ireland Limited Charlotte House, Charlemont Street Dublin 2
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 McCann FitzGerald Riverside One 37 – 42 Sir John Rogerson's Quay Dublin 2 Sacker & Partners LLP 20 Gresham Street London EC2V 7JE
Auditors	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Charlotte Quay Limerick
Bank	Allied Irish Bank plc Allied Irish Bank (GB)
Pensions Authority Reference No.	The Scheme has been registered with the Pensions Authority and the registration number is 1744.
Pensions Authority	Verschoyle House 28-30 Lower Mount Street Dublin 2

If you have any questions about this Annual Report or any queries in respect of the Scheme you should refer them, in the first instance, to:

Frank Keating
AIB Group Irish Pension Scheme
Aon
Hibernian House, Building 5200
Cork Airport Business Park
Co. Cork
Freephone: 1800-806 133
email: myaibpension@aon.ie

Trustee Report

This report has been prepared in accordance with the Pensions Act 1990 (as amended), and the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 (as amended).

The audited Financial Statements of the Scheme for the year ended 31 December 2020, together with the Actuarial Funding Certificate, Funding Standard Reserve Certificate, Actuary's Statement, Statement of Investment Policy Principles, Statement of Actuarial Liabilities and the Independent Auditor's Report are attached to this annual report.

The Scheme

The Scheme is set up under trust law and the assets are held in trust by the Trustee, Allied Irish Banks Pensions Limited. At 31 December 2020 each member of its Board, with the exception of Anne Maher (retired), Gary Byrne (appointed) and John Feely (continuing trustee director) were also members of the Scheme. The Financial Services Union (FSU) has the right to nominate up to three Trustee Directors. The power to appoint and remove Trustee Directors is vested in the Principal Employer, Allied Irish Banks, p.l.c. (the "Bank").

The Scheme is a defined benefit scheme for the purposes of the Pensions Act 1990. The governing documents of the Scheme are the Trust Deed and Rules, which are available from the Scheme Secretary.

The Scheme is set up in the Republic of Ireland under trust and qualifies for "exempt approval" under the Taxes Consolidation Act 1997. This ensures the tax-free build-up of investment income and the trust effectively separates the assets of the Scheme from those of the Bank. The 1997 Act approval also ensures that the employer's contributions are not treated as benefit-in-kind to the members.

The assets of the Scheme are invested by the Investment Managers on the Trustee's behalf. The Scheme's Financial Statements are prepared and audited each year. The Trust Deed prohibits any repayment of assets to the Principal Employer, Allied Irish Banks, p.l.c.

For some members, this Scheme is an integrated scheme and takes account of the Irish or UK State Pension (as applicable). Integration is used as a means of taking into account the benefits payable under the Social Welfare system to calculate the amount of Scheme pension payable.

In the event of a judicial separation or divorce, a Court application for a Pension Adjustment Order (PAO) in respect of the retirement or contingent benefits payable to or in respect of a married member may be made. Further information about the operation and impact of Pension Adjustment Orders may be obtained from the Pensions Administrator, Aon or from the Pensions Authority.

The members have the right to select or approve the selection of the Trustee(s) in accordance with the Occupational Pension Schemes (Member Participation in the Selection of Pensions for Appointment as Trustees) (No. 3) Regulation, 1996 (S.I. No. 376 of 1996).

The Trustee Directors and the persons charged with the administration of the Scheme have access to the Trustee Handbook and the Guidance Notes issued by the Pensions Authority.

Trustee Report (continued)

Trustee Training

All Directors of the Trustee have received training as required by Section 59AA of the Act. The direct cost of trustee training incurred in 2020 was €Nil (2019: €Nil).

Actuarial position

The Scheme Actuary values the assets and liabilities of the Scheme at least every three years, assuming the Scheme continues as a going concern. The value of the assets is compared to the discounted value of the Scheme's future liabilities. To do this, the Scheme Actuary makes a range of assumptions, covering investment returns and interest rates as well as life expectancies and other assumptions. The most recent actuarial valuation was carried out as at 30 June 2018. This valuation showed assets of €4.89 billion and liabilities of €4.66 billion (assuming a discount rate of 2.85%), which resulted in a surplus of +€227m.

The Minimum Funding Standard (MFS) valuation is an annual test carried out by the Scheme Actuary to assess whether the Scheme has sufficient assets to meet its statutory (minimum) liabilities at a particular point in time. The Scheme had an estimated MFS surplus of +€636m, after allowing for a risk reserve, as at the end of December 2020.

Under the MFS the Trustee is required to submit an Actuarial Funding Certificate and Funding Standard Reserve Certificate to the Pensions Authority at regular intervals. The most recent Actuarial Funding Certificate and Funding Standard Reserve Certificate both had an effective date of 30 June 2018 and have been attached to this report. The Actuarial Funding Certificate confirmed that the Scheme satisfied the Funding Standard at the effective date of the certificate. The Funding Standard Reserve Certificate confirmed that the Scheme held sufficient additional resources to satisfy the Funding Standard Reserve at the effective date of the certificate.

Changes to the Rules of the Scheme

The Scheme is closed to future accrual. Active DB members including hybrid members transferred to the AIB Group Defined Contribution Scheme for future pension accrual with effect from 1 January 2014.

There have been no changes during the year to the Scheme rules or the Scheme information specified in Schedule C of the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006.

Details of the benefits are set out in the member booklets and are available on request to the Pensions Administration Team in Aon or on the AIB Intranet.

Operating Expenses

The Trustee paid operating expenses of €637k from the Scheme resources.

Investment fees were discharged from the Scheme during the year. Investment managers are paid as a percentage of the assets under management.

Contributions

There were no contributions due as per the Actuary's recommendations in respect of 2020. Accordingly, any contributions payable were received by the Trustee within 30 days of the scheme year end.

Trustee Report (continued)

The Trustee has appropriate procedures in place to ensure that

a) contributions payable during the scheme year have been received by the Trustee either in accordance with section 58A of the Act (where applicable to the contributions) and otherwise within 30 days of the end of the scheme year; and
b) contributions payable have been paid in accordance with the rules of the Scheme and with the recommendation of the Scheme Actuary.

Membership of the Scheme

The following table sets out the member movement during 2020.

Membership of the Scheme	Deferred in Service of AIB	Deferred Members	Pensioners	Total
Opening membership	4,680	7,421	4,121	16,222
Leavers	(108)	108	-	-
Deaths/Cessation of Pensions	(4)	(6)	(98)	(108)
New Spouses/Dependants	-	-	44	44
Refunds of Contributions	-	(2)	-	(2)
Transfers Out	(3)	(126)	-	(129)
Retirements	(39)	(97)	118	(18)
Closing membership	4,526	7,298	4,185	16,009

Pension Increases

In 2020, the Trustee awarded an increase of 1.1% in respect of pensions eligible for discretionary pension increases. This represents the CPI increase over the 12 month period to February 2020.

Pensioner members who are eligible for non-discretionary pension increases (a minority of members) received their pension increases (if applicable) in line with the Scheme Rules.

A very small number of pensioner members are eligible for pension increases at the discretion of the Bank. These pensions were increased by 1.1% in line with the increases above.

All pension increases were effective from 1 April 2020.

As the statutory revaluation was negative (-0.3%) for 2020, the revaluation percentage applied to the benefits accrued by non-retired members was 0%.

There are no pensions or pension increases being paid by or at the request of the Trustee for which the Scheme would not have a liability in the event of its winding up.

Post Year End Items

The impact of Covid-19 has continued post year end. The Trustee continues to monitored the situation. There were no other events post period end that would require amendments to or disclosure in this report. There were no other events subsequent to the year-end that would require amendment or disclosure in these financial statements.

Trustee Report (continued)

Investment Strategy of the Scheme

The Trustee's primary objective is to pay pensions in payment and have sufficient assets to pay deferred pensions in the future as they fall due. The second objective is to pay discretionary CPI-related pension increases on an annual basis, subject to the funding position of the Scheme.

The Scheme's investment strategy aims to grow the value of the Scheme's assets at an optimal or risk-adjusted level, while generating sufficient return to meet benefit payments.

The Trustee places a strong emphasis on monitoring its risk tolerance and uses several measures to monitor the performance of the Scheme's assets, while taking account of the level of risk taken. This is set out below for the three-year period to 31 December 2020:

	Measure	Definition	
a.	Cumulative return	Total return of the Scheme	18.84%
b.	Annual return	Annual return of the Scheme	5.92%
c.	Volatility	Annualised standard deviation of the monthly returns	6.38%
d.	Risk-adjusted return	Annualised return divided by the volatility	0.93%

a. *The cumulative return of the Scheme over the period.*
b. *The annualised return of (a) above over the period.*
c. *Volatility as measured by the annualised standard deviation of the monthly returns. (The lower the better).*
d. *Risk-adjusted return measures return achieved per unit of risk. (This is the annual return (b) divided by the volatility (c). The higher the better.)*

The assets are invested in a range of investments. They can go down as well as up, in line with changes in investment markets. Relatively minor changes in the value of assets and/or liabilities can have a significant impact on the Scheme's finances. The value of the Scheme's assets was €5.278 billion at the end of December 2020. This represents a positive investment return of +5.7% (2019: 11.9%). It also takes account of a net payment out of the Scheme of €162m paid in benefits to pensioners and beneficiaries over the year and administrative expenses paid by the Scheme.

Asset classes	**31-Dec-20**	**31-Dec-19**
	% of assets	**% of assets**
Equities	27.6%	32.7%
Property	4.9%	5.4%
Other return seeking	0.8%	3.1%
Fixed income	58.5%	50.1%
Beara PPN	4.5%	5.9%
Other monetary	0.0%	2.1%
Cash/other	3.7%	0.7%
Total assets	**100%**	**100%**

Trustee Report (continued)

Managing the investments

The Trustee has established an Investment Sub Committee (ISC), with approved Terms of Reference which focuses on the Scheme's investment arrangements. The Trustee has appointed a Scheme Actuary with whom it and the ISC have extensive engagement and consultation. The ISC consults widely with its Investment Adviser (Aon), Beara Adviser (Mercer), other investment consultants, and actuarial firms. The Trustee has appointed investment managers in accordance with the regulations. Contracts are in place with all advisers, consultants and managers. A formal Protocol on Conflicts of Interest is also in place with the Scheme Actuary.

Employer related investments

As at 31 December 2020, €11.063m cash was held with AIB on behalf of the Scheme (2019: €9.42m). The Scheme's assets included shares in Allied Irish Banks, p.l.c. valued at €0.06 million (0.001% of Scheme assets) as at 31 December 2020 (2019: €0.11 million, 0.002%).

There were no other employer related investments during the period to 31 December 2020.

Custody of Scheme assets

The Bank of New York Mellon SA/NV- Dublin branch (BNY Mellon) acts as the global custodian for the majority of the Scheme's assets.

Pensions Update

A new EU Pensions Directive came into effect on 13 January 2019 and was transposed to Irish legislation in 22 April 2021. This Directive introduces new requirements on pension schemes covering governance, member communications and additional supervisory powers for the Regulator. There is a significant amount of additional work involved, which require additional resources. The Trustee has monitored Brexit carefully. While some aspects of Brexit are still not known, all the Scheme's service providers have continued to provide an uninterrupted service to the Scheme following Brexit.

Risk Statement

The Scheme is funded by contributions paid by the employer(s). Actuarial advice will have been obtained when setting those contributions. However, there is no guarantee that the scheme will have sufficient funds to pay the benefits promised. It is therefore possible that the benefits payable under the Scheme may have to be reduced. If the scheme is wound up and there is a deficit, the employer(s) may not be under an obligation to fund the deficit or, even if the employer(s) are under such an obligation, they may not be in a position to fund the deficit. Further information in relation to this Risk Statement may be obtained from the Trustee.

Internal disputes resolution (IDR) procedure

Issues that cannot be resolved by the Administrator are referred to the Trustee. Where a member is not satisfied with the response they receive, the Scheme has an Internal Dispute Resolution procedure. This procedure is a legal requirement under Article 5 (1) of the Pensions Ombudsman Regulations, 2003 and is designed to ensure that, if a dispute arises, it is properly investigated and, where possible, resolved to the satisfaction of all parties. Members, beneficiaries and prospective members of the Scheme can request a copy of the procedure from the Administrator at the above address.

Trustee Report (continued)

The Trustee will issue its findings in the form of a Notice of Determination. The member may appeal this determination to the Financial Services and Pensions Ombudsman who can determine disputes of fact or law or maladministration relating to occupational pension schemes.

Signed for and on behalf of the Trustee:

DocuSigned by:

Director: Gary Byrne

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DocuSigned by:

Director: ____________________

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Date: **17 May 2021**

Statement of Trustee's Responsibilities

The Financial Statements are the responsibility of the Trustee. Irish pension legislation requires the Trustee to make available for each scheme year the annual report of the scheme, including audited financial statements and the report of the Auditor. The Financial Statements are required to show a true and fair view, in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council, of the financial transactions for the scheme year and the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the scheme year and include a statement whether the Financial Statements have been prepared in accordance with the Statement of Recommended Practice - Financial Reports of Pension Schemes (revised 2018) ("SORP"), subject to any material departures disclosed and explained in the Financial Statements.

Accordingly, the Trustee must ensure that in the preparation of the Scheme's Financial Statements:

- suitable accounting policies are selected and then applied consistently;
- reasonable and prudent judgements and estimates are made
- the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up; and
- the SORP is followed, or particulars of any material departures have been disclosed and explained.

The Trustee is required by law to have appropriate procedures in place throughout the year under review, to ensure that:

- contributions payable during the scheme year are receivable by the Trustee in accordance with the timetable set out in Section 58A of the Pensions Act 1990 where applicable to the contributions and otherwise within 30 days of the scheme year; and
- contributions payable are paid in accordance with the Rules of the Scheme and the recommendation of the Actuary.

The Trustee is responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an annual report to be prepared for the Scheme containing the information specified in Regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006-2019, including Financial Statements which show a true and fair view of the financial transactions of the Scheme in the year under review and of the assets and liabilities at the year end, other than liabilities for pensions and other benefits payable after the year end. The Trustee is also responsible for safeguarding the assets of the Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The preparation and dissemination of audited accounts for pension schemes may differ from legislation in other jurisdictions. The maintenance and integrity of information in relation to The AIB Group Irish Pension Scheme is the responsibility of the Trustee and has been delegated under an SLA to the Scheme Administrator, Allied Irish Banks, p.l.c.

Signed for and on behalf of the Trustee:

Director: DocuSigned by: Gary Byrne 810D9AB614BC473...

Director: DocuSigned by: E9EE6BE51C32452...

Date: **17 May 2021**

Independent auditor's report to the trustee of the AIB Group Irish Pension Scheme

Report on the audit of the financial statements

Opinion on financial statements of the AIB Group Irish Pension Scheme ("the scheme")

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the scheme during the financial year ended 31 December 2020 and of the amount and disposition of the assets and liabilities (other than liabilities to pay pensions and other benefits in the future) at that date;
- have been properly prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' issued by the Financial Reporting Council; and
- include the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 which is applicable and material to the scheme.

The financial statements we have audited comprise:

- the fund account
- statement of net assets available for benefits; and
- the related notes 1 to 17 including a summary of significant accounting policies as set out in note 1.

The financial reporting framework that has been applied in their preparation is Irish pension law, the Statement of Recommended Practice - "Financial Reports of Pension Schemes" and FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' issued by the Financial Reporting Council ("financial reporting framework")

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 described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's 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 schemes 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 trustee's 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 Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the Annual Report and Financial Statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Deloitte.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are expected to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are expected to report that fact.

We have nothing to report in this regard.

Responsibilities of trustee

As explained more fully in the Statement of Trustee's Responsibilities the trustee is responsible for the preparation of the financial statements giving a true and fair view, for ensuring that contributions are made to the scheme in accordance with the scheme's rules and the recommendation of the actuary and for such internal control as the trustee determines 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 trustee is responsible for assessing the scheme'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 trustee either intends to liquidate the scheme or to cease operations, or has 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 (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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the scheme's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee/trustees.

- Conclude on the appropriateness of the trustee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Occupational Pension Scheme (Disclosure of Information) Regulations 2006

In our opinion:

- the contributions payable to the scheme during the financial year ended 31 December 2020 have been received by the trustees within thirty days of the end of the scheme financial year; and
- the contributions have been paid in accordance with the scheme rules and the recommendation of the actuary.

Use of our Report

This report is made solely to the scheme's trustee, as a body, in accordance with Section 56 of the Pensions Act, 1990. Our audit work has been undertaken so that we might state to the scheme trustee 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 scheme's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Cathal Treacy

Cathal Treacy
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Charlotte Quay
Limerick

31 May 2021

Fund Account for the Year Ended 31 December 2020

	Note	**2020** **€ '000**	2019 € '000
Contributions & Benefits			
Employer Contributions	**3**	**-**	**11,900**
		-	**11,900**
Benefits payable	**4**	**(126,150)**	**(125,952)**
Payments to and on behalf of leavers	**5**	**(35,320)**	**(26,389)**
Administrative expenses	**6**	**(637)**	**(531)**
		(162,107)	**(152,872)**
Net withdrawals from dealing with members		**(162,107)**	**(140,972)**
Returns on Investments			
Investment Income	**7**	**64,620**	**74,730**
Change in market value of investments	**8**	**220,999**	**488,287**
Investment management expenses	**9**	**(4,185)**	**(5,299)**
Net Returns on Investments		**281,434**	**557,718**
Net Increase in the Fund		**119,327**	**416,746**
Net Assets as at 1 January		**5,158,604**	**4,741,858**
Net Assets as at 31 December		**5,277,931**	**5,158,604**

The notes on pages 14 to 26 form part of these Financial Statements.

Signed for and on behalf of the Trustee:

Director: DocuSigned by: Gary Byrne 810B9AB614BC473...

Director: DocuSigned by: E9EE6BE51C32452...

Date: **17 May 2021**

Statement of Net Assets (available for benefits) as at 31 December 2020

	Note	**2020 € '000**	2019 € '000
Investments at Market Value	**8**		
Fixed interest		2,858,607	2,425,628
Equities		1,316,253	1,541,099
Alternatives (Pooled Investment Vehicles)		388,471	577,446
Asset Back Investment Vehicle		241,297	305,299
Property		259,641	276,217
Cash and derivatives		167,779	24,806
		5,232,048	5,150,495
Current Assets	**10**	**47,063**	9,421
Current Liabilities	**11**	**(1,180)**	(1,312)
Net Assets		**5,277,931**	5,158,604

The Financial Statements summarise the transactions of the Scheme and deal with the Net Assets at the disposal of the Trustee. The Net Assets do not take account of obligations to pay pensions and other benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Trustee Report and in the Actuarial Funding Certificate and Actuary's Statement included in the annual report and these Financial Statements should be read in conjunction therewith.

The notes on pages 14 to 26 form part of these Financial Statements.

Signed for and on behalf of the Trustee:

Director: DocuSigned by: Gary Byrne 810D9AB614BC473...

Director: DocuSigned by: E9EE6BE51C32452...

Date: **17 May 2021**

Notes to the Financial Statements

1. Basis of Preparation

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 (as amended), with Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice (SORP).

2. Accounting Policies

The following principal accounting policies have been adopted in the preparation of the Financial Statements.

2.1 Accruals concept

The Financial Statements have been prepared on an accruals basis with the exception of individual transfers which are recognised when received or paid.

2.2 Contributions and benefits

Contributions are accounted for in the period in which they fall due.

Additional employer contributions are accounted for in accordance with the agreement under which they are paid. In the absence of any formal agreement they are accounted for on a receipts basis.

Benefits to members are accounted for in the period in which they fall due.

2.3 Transfers to and from other schemes

Individual transfer values to and from other pension schemes are included in the Financial Statements on the basis of when the member's liability is received or paid.

2.4 Administrative and investment manager expenses

The operating expenses are accounted for on an accruals basis and are borne by the Bank with the exception of the investment expenses. During the year the Trustee made a contribution of €637k (2019: €531k) to the Bank towards the operating expenses of the Scheme.

2.5 Investment income

Income from cash and short term deposits is accounted for on an accruals basis.

Dividends and interest on securities are accounted for to the extent that they are declared and payable.

Income arising from the underlying investments of non-distributing pooled investment vehicles, is reinvested within the vehicles and is reflected in the unit price. Such income is reported within the change in market value.

Income earned on a distributing unit trust is accounted for when received. Investment income is shown net of any tax withheld whilst any tax recoverable is included with the appropriate income. Tax on overseas dividends is accounted for on a receipts basis.

Income arising from annuity policies held by the Trustee and received by the Scheme is included within investment income and is accounted for on an accruals basis.

Assets and liabilities in foreign currencies are expressed in euro at the rates of exchange ruling at the year end.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

2.6 Valuation of investments

Pooled investment vehicles (alternatives) are stated at bid price or single price as provided by the Investment Manager at the year end.

Fixed interest securities are valued on the basis which includes the value of interest accruing from the previous interest payment date and the valuation date.

Listed investments are valued at closing prices on the recognised Stock Exchange as at the year end, which are either the last quoted trade price or bid price depending on the market on which they are quoted. Where appropriate, bid values listed in overseas currencies are translated into euro at the rates of exchange ruling at the year end.

The market value of investments held in foreign currencies has been translated at the rates of exchange ruling at the year end.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Forward foreign exchange contracts outstanding at the year end are stated at fair value, which is determined as the gain or loss that would arise if each outstanding contract was matched at the year end with an equal and opposite contract at that date.

Directly held properties are valued every year on an open market value basis.

SPV – Beara PPN is included at fair value which has been determined using discounted cash flow analysis having regard to the underlying loan characteristics, the expected future cashflows from the loans and applying an appropriate discount.

This valuation methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- The likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although Trustee judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. In addition, future cash flows may also be sensitive to the occurrence of future events, including changes in market rates; and
- Selecting an appropriate discount rate for the instrument having regard for the specific credit risk profile of the exposure.

2.7 Annuities

Annuities purchased by the Trustee which fully match the benefits for certain members are included in the Financial Statements at nil value. The cost of purchasing immediate annuities in respect of pensions is reported in the Fund Account under ‘Benefits payable’, and the cost of purchasing annuities in respect of deferred members is reported in the Fund Account under ‘Payments to and on behalf of leavers’. No annuities were purchased during 2020.

2.8 Taxation

The Scheme has been approved by the Revenue Commissioners as an “exempt approved scheme” under Section 774 of the Taxes Consolidation Act 1997 and as such its assets have accumulated free of Irish income and capital gains taxes. Tax relief is given on employer contributions to the Scheme and certain lump sum payments to members can be paid free of tax.

Notes to the Financial Statements (continued)

3. Contributions

	2020	2019
	€ '000	€ '000
Employer Contributions:		
Additional Employer Contributions*	**-**	11,900
Total Contributions for the Year	**-**	11,900

*The Additional Employer Contributions include contributions due under the Funding Proposal and contributions in respect of pension increases.

4. Benefits payable

	2020	2019
	€ '000	€ '000
Pensions	**122,075**	120,774
Lump sum retirement benefits	**3,996**	5,079
Lump sum death benefits	**79**	99
Total	**126,150**	125,952

5. Payments to and on behalf of leavers

	2020	2019
	€ '000	€ '000
Transfers out – individual	**35,312**	26,388
Refunds to members leaving service	**8**	1
Total	**35,320**	26,389

6. Administrative expenses

	2020	2019
	€ '000	€ '000
Administration expenses	**637**	531

7. Investment Income

	2020	2019
	€ '000	€ '000
Income from fixed interest securities	**34,763**	38,561
Dividends from equities	**28,353**	35,851
Rental Income from unitised commercial property	**1,504**	350
(Loss) on currency exchange	**-**	(32)
Total	**64,620**	74,730

Notes to the Financial Statements (continued)

8. Investments

8.1 Summary of movements in investments during the year

	Value at 31-Dec-19	Purchases at Cost	Sales Proceeds	Change in Market Value	Value at 31-Dec-20
	€ '000	**€ '000**	**€ '000**	**€ '000**	**€ '000**
Fixed interest	**2,425,628**	352,902	(100,539)	180,616	2,858,607
Equities	**1,541,098**	24,745	(238,182)	(11,409)	1,316,253
Alternatives	**625,921**	-	(212,723)	23,748	388,471
Asset Back Investment Vehicle*	**305,299**	-	(67,559)	3,557	241,297
Property	**227,743**	-	-	(16,576)	259,641
Cash and Derivatives	**24,806**	238,687	(136,777)	41,063	167,779
	5,150,495	616,334	(755,780)	220,999	5,232,048

***Beara DAC Profit Participation Note (Beara PPN)**

Beara PPN is a Special Purpose Vehicle (”SPV”) which holds a portfolio of mortgage assets.
The €67.6 million reflected as sales proceeds from Beara PPN represents cash generated by the underlying loan portfolio and transferred to the Scheme during the year.

Purchases and sales

The level of purchases and sales reflects a number of factors including changes in asset allocation.

Change in market value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Investment Management Expenses (Note 9) incurred during the year amounted to €4,185m (2019: €5.299m).

Notes to the Financial Statements (continued)

8.2 Summary of investments

	2020	2019
	€ '000	€ '000
Fixed Interest Securities		
Irish public sector quoted	**390,750**	350,273
Overseas public sector	**1,605,056**	1,456,359
Irish quoted	**793**	275
Overseas quoted	**862,008**	618,721
	2,858,607	2,425,628
Equities		
Irish quoted	**16,428**	19,860
Overseas quoted	**1,299,825**	1,521,239
	1,316,253	1,541,099
Other		
Multi Asset and Equity Unit Funds - excluding property	**388,471**	577,446
Unit Trusts – Property	**259,641**	276,217
Beara PPN	**241,297**	305,299
	889,409	1,158,962
Derivative Contracts		
Net Forward Foreign Exchange, Options and Futures	**2,537**	(30,486)
Cash		
Cash and Cash Equivalents	**165,242**	55,292
Total Investments	**5,232,048**	5,150,495

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme. In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in euro, the investment managers use forward foreign exchange contracts thereby reducing the currency exposure of these overseas investments to the targeted level.

Notes to the Financial Statements (continued)

8.3 Management of investments

	2020	2019
	€ '000	€ '000
Legal & General Investment Management Limited (LGIM)	**3,136,198**	3,092,118
Beara PPN	**241,297**	305,299
Barclays Bank plc	**794,054**	701,176
Cash	**30,082**	1,109
BlackRock (Luxembourg) S.A. (Blackrock)	**-**	52,952
BNY Mellon Global Management Limited (Newton)	**-**	109,988
Goldman Sachs Asset Management International	**345,831**	246,556
Irish Life Investment Managers Limited (ILIM) Clyde	**211,911**	227,743
Irish Life Investment Managers Limited (ILIM) EQ	**145,001**	152,161
Aberdeen Standard Investments	**115,145**	106,442
PIMCO Europe Limited	**107,044**	-
PIMCO Global Advisor (Ireland) Limited	**57,754**	106,476
Irish Property Unit Trust (IPUT)	**47,731**	48,475
Total	**5,232,048**	5,150,495

Segregated assets are valued at bid value. Unit funds are valued at bid or at single price. The SPV (Beara PPN) is valued in conjunction with Mercer and AIB as Servicer of the asset. The value of assets set out in section 8.2 represent the assets managed in the investment portfolio and do not include cash held at bank.

Concentration of Investments

There was no individual stock representing in excess of 5% of the fund assets.

8.4 Derivatives – Futures, Options and Forward Foreign Exchange contracts

The Trustee has authorised the use of derivatives by their investment managers as part of its investment strategy for the pension plan. The year end values are as follows:

Futures (exchange traded)	**Underlying Investment**	**Expiration**	**Asset Value at Year End**	**Liability Value at Year End**
			€	€
Stock index	NIKKEI AVERAGE INDEX(225)	Mar-21	35,971	-
Stock index	S & P 500 INDEX (OTC)	Mar-21	682,211	-
Stock index	DJ EURO STOXX 50 PR OTC	Mar-21	828,783	-
Stock index	MSCI EMERGING MARKETS NET OTC	Mar-21	36,240	-
Stock index	FTSE 100 INDEX (UKX)	Mar-21	400,136	-
Total Futures			1,983,341	-

Notes to the Financial Statements (continued)

8.4 Derivatives (continued)

Forward Foreign Exchange contracts

Type of contract	Expiration	Currency Brought		Currency Sold		Asset Value at Year End	Liability Value at Year End
			'000		'000	€	€
Forward OTC	04-Jan-21	EUR	13,922	GBP	12,532	-	-
Forward OTC	01-Feb-21	EUR	12,827	GBP	11,664	5,917	-
Forward OTC	01-Mar-21	EUR	13,014	GBP	11,664	12,108	-
Forward OTC	22-Mar-21	EUR	12,765	GBP	11,664	16,979	-
Total GBP			52,528		47,524	35,004	-
Forward OTC	04-Jan-21	EUR	130,971		155,267	-	-
Forward OTC	01-Feb-21	EUR	115,903		136,634	69,250	-
Forward OTC	01-Mar-21	EUR	115,220		136,634	147,355	-
Forward OTC	22-Mar-21	EUR	112,732		136,636	227,508	-
Total USD			474,826		565,171	444,113	-
Forward OTC	04-Jan-21	EUR	26,015		3,268,342	-	-
Forward OTC	01-Feb-21	EUR	23,271		2,901,000	5,441	-
Forward OTC	01-Mar-21	EUR	23,282		2,901,000	11,945	-
Forward OTC	22-Mar-21	EUR	22,930		2,901,000	18,152	-
Total JPY			95,498		1,971,342	35,538	-
Forward OTC	04-Jan-21	EUR	7,275		11,848	-	-
Forward OTC	01-Feb-21	EUR	6,579		10,800	3,553	-
Forward OTC	01-Mar-21	EUR	6,638		10,800	6,493	-
Forward OTC	22-Mar-21	EUR	6,675		10,801	9,114	-
Total AUD			27,167		44,249	19,160	-
Forward OTC	04-Jan-21	EUR	5,539		8,605	-	-
Forward OTC	01-Feb-21	EUR	4,916		7,658	2,529	-
Forward OTC	01-Mar-21	EUR	4,970		7,658	5,462	-
Forward OTC	22-Mar-21	EUR	4,944		7,658	8,079	-
Total CAD			20,369		31,579	16,070	-
Forward OTC	04-Jan-21	EUR	9,506		10,266	-	
Forward OTC	01-Feb-21	EUR	7,980		8,604		(1,560)
Forward OTC	01-Mar-21	EUR	7,850		8,605		(3,036)
Forward OTC	22-Mar-21	EUR	8,010		8,604		(4,055)
Total CHF			33,346		36,079	-	(8,651)
Forward OTC	04-Jan-21	EUR	3,649		33,543	-	-
Forward OTC	01-Feb-21	EUR	3,146		28,775	2,235	-
Forward OTC	01-Mar-21	EUR	3,048		28,775	3,797	-
Forward OTC	22-Mar-21	EUR	2,951		28,776	6,214	-
Total HKD			12,794		119,869	12,246	-

Continued

Notes to the Financial Statements (continued)

Forward Foreign Exchange contracts Continued

Type of contract	Expiration	Currency Brought		Currency Sold		Asset Value at Year End	Liability Value at Year End
			'000		'000	€	€
Forward OTC	04-Jan-21	GBP	12,532	EUR	13,731	-	-
Forward OTC	04-Jan-21	USD	155,267	EUR	128,710	-	-
Forward OTC	04-Jan-21	JPY	3,268,342	EUR	25,911	-	-
Forward OTC	04-Jan-21	CAD	8,604	EUR	5,556	-	-
Forward OTC	04-Jan-21	CHF	10,265	EUR	9,548	-	-
Forward OTC	04-Jan-21	HKD	33,543	EUR	3,591	-	-
Forward OTC	01-Mar-21	CHF	20	EUR	19	7	-
Total foreign exchange contracts						**562,138**	**(8,651)**
Net futures foreign exchange contracts						**2,545,479**	**(8,651)**

The Net value of the derivatives is included in the investment figures in note 8.2 above

8.5 Investment Fair Value Hierarchy
Investment Fair Value Hierarchy

For investments held at fair value in the statement of net assets available for benefits, a retirement benefit plan shall disclose for each class of financial instrument, an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability

Level 3: Inputs are unobservable (i.e. for which the market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 December 2020	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Equities	1,316,253	-	-	1,316,253
Bonds*	-	2,858,607	-	2,858,607
Pooled investment vehicles**	-	436,201	211,911	648,112
Derivatives	-	-	13,894	13,894
Special Purpose Vehicle	-	-	241,297	241,297
Cash	153,885	-	-	153,885
	1,470,138	**3,294,808**	**467,102**	**5,232,048**

***Bonds (government or otherwise) are classified as Level 2 as they are not traded on an exchange. They are traded, in general, via market makers**
**** Property are held in unitised funds and therefore included in Pooled Investment Vehicles.**

Notes to the Financial Statements (continued)

At 31 December 2019	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Equities	1,541,099	-	-	1,541,099
Bonds	-	2,425,627*	-	2,425,627
Property	-	-	227,743	227,743
Pooled investment vehicles	-	625,921	-	625,921
Derivatives	-	-	(30,486)	(30,486)
Special Purpose Vehicle	-	-	305,299	305,299
Cash	55,292	-	-	55,292
	1,596,391	**3,051,548**	**502,556**	**5,150,495**

8.6 Investment Risks
FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:

- *Currency risk:* this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- *Interest rate risk:* this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- *Other price risk:* this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from its professional investment adviser. The Scheme has exposure to the above risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme’s strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme’s investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Notes to the Financial Statements (continued)

The following table summarises the extent to which the various classes of investments are affected by financial risks in line with FRS 102:

	Credit Risk	Market Risk		
		Currency	Interest rate	Other price
Equities		✓		✓
Bonds	✓		✓	
Property	✓			✓
Multi Asset	✓	✓	✓	✓
Cash		✓	✓	

Investment Strategy

Further information on the Trustees' approach to risk management, credit and market risk is set out below.

Investment Objective

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the trust deed and rules as they fall due.

The Trustee sets the investment strategy taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Policy Principles ("SIPP").

The current strategy is:

- To seek to achieve a 35%-45% weighting in return seeking assets and a 55%-65% weighting in monetary assets over the medium term.

Credit Risk

The Scheme is subject to credit risk if the Scheme invests directly or indirectly in bonds, over-the-counter ("OTC") derivatives, has cash balances, undertakes stock lending activities or enters into repurchase agreements.

Notes to the Financial Statements (continued)

Investment Strategy (cont.')

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Credit risk arising on other investments is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated at date of purchase.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or Over The Counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The Scheme's only OTC exposure arises on forward foreign currency contracts.

To mitigate the Credit Risk associated with forward foreign contracts the Scheme has collateral arrangements in place for these contracts and all counterparties are required to be at least investment grade.

Cash is held within financial institutions which are at least investment grade credit rated.

The Trustee manages the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated investment grade, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

Currency Risk

The Scheme is subject to limited currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure).

Interest Rate Risk

The Scheme is subject to interest rate risk due to the Scheme's investments in fixed income securities and cash. Under the Scheme's investment strategy, if interest rates fall, the value of its fixed income investments will rise to partially help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the fixed income investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Other Price Risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes growth assets including equities, diversified growth funds and property.

Notes to the Financial Statements (continued)

Investment Strategy (cont.')

Beara DAC Profit Participating Note (Beara PPN)

In addition to credit and interest rate risk, this asset is also subject to default /arrears risk of an underlying borrower. The Trustee has appointed a professional service provider and consultant to provide independent advice on the ongoing assessment of the service provider and the valuation of the asset.

9. Investment management expenses

	2020	2019
	€ '000	€ '000
Administration, management & custody expenses	**4,185**	5,299

Investment management expenses for Alternatives/ Property and Beara PPN (Note 8.1) are charged directly to the funds and are recognised as part of the change in market value.

10. Current Assets

	2020	2019
	€ '000	€ '000
Cash In Transit to Investment Manager	**36,000**	-
Cash balances	**11,063**	9,421
Total	**47,063**	9,421

11. Current Liabilities

	2020	2019
	€ '000	€ '000
Unpaid benefits	**216**	216
Accrued expenses	**964**	1,096
Total	**1,180**	1,312

12. Related Party Transactions

12.1 Trustee

The Trustee is Allied Irish Banks Pensions Limited. Six of the Directors of the Trustee are Members of the Scheme.

During the year Joe O'Connor, John Feely, Frank O' Riordan and Anne Maher were paid a fee by the Bank in their capacities as Trustee Directors of the Scheme.

12.2 Principal Employer

The participating employers are set out in the Trustee and Advisors section of this report. Contributions are made in accordance with the Trust Deed and Rules. With the exception of €637k (2019: €531k) the operating expenses of the Scheme, including administration fees and audit fees, are borne by AIB Group.

12.3 Registered Administrators

AIB is the Registered Administrator. During the year the Trustee paid €378k (2019: €508k) of Registers Administrator fees. Aon provides AIB with core administration services.

Notes to the Financial Statements (continued)

12. Related Party Transactions (continued)

12.4 Investment Managers

Legal & General Investment Management Limited (LGIM), Barclays Bank plc (Barclays), BNY Mellon Global Management Limited (Newton), PIMCO Global Advisor (Ireland) Limited (PIMCO), Goldman Sachs Asset Management International (GSAM),Aberdeen Standard Investments, Irish Life Investment Managers Ltd (ILIM), BlackRock (Luxembourg) S.A. (BlackRock), Irish Property Unit Trust (IPUT) and PIMCO Europe Limited are remunerated on a fee basis calculated as a percentage of the assets under management.

Beara PPN pays a management fee to AIB for the management of the loan portfolio.

13. Contingent Liabilities

Other than the liability to pay future pension benefits, the Scheme had no contingent liabilities at 31 December 2020 or 31 December 2019.

14. Employer Related Investments

As at 31 December 2020, €11.063 million (2019: €9.42 million) cash was held with AIB on behalf of the Scheme.

The Scheme's assets included shares in Allied Irish Banks, p.l.c. valued at €0.06 million (0.001% of Scheme assets) as at 31 December 2020 (2019: €0.11 million, 0.002%).

There were no other employer related investments during the period to 31 December 2020.

15. Self-Investments

There were no instances of self-investment during the year in relation to the payment of contributions.

16. Subsequent Events

The impact of Covid-19 has continued post year end. The Trustee continues to monitored the situation. There were no other events post period end that would require amendments to or disclosure in this report.

There were no other events subsequent to the year end that would require amendment or disclosure in these financial statements.

17. Approval of the Financial Statements

These Financial Statements were approved by the Trustee on 17 May 2021.

AIB GROUP IRISH PENSION SCHEME (THE "SCHEME")

STATEMENT OF INVESTMENT POLICY PRINCIPLES (SIPP)

May 2021

AIB GROUP IRISH PENSION SCHEME (the "Scheme")
STATEMENT OF INVESTMENT POLICY PRINCIPLES

Introduction

This Statement of Investment Policy Principles (the "Statement") sets out the policies and guidelines that govern the ongoing management of the Scheme's assets. It has been prepared and approved by the Investment Sub Committee in consultation with the Scheme Actuary and AON, as the primary Investment Adviser to the Scheme It has been formally approved and adopted by Allied Irish Banks Pensions Limited, (the "Trustee"), the trustee of the Scheme.

The Scheme is sponsored by Allied Irish Banks, p.l.c. (the "Sponsor").

The Statement sets out the general philosophy, risk appetite and policies of the Trustee that shape the governance of the Scheme as a whole. It outlines the governance structure, approach to setting investment policy principles, investment objectives, investment risk measurement methods and processes, and the strategic asset allocation in order that:

a) There is a clear understanding on the part of the Trustee, the Sponsor the Members and all stakeholders as to the investment objectives and policies of the Scheme.
b) The Trustee has a meaningful basis for the evaluation of the return on the Scheme's assets in the context of its investment strategy in meeting its investment objectives.
c) There is clear governance and procedure regarding the setting of investment policy, appointment of investment advisers, managers, and monitoring of the Scheme's assets.
d) The Trustee fulfils the requirements of the Occupational Pension Schemes (Investment) Regulations 2006 to 2010, which stipulate that such a Statement is put in place.

Governance structure and approach to setting investment policy principles

The Trustee is responsible for all investment decisions relating to the Scheme and seeks to ensure that the Scheme is administered in accordance with its Trust Deed and Rules. The Trustee engages with the Sponsor on a regular basis in relation to all aspects of the Scheme, including its investment policy.

The Trustee has established an Investment Sub Committee (ISC), with approved Terms of Reference which focuses on the Scheme's investment arrangements. The Trustee has appointed a Scheme Actuary with whom it and the ISC have extensive engagement and consultation. The ISC consults widely with its Investment Adviser (Aon), Beara Adviser (Mercer), other investment consultants, and actuarial firms. The Trustee has appointed investment managers in accordance with the regulations. Contracts are in place with all advisers, consultants and managers. A formal Protocol on Conflicts of Interest is also in place with the Scheme Actuary.

The Trustee has also appointed an Investment Executive Team (IET) under a formal Service Level Agreement with the sponsor to assist the ISC in the day to day monitoring investment managers, the investments of the Scheme and the implementation of all investment recommendations made by the ISC and ratified by the Trustee. The provision of this professional investment support is carried out on an independent basis and strict confidentiality protocols are in place.

Investment-related recommendations are made by the ISC to the Trustee in consultation with the Scheme's advisers and consultants, as appropriate. Where appropriate, investment recommendations are also reviewed by the Scheme Actuary in the context of the Scheme's funding policy.

The Trustee has appointed a range of investment managers to manage specific elements of the Scheme's assets. These managers have been selected with advice and guidance from the Scheme's Investment Adviser and reviewed by the ISC, for their expertise, experience, process and track record in managing specific asset classes. All investment managers are subject to ongoing review in the context of their performance and in terms of the overall strategy for the Scheme.

On behalf of the Trustee, the ISC and IET meet and monitor the individual investment managers on a regular basis.

The Trustee undergoes regular training and industry-wide consultation with regard to the broader industry developments and investments strategies.

This Statement is reviewed at least every three years, and more frequently in the event of any major change in investment policy or an external event which impacts on the matters addressed in the Statement.

Investment objectives

The primary long-term investment objectives of the Trustee are:

a) To be fully funded on an Ongoing/actuarial basis while maintaining a net Surplus on a Funding Standard basis.
b) Having regard to the assets, along with the contributions from the Sponsor (if any), to achieve a return sufficient to sustain the Scheme as estimated by the Scheme Actuary[1];
c) To invest the assets to meet the liabilities of the Scheme as they fall due while giving due regard

[1] Actuarial valuations are carried out on a triennial basis. The last valuation was 30 June 2018 with the next scheduled for June 2021. The SIPP will be reviewed in the context of the results of the forthcoming valuation.

to the nature and timing of those liabilities including the impact of inflation;

d) To pay CPI-related pension increases as appropriate;

e) To invest the assets on a prudent basis while achieving the objectives set out above, as determined by the Trustee in consultation with its investment advisers and Scheme Actuary.

Investment risk measurement methods

The Trustee recognises that the long-term sustainability of the Scheme requires the Trustee to manage the Scheme against two liability valuation measures; the Ongoing/Actuarial Valuation and the Minimum Funding Standard (MFS)[2]. In isolation, each of these liability valuation measures may lead to conflicting investment policies and different return and risk management requirements over time. Changes in the assumptions made by the Scheme Actuary in agreement/consultation with Trustee can have a material impact on the Ongoing liability valuation. Changes in market conditions and regulatory standards can also impact the MFS liability valuation.

Therefore, in formulating an appropriate investment policy, the Trustee seeks to arrive at an acceptable balance between both of these liability valuation measures in order to best meet their investment objectives and manage risk. Furthermore, the Trustee seeks to manage a range of other investment risks using the risk management processes outlined in order to create a prudent, diversified and efficient portfolio of assets.

The main investment risk measurement methods are:

- **Mismatching** – an assessment of the impact of changes in market conditions, in particular growth asset values, bond yields (interest rate sensitivity)and inflation expectations on the assets and liabilities, and the consequent impact on funding level
- **Volatility** – an assessment of the risk that the assets could fall in value significantly, perhaps over short periods

[2] Actuarial valuations are carried out for a number of purposes and on the following bases.

1) Ongoing / Actuarial Valuation is the net present value of the Scheme taking into account the projected growth in assets and liabilities over time. It assumes that pensions are paid following retirement over the member's lifetime and allows for inflationary pension increases. A formal actuarial valuation is carried out by the Scheme Actuary every 3 years and the next one is due to be completed as at 30 June 2021.
2) Minimum Funding Standard (MFS) – legislation requires a minimum ratio of Scheme assets to the current value of liabilities of the Scheme and a Funding Standard Reserve. The purpose of the MFS valuation is to determine whether the Scheme meets this minimum and if not, what corrective action should be taken. This valuation assumes that the Scheme is winding up. It does not allow for inflationary pension increases.

- **Liquidity** – an assessment of the risk that assets will need to be liquidated (perhaps in adverse market conditions) to pay member benefits
- **Cash flow**-the need to generate ongoing and sustained income to meet pension outflows in a low/negative interest rate environment
- **Credit** – an assessment of the risk of counter-party default
- **Currency** – an assessment of the risk of adverse changes in exchange rates

Environmental, Social and Governance ("ESG") and other considerations may also impact the value of investments held if not evaluated properly. Levels of investment risk tolerance are considered in relation to the Scheme's investment objectives and the potential losses that could be sustained by the Scheme without fundamentally undermining its Ongoing or MFS funding position.

The Trustee and ISC monitor an extensive range of risks through the IET and modelling systems and with the input of the Scheme Actuary. The principal factors monitored on a regular basis are:

- Asset distribution of the Scheme
- Matching of assets and liabilities and the maturities thereof
- Volatility of the Scheme asset valuation and investment returns
- Risk adjusted return on the Scheme assets
- Interest Rate hedge ratio
- Inflation hedge ratio
- Projected cash inflows and outflows
- Currency exposures
- Credit exposures
- Valuation metrics such as Minimum Funding Standard and Ongoing (actuarial valuation)
- Scenario testing in the event of changes in one or more investment variables
- Projections assuming no contributions from the Sponsor
- ESG -continue to engage with its Investment managers to ensure it is fully integrated into its investment processes as appropriate

Custody of Scheme's Assets

The Trustee has appointed Bank of New York Mellon SA/NV to act as custodian for the majority of the assets of the Scheme.

Risk management processes

The Trustee has established a Risk Committee with approved Terms of Reference. This Committee fosters risk governance at the Trustee Board, to ensure that pension risks are appropriately managed and controlled. The ISC provides an integral support to the Trustee's investment risk governance framework by ensuring the following:

- The assets are invested in such a manner as to seek to ensure the security, quality, liquidity and profitability of the portfolio as a whole so far as is appropriate having regard to the nature and duration of the expected liabilities of the Scheme.
- Investments are predominantly limited to marketable securities traded on recognised/regulated markets.
- All assets are independently valued. A valuation and profile of the Scheme's assets is prepared on a regular basis, at least quarterly, generally monthly. Performance of the investments are measured against appropriate benchmarks. Ongoing monitoring of the Scheme's asset allocation and the performance of various investments and the investment managers is undertaken by the ISC / Investment Executive Team with escalation to the Trustee when appropriate.
- The portfolio is properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the portfolio as a whole.
- The base currency of the Scheme is the Euro and assets are predominantly invested in Euro.
- The majority of the Scheme assets are held with the Scheme's global custodian.
- Investments in derivative instruments may be made only in so far as they either contribute to a reduction of investment risks or facilitate efficient portfolio management. Any such derivative investment must seek to avoid excessive risk exposure to a single counterparty and to other derivative operations.
- If excessive market risks are deemed evident, derivative based strategies may be considered to reduce potential exposures.
- Management agreements are signed with all appointed investment managers. These set out the mandate, the performance benchmark, liability, terms and conditions and termination arrangements.
- Investments in excess of 5% of the Scheme's assets in the Sponsor are prohibited. In practice, the level of such investment is not material.
- Updated views on market valuations, economic and investment forecasts and risks are obtained both from the Trustee's advisers and investment managers.
- Active consideration is given, in consultation with the Scheme's advisers and investment consultants, to investment products/approaches which best meet the Scheme's evolving needs.
- The ISC may also recommend to the Trustee to separately appoint professional service providers and or consultants to provide specialist advice on various matters.

In summary, the Trustee's approach is to invest for the long term in accordance with its liabilities while being in a position to withstand short term uncertainty.

Environmental, Social and Governance ("ESG") considerations

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk and the liabilities of the Scheme. Among the various risks considered are the risk associated with ESG and how they may impact the value of investments held if not evaluated properly.

As part of ongoing monitoring of the Scheme's investment managers, the ISC monitors ESG ratings information where relevant and available, to monitor the level of the Scheme's investment managers' integration of ESG on a periodic basis. Specifically, the Trustee is taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustee will continue to have periodic training on Responsible Investment~~.~~ This will include presentation by its appointed investment managers on how they integrate ESG into their management of the Schemes assets.
- The Scheme has adopted a passive/indexed approach in respect of the vast bulk of its equity holdings and engages with its appointed investment managers in respect to their engagement and policy in respect to ESG.
- The ISC will monitor the ESG credentials of its appointed investment managers as well as information provided by these managers and industry available information.
- The Trustee will include ESG-related risks, including climate change, on the Scheme's risk register as part of ongoing risk assessment and monitoring
- The Trustee will continue to monitor developments in ESG and regulatory changes

Stewardship — Voting and Engagement with investee companies

The Trustee considers engagement to be an important part of addressing ESG concerns with investee companies. Where the Trustee employs passive mandates, it expects the managers to be active owners and utilise their shareholders votes on the Scheme's behalf to address ESG risks. The (passive) equity investment managers are Legal and General and Irish Life and their policies in relation to Responsible Investment can be found on https://www.lgim.com/ie/en/responsible-investing/ and https://www.ilim.com/responsible. The ISC considers and reviews these reports and receive reporting on same on at least an annual basis. Similarly, the Trustee expects all investment managers, to the extent financially material, to include assessment of ESG and other risks as part of the investment process. This is monitored through regular meetings with appointed investment managers and via ratings provided by the Scheme's Investment Adviser and Custodian.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice with regard to any changes. This advice would include a wide range of metrics and may include consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. In appointing managers the Trustee will also consider their credentials in relation to their assessment and integration of ESG matters in their investment process.

Appointed investment managers receive compensation for their services, based on the market value of the Schemes asset. They are thus, incentivised to maximise the value of assets under management over the longer term, which supports the alignment of both the Schemes and Manager interests. The active engagement of Investment Managers in ESG is included in their Investment Management fees.

Value for money and minimising fees and costs are a key priority. In monitoring the cost of the Scheme the ISC, on an annual basis, reviews the actual and forecasted cost of the Scheme's appointed service providers. Turnover costs are assessed in the context of manager's performance relative to reference benchmark as well as receiving periodic relevant reports from appointed custodian accounting service.

Strategic asset allocation

The Scheme has recorded a positive net surplus based on the Minimum Funding Standard (MFS) in recent years. The sensitivity of movements in the MFS and interest rate and other changes is actively monitored. The Trustee does not consider this surplus to be a 'profit' but rather as a reserve that acts as a buffer against major market upsets and enables it focus on the Ongoing/Actuarial valuation objective.

The Ongoing / Actuarial valuation funding requirement was reviewed as at 30 June 2018 by the Scheme Actuary. The Trustee has adopted an investment strategy that is consistent with the Ongoing / Actuarial valuation and that aims to deliver a projected rate of return that is sufficient to meet the long term obligations of the Scheme and to pay CPI related increases. While the next formal Ongoing / Actuarial valuation will be conducted as at 30 June 2021, the Trustee receives regular interim updates from the Scheme' appointed Actuary and continues to monitor progress against the MFS and Ongoing Valuation (including the Funding Standard Reserve) and may adjust investment strategy in the short-medium term to reflect any material findings from these updates.

The Trustee and ISC review the asset allocation of the Scheme, with its advisers, taking into account prevailing investment market conditions. The Trustee may adopt appropriate investment approaches in its asset allocation to allow for market conditions, investment return opportunities and tactical risk management considerations.

The Trustee recognises that while the Scheme's investments are subject to short-term volatility, it is critical that a long-term investment focus should also be maintained. The Trustee intends to avoid adhoc revisions to investment philosophy and policies in reaction to either speculation or short-term market fluctuations.

The Scheme's investment strategy as at 31 December 2020[3] was as follows:

Growth Assets	
Global listed Equities	28%
Unlisted Growth Assets (including commercial real estate etc)	6%
Defensive Assets	
Index Linked Investments	23.5%
Investment Grade Corporate Bonds	17.0%
Euro Nominal Sovereign Bonds	14.0%
Other Sovereign Nominal Bonds	4.5%
Beara DAC PPN	4.5%
Cash and Other	2.5%
Total	100%

[3] As at 31 December the Scheme held a series of equity protection contracts that seek to provide some downside protection. The Trustee also considers an appropriate level at which to hedge currency assets held by the Scheme. Foreign bonds are generally 100% hedged back to Euro. Non Euro equities are generally 50% hedged back to Euro as the base currency of the Scheme.

Approved by the Trustee

DocuSigned by:
Gary Byrne
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17 May 2021

Statement of Risks

Under the Occupational Pension Scheme (Disclosure of Information) Regulations, 2006, the Trustee is required to describe the condition of the Scheme, the financial technical and other risks associated with the Scheme and the distribution of those risks.

The Trustee in its risk analysis has considered the types of risks that face defined benefit pension schemes generally and from this list, identified the following risks that could be faced by the Scheme :

- The risk that there will be insufficient funds in the Scheme to meet future benefits payments as they fall due as a result of inadequate funding and/or poor investment experience;
- The risk that the Principal Employer and the Participating Employers may not pay required contributions to the Scheme. In this event, the Scheme may be wound up, and accrued entitlements would be discharged from the available assets (which may or may not be sufficient to discharge members' expectation of benefits); and
- The risk that the governance and administration of the Scheme may fail to meet acceptable standards or be subject to business interruption;
- The risk that the Scheme could fall out of statutory compliance and be subject to intervention by the Pensions Regulator;
- The risk that the fund could fall victim to fraud or negligence or the data held by the Scheme could be exposed to unrelated parties.

The Trustee has established a Risk Committee and adopted a Governance Framework and Risk Assessment to monitor the risks to which the Scheme is exposed and to identify mitigating actions that can be taken.

To mitigate investment risks the Trustee, with assistance from its professional advisors, has adopted a Statement of Investment Policy Principles which sets out an investment strategy best suited to the membership profile of the Scheme. To implement this strategy, the Trustee has established an Investment Sub Committee and appointed professional investment managers to manage the assets of the Scheme in accordance with agreed mandates. The performance of the investment managers is monitored by the Trustee on a regular basis against pre-determined benchmarks. In the event of unsatisfactory performance, the Trustee with the consent of the Bank has the option to replace the investment managers. A review of the continued appropriateness of the policies adopted in the Statement of Investment Policy Principles is performed by the Trustee on a regular basis.

In accordance with the Pensions Act, 1990, an actuarial review is carried out every three years to determine the performance of the Scheme and its solvency position as at an actuarial valuation date. The Actuary recommends a contribution rate to meet the Scheme's liabilities and this is accepted by the Trustee and the Principal Employer. The most recent actuarial valuation was carried out as at 30 June 2018.

In addition, the Actuary issues a statement each year stating whether or not the Scheme continues to meet the requirements of the Minimum Funding Standard as at each year end date. This review allows for the prompt identification of any solvency issues so that a funding proposal can be prepared on a timely basis setting out the Trustee's plans to restore the Scheme to solvency within a fixed timeframe.

The Trustees meet together on a regular basis and with service providers to review the governance, compliance and operations of the Scheme. The Trustees and the administrators have attended relevant training and are familiar with their obligations under the Pensions Act, 1990. They also have access to the Trustee Handbook and guidance notes issued by the Pensions Authority.

It is not possible to safeguard fully against every eventuality that may occur, but the Trustee is of the opinion that the procedures in place as described above have reduced the identified risks to an acceptable level.

A summary of the key objectives of the Trustee is set out below:

Governance Framework and Risk Assessment	Maintain a governance framework and risk assessment which establishes governance requirements, identifies risk exposures and outlines controls and actions required to reduce those risk exposures
Oversight and Management	
Trustee Governance	Maintain an appropriate organisational structure and adhere to a governance framework, appropriate standards and operational procedures for the oversight and management of the Scheme
Legal and Regulatory Compliance	Comply with pension and other relevant legislative and regulatory requirements, Trust documents and legal agreements
Scheme Management	Effectively and diligently organise, manage and monitor the day-to-day running of the Scheme and maintain a risk management framework to identify and manage risks
Finances and Investments	
Funding	Monitor the funding position of the Scheme and the Sponsor Covenant and take appropriate actions to uphold funding levels, mitigate funding risks and alleviate funding shortfalls if they arise
Investments	Maintain an appropriate investment strategy for the Scheme and ensure that the strategy is implemented and monitored effectively
Financial Control	Safeguard the assets of the Scheme and maintain appropriate financial controls
Contributions and Benefits	Manage the Scheme to safeguard the benefits payable to members under the Rules and provide appropriately for discretionary pension increases
Administration and Operations	
Member Engagement	Implement a comprehensive approach to Member engagement, foster positive Member experience and deal effectively with Member concerns and complaints
Services Performance	Establish appropriate administration and operational standards and services levels, monitor progress against these levels and deal effectively with areas where service levels fall below required standards
Systems and Business Continuity	Maintain Trustee support systems, and ensure that appropriate security, back-up and business continuity arrangements are maintained for Trustee and business-critical third-party systems

Signed for and on behalf of the Trustee:

Director: DocuSigned by: Gary Byrne

Director: DocuSigned by: E9EE6BE51C32452...

Date: **17 May 2021**

Actuarial Funding Certificate

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED UNDER THE PROVISIONS OF SECTION 42(1) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: AIB Group Irish Pension Scheme

SCHEME COMMENCEMENT DATE: 19/03/1971

SCHEME REFERENCE NO.: PB1744

EFFECTIVE DATE: 30/06/2018

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 30/06/2015

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €4,890,000,000.00, would have been sufficient if the scheme had been wound up at that date to provide for the liabilities of the scheme determined in accordance with section 44(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €4,190,000,000.00, and

(2) €0.00 of the resources of the scheme referred to in paragraph (1) comprise contingent assets, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act.

I, therefore, certify that as at the effective date of this certificate the scheme satisfies the funding standard provided for in section 44(1) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:	Kevin Reynolds	**Date:**	30/11/2018
Name:	Mr. Kevin Reynolds	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer Limited	**Scheme Actuary Certificate No.**	P072

Submission Details

Submission Number:	SR1834519	**Submitted Electronically on:**	30/11/2018
Submitted by:	Kevin Reynolds		

Actuarial Funding Standard Reserve Certificate

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED PURSUANT TO SECTION 42(1A) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: AIB Group Irish Pension Scheme

SCHEME COMMENCEMENT DATE: 19/03/1971

SCHEME REFERENCE NO.: PB1744

EFFECTIVE DATE: 30/06/2018

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 30/06/2015

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €4,190,000,000.00,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (DC resources)), calculated for the purposes of section 44(1) of the Act amount to €4,890,000,000.00,

(3) €1,760,000,000.00 , of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (Applicable Percentage x ((1) minus (3)) is €243,000,000.00,

(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is €114,000,000.00,

(6) the aggregate of (4) and (5) above amounts to €357,000,000.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €700,000,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 of such contingent assets comprise an unsecured undertaking.

I therefore certify that as at the effective date of the funding standard reserve certificate, the scheme does hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:		**Date:**	30/11/2018
Name:	Mr. Kevin Reynolds	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer Limited	**Scheme Actuary Certificate No.**	P072

Submission Details

Submission Number:	SR1834520	**Submitted Electronically on:**	30/11/2018
Submitted by:	Kevin Reynolds		

Actuary's Statement

Mercer

welcome to brighter

The AIB Group Irish Pension Scheme ("the Scheme")
Year ended 31 December 2020

Pensions Authority reference number PB 1744

Actuary's Statement

The last Actuarial Funding Certificate was prepared with an effective date of 30 June 2018. This certificate confirmed that the Scheme satisfied the Funding Standard set out in Section 44(1) of the Pensions Act, 1990 at that effective date.

The last Funding Standard Reserve Certificate was also prepared with an effective date of 30 June 2018. This certificate confirmed that the Scheme held sufficient additional assets to satisfy the Funding Standard Reserve set out in Section 44(2) of the Pensions Act, 1990 at that effective date.

I am reasonably satisfied that the Scheme continued to meet the Funding Standard provided for in Section 44(1) of the Pensions Act, 1990 at 31 December 2020.

I am also reasonably satisfied that the Scheme continued to meet the Funding Standard Reserve provided for in Section 44(2) of the Pensions Act, 1990 at 31 December 2020.

Liam Quigley

Liam Quigley
Fellow of the Society of Actuaries in Ireland
Scheme Actuary Certificate Number P044
Date: 28 April 2021

Statement of Actuarial Liabilities

MERCER
MAKE TOMORROW, TODAY

The AIB Group Irish Pension Scheme ("the Scheme") – PB 1744
Report on Actuarial Liabilities

Under Section 56 of the Pensions Act, 1990, and associated regulations, the Trustees of defined benefit pension schemes are required to have a valuation[1] of the scheme prepared at least on a triennial basis. The most recent formal actuarial valuation of the Scheme was carried out as at 30 June 2018. A copy of the report is available to Scheme members on request.

One of the purposes of the valuation is to set out the Scheme's ongoing funding level. It does this by comparing the value of the Scheme's accumulated assets with the value of its accrued liability. The assets and liabilities emerging from the last valuation were as follows:

	€ million
Value of Accumulated Assets	4,890
Value of Accrued Liability	4,663
Surplus / (Deficit)	227

Valuation Method & Assumptions

The value of the accrued liability was calculated by firstly projecting the accrued benefits payable in the future, making assumptions in relation to financial matters such as price inflation and pension increase rates and demographic matters such as mortality rates. The resultant projected benefit cashflows were then discounted to the valuation date to arrive at a single capitalised value.

A summary of the most significant actuarial assumptions used to determine the accrued liability is set out below (full details are provided in the Scheme's actuarial funding report):

Financial assumptions	
Discount Rate	
Pre & Post retirement	2.85%
Benefit Increases	
Price inflation	1.75%
Pension increases	1.75% (from 2018 for non-guaranteed increases)

MARSH & McLENNAN COMPANIES

Demographic assumptions		
Pre & Post retirement mortality table	S2PNA CMI 2016 [1.5%] with a 1 year offset	
Future life expectancies	Male	Female
Current retiree aged 63	25.1	27.0
Future retire at age 63, currently aged 48	26.7	28.5
A complete description of all other demographic assumptions can be found in the formal actuarial funding valuation report.		

The next valuation is due to be completed with an effective date no later than 30 June 2021.

[1]It should be borne in mind that a valuation is only a snapshot of a scheme's estimated financial condition at a particular point in time; it does not provide any guarantee of future financial soundness of a scheme. Over time, a scheme's total cost will depend on a number of factors, including the amount of benefits paid and the return earned on any assets invested to pay benefits.

Investment Markets Review 2020

The Covid 19 pandemic and policy responses to it, had a profound impact on investment markets in 2020, leading to significant volatility across equity, bond and credit markets as well as currencies and commodities. Initial market reactions resulted in weaker equity and commodity markets, wider credit spreads, lower developed market sovereign bond yields and a decline in inflation expectations, but many of these trends had reversed by the end of the year. As an example of the volatility experienced by markets, equity volatility (measure by the VIX index in the US) increased from 13.8 at the beginning of 2020 to a peak of 82.7 in March (its highest level since the Global Financial Crisis in 2008). However, the VIX had ultimately fallen back to 22.7 by the end of the year.

Despite the weakness experienced during Q1, Global equity markets (measured by the FTSE All World Index) delivered a total return of +7.0% in Euro currency terms for 2020, as equity markets rebounded strongly from the severe losses suffered in March. Equities were supported by monetary and fiscal stimulus from global governments and central banks, recovering economic data and positive Covid 19 vaccine developments from Pfizer, Moderna and Astra Zeneca. The election of the Biden administration in November resulted in expectations for even greater fiscal stimulus in the US. Developed market equities returned +7.1% in 2020 while Emerging markets experienced a slightly lower return (+6.0%). The return on Global equities in local currency terms in 2020 (+14.4%) was significantly better than the return in Euro currency terms, which reflected the strength of the Euro against other major global currencies. The U.S. equity market (S&P 500) outperformed the other major markets in 2020 (with a return of c. +16.3% in US Dollar terms). The S&P 500 had rebounded by c.67% from the lowest level it reached in March and had reached a new all-time high by the end of December. In terms of US equity market sectors; technology (for example Apple and Microsoft) , consumer discretionary (Amazon) and communications (Facebook) performed very strongly, but the energy sector (Exxon) came under significant pressure.

The Global economy was severely curtailed by the Covid19 pandemic, with recessions being experienced in all major developed economies as many sectors were required to close or to implement ‘social distancing’ measures which had a negative impact on economic output. The worst impacts were felt in Q2, with some recovery experienced in Q3 as economies re-opened and monetary and fiscal stimulus measures took effect. However, by Q4, many economies were experiencing further restrictions due to a resurgence of the virus. Even after the Q3 recovery, GDP levels in Europe and the US were still significantly below end 2019 levels. As an example of the impact on labour markets, the US unemployment rate, which was at a 50 year low in late 2019, had increased to 14.7% by April, before improving to 6.7% by the end of 2020. Brexit concerns also weighed on European economies, with a trade deal between the UK and EU not being agreed until late 2020.

The weak economic backdrop helped sovereign bonds to continue to perform very well, with all German government bond yields ending 2020 in negative territory. Euro Sovereign Bond markets produced strong positive returns in 2020, as the ICE BofAML 10+ Year AAA Euro Government Index returned +8.4% over the year, while the return on the ICE BofAML 10+ Year All Country Euro Government Index was an even more impressive +11.1%. This resulted from the tightening of Euro peripheral country bond spreads, as debt issued by Italy, Spain and Portugal outperformed sharply due to support from the ECB’s bond purchase programmes. Euro long term inflation expectations increased to 1.25% by year end, having touched a low of 0.65% in March.

Investment Markets Review 2020 (continued)

In response to the economic impact of Covid 19, the US Federal Reserve eased monetary policy by reducing their policy rate from 1.75% to 0.25% in March 2020 and also expanded their bond purchase programmes. These actions from the Federal Reserve helped US Treasuries to record strong positive returns in 2020. The aggressive interest rate cuts from the Fed also resulted in steepening of the US yield curve, as shorter maturity US Treasury yields experienced larger declines than long maturity bonds over the course of the year. Apart from the Fed and the Bank of England (who cut base rates from 0.75% to 0.10% in March), most other developed market central banks had very little room for manoeuvre in terms of interest rate reductions, but emerging market central banks cut rates aggressively in response to the pandemic.

As was the case with equity markets, it was also a very volatile year for corporate bond markets, as both investment grade and high yield bonds came under significant pressure in March as yield spreads widened sharply. However, buoyed by recovering equity market sentiment and strong support from global central bank asset purchases programmes, Euro investment grade corporate bond spreads had returned to close to early 2020 levels by the end of the year. The ICE BofAML 10+ Year Euro Large Cap Corporate Bond Index delivered a return of +8.3% in 2020.

The Euro currency strengthened against most of the other major Global currencies during 2020. The Euro /US Dollar currency rate reached a 2 year high in late 2020, of c. 1.23 as the Dollar’s interest rate advantage was eroded by the Federal Reserve’s rate cuts earlier in the year. The Euro also rallied against Sterling and the Japanese Yen. Sterling came under pressure as it was undermined by the interest rate cuts from the Bank of England as well as uncertainty about the prospects for a trade deal with the EU.

The Irish commercial property market was also affected by Covid 19, as the retail sector was badly hit by government restrictions during the year and the trend towards ‘remote working’ gained momentum. The average Irish commercial property fund returned -6.3% (total return) in 2020 (Source: AON).

Much like equity markets, commodities were generally weaker initially due to the Covid 19 impact on the global economy, but recovered as the year progressed. Oil came under particular pressure in Q2 and had recovered only part of its losses by year end, but precious metals such as gold and industrial metals such as copper achieved positive returns over the full year.