

AIB Group Defined Contribution Scheme

Trustee Annual Report and Accounts for the year ended
31 December 2023



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Part 1: Who's Who

1.1 Trustee and Sponsor

The Trustee

The AIB Group Defined Contribution Scheme (“**the Scheme**”) is governed by a trustee company called AIB DC Pensions (Ireland) Limited (“**the Trustee**”). The seven Directors listed below currently sit on the Board of the Trustee and they are responsible for the management of the Scheme and ensuring that it is run in the best interests of the beneficiaries. Norbert Bannon and Anne Maher retired from the Board on 30 September 2023. Ian Kelly and Alan Hardie retired from the Board on 30 November 2023.



Donal O'Flaherty
Chairperson

Appointed Oct. 2023

The Trustee Board is chaired by Donal O'Flaherty. Donal is an Independent Trustee Director and also chairs the Scheme's Investment Sub-Committee. He is a professional trustee and a qualified actuary. He is also Managing Director of Irish Pensions Trust, Ireland's largest professional trustee company. He has almost 40 years' experience in the pensions industry and provides trustee services to some of Ireland's largest pension schemes.



Jennifer Fox
Director

Appointed Oct. 2023

Jennifer Fox is an independent non-executive director of regulated investment funds and fund management companies. She is a lawyer by profession and has over 25 years executive experience in the investment funds and asset management sector. Jennifer was a partner in the investment funds practice of a leading financial services law firm (Dillon Eustace LLP: 2004-2018) and was also a partner in the investment funds unit of Walkers Ireland LLP (2018-2022).



Mike Gogan
Director

Appointed Nov. 2015

Mike Gogan is an AIB nominated Trustee Director and is responsible for member communications. Mike also chairs the Scheme's Communications Sub-Committee. He is an employee of AIB, a writer and editor. As Head of Customer Language, he builds trust with customers by translating our communications into clear simple language.



Peter Palmer
Director

Appointed Sep. 2023

Peter is an FSU nominated Trustee Director and also sits on the Scheme's Investment Sub-Committee. Peter brings together over 30 years' experience in AIB including wealth management, retail and business banking most recently as Business Advisor. He is a qualified financial advisor and registered stockbroker. Currently working in Business Banking Branch Networks with a core focus on lending to Agri & SME customers.



Ed Murray
Director

Appointed Dec. 2023

Ed Murray is an Independent Trustee Director and also sits on the Scheme's Investment Sub Committee. He has 25 years' experience in Investment Capital Markets, where he held senior positions in NCB Stockbrokers and Cantor Fitzgerald.

He is a Qualified Pensioner Trustee and Chartered Director with the Institute of Directors. Ed currently chairs the board for Irish Continental Group Pension Trustees DAC, sits on regulated Fund boards, and recently served on the board of An Post. He holds a certificate in ESG investing with the CFA institute and is a Qualified Financial Advisor with the Institute of Bankers Ireland.



Arlynejane Divilly
Director

Appointed Dec. 2023

Arlynejane is an independent Trustee Director and sits on the Scheme's Investment Sub-Committee. She is an independent non-executive director to alternative investment fund and management boards. She has nearly 20 years of experience, having previously held senior executive roles in Dublin and London with responsibility for investments and trading across the asset management, investment banking and private equity sectors.



Michael Ryan
Director

Appointed Oct. 2022

Michael is an FSU nominated Trustee Director and also sits on the Scheme's Communications Sub-Committee.

Michael brings together over 20 years' experience in AIB including 6 years in the UK across retail and business banking primarily as a credit relationship manager. He is a qualified financial advisor, member of the Institute of Bankers and the LIA. Currently working in FSG business operations with core focus on NPE queries from all areas of AIB Group.

The Sponsor

Allied Irish Banks, p.l.c., ("**the Bank**") is the Sponsor of the Scheme and Principal Employer. This means that Allied Irish Banks, p.l.c. established the Scheme to provide retirement and death benefits for employees enrolled in the Scheme.

The registered address of Allied Irish Banks, p.l.c. is 10 Molesworth Street, Dublin 2, D02 R126.

1.2 Trustee Advisors

Registered Administrator

Allied Irish Banks, p.l.c.,
10 Molesworth Street,
Dublin 2,
D02 R126

Scheme Administration

Aon Solutions Ireland Limited, Hibernian House, Building 5200, Cork Airport Business Park, Cork, T12 FDN3.

AIB Staff Pensions has responsibility for Scheme administration and appointed Aon from 1st July 2011 to provide a number of core administrative services

Trustee Secretary

Aon Solutions Ireland Limited,
Block D, Iveagh Court, Harcourt Road, Dublin 2, D02 VH94.

Investment Advisor

Acuvest Limited,
The Greenway, Ardilaun Court, Court C, 112-114 St. Stephen's Green, Dublin 2

Solicitor / Legal Advisor

McCann FitzGerald,
Riverside One, 37-42 Sir John Rogerson's Quay, Dublin 2.

Statutory Auditor

Deloitte Ireland LLP,
Chartered Accountants & Statutory Audit Firm,
Deloitte & Touche House,
Charlotte Quay, Limerick

Internal Audit Key Function Holder

Ivan O'Brien,
Ernst & Young,
Business Advisory Services,
Harcourt Centre,
Harcourt Street, Dublin 2,
D02 YA40

Risk Management Key Function Holder

Rosanne Corbett,
Muse Advisory Limited,
KD Tower, Suite 10,
The Cotterells,
Hemel Hempstead, HP1 1FW

Investment Manager

Legal & General
Investment Managers
(Europe) Limited
("LGIM"),
33/34 Sir John
Rogerson's Quay, Dublin,
2

Sub-Investment Manager

Partners Group (UK) Limited,
14th Floor, 110 Bishopsgate,
London, EC2N4AY

Insurer of Death-in-Service Benefits

Irish Life Assurance plc,
Irish Life Centre, Lower Abbey Street, Dublin 1.

Custodian

Northern Trust Fiduciary Services (Ireland) Limited,
Georges Court, 54-62 Townsend Street, Dublin 2, D02 R156

Trustee Bank Account

Allied Irish Banks plc.,
66 South Mall, Cork, T12 Y822.

1.3 Member Support

PB78012

The Scheme is registered under this number with the Pensions Authority.

SF3461

The Scheme is registered under this number with the Revenue Commissioner.

10896

AIB DC Pensions (Ireland) Limited is registered under this number with the Companies Registration Office

Scheme Administrator

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

By post

AIB Group Defined Contribution Scheme,
Aon Solutions Ireland Limited,
Hibernian House, Building
5200, Cork Airport Business Park,
Cork, T12 FDN3

By email

myaibpension@aon.ie

By telephone

1800 806 133

Please quote your full name, date of birth and employer when contacting the administrator.

Pensions Authority

The Pensions Authority is the regulator responsible for supervising and enforcing the laws governing occupational pension schemes.

If you have an unresolved complaint or dispute with the Scheme, which does not come under the remit of the Financial Services and Pensions Ombudsman, or a concern about how the Scheme is being run, the Pensions Authority can be contacted at:

By post

The Pensions Authority,
Verschoyle House, 28-30 Lower
Mount Street, Dublin 2, D02 KX27

By email

info@pensionsauthority.ie

By telephone

1890 65 65 65

Ombudsman

The Financial Services and Pensions Ombudsman (“**the Ombudsman**”) investigates and determines complaints of maladministration and disputes of fact or law arising in relation to occupational pension schemes.

The Ombudsman will only consider cases which have already been through the Scheme’s internal dispute resolution procedure.

The Ombudsman can be contacted at:

By post

Office of the Financial Services and Pensions Ombudsman, 4th Floor,
Lincoln House, Lincoln Place,
Dublin 2, D02 VH29

By email

info@fspo.ie

By telephone

01 567 7000



Part 2: Trustee Report

2.1 Year in Review

Introduction

The Trustee is pleased to present the Annual Report and Accounts (“the Report”) to members of the Scheme for the 12 months ended 31 December 2023. The Report outlines the following information:

- Makeup and structure of the Scheme,
- Details of financial movements for the year,
- Investment information, and
- Membership movements.

The content of this Report complies with the relevant regulation, namely the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 - 2022, as directed by the Minister for Social Protection and Rural and Community Development under the Pensions Act, 1990

Investment Markets

With markets having experienced significant falls across all asset classes in 2022 (Ukraine conflict and rising interest rates being the key factors) the consensus view in January 2023 was that markets would remain highly volatile for the year ahead. Over the past 12 months, inflationary pressures and tighter monetary policy continued to dominate the thoughts of market participants.

Against this backdrop what transpired surprised many as global equities (MSCI All Country World Index) rallied strongly in 2023, rising by 18.7% in Euro terms (22.2% in local currency terms). Equity market performance was supported by better-than-expected earnings and positive sentiment in relation to artificial intelligence (AI) applications.

The bond market, while experiencing volatility, ultimately delivered positive calendar year returns driven by a strong turnaround in sentiment in the last two months of 2023 and the expectation of interest rate cuts in 2024.

Significant progress was made in reducing inflation, from 9.2% down to 2.9% at year-end (in the Euro area).

2023 ended up being a very good year for members of the Scheme as all fund options generated positive returns. The Early Years Fund and Equity Fund were both up over 18%, the Middle Years Fund and Diversified Growth Fund (DGF) were up over 10%, the Annuity Fund was up over 7.5% and the Cash Fund returned 3.2%. You will find further detail on the drivers of fund performance in the Investment Manager's Report which forms part of this document on pages 54 to 59. Note that the Early Years Fund and Middle Years Fund form part of the lifestyle strategy (“Help me do it”) and are not available to freestyle members (“Manage my funds myself”).

It is important to note that the Annuity Fund, which has generated negative returns on a 3-year basis, is designed to act as a hedge against the cost of

annuities (pensions) for members intending to purchase them on retirement. As the value of the Annuity Fund falls, the cost of purchasing an annuity should fall in step, leaving the member insulated from price movements.

Market movements in recent years highlight the volatile nature of investing and stress the need for members to take a long-term view of investing their retirement savings. Periods where markets contract can be expected over the course of your retirement saving. Reacting to short term price movements has the potential to destroy value even for professional investors. The Scheme's default lifestyle strategy is designed with such volatility in mind.

The Trustee continues to explore all investment avenues to improve long term member returns.

Governance

The governance of the Scheme continues to be a top priority for the Trustee and there were a number of key governance activities carried out during the year.

During 2023 the Internal Audit Key Function Holder conducted their first internal audit of the Scheme, focusing on Scheme Governance, Fit and Proper requirements and Trustee oversight of outsourced functions and responsibilities. The Internal Auditor noted that the Scheme has established good working practices to comply with the Pension Authority's Code of Practice.

An Own Risk Assessment (ORA) Working Group met five times during 2023 to conduct the ORA for the Scheme with the assistance of the Risk Management Key Function Holder. The final ORA report was completed and approved in advance of its due date of 22 April 2024.

Conclusion

The Trustee hopes that you find this Annual Report both interesting and useful. The Trustee acknowledges, appreciates, and values the continued support it receives from the Bank and its staff, as well as its advisors and service providers. The Chairman would also like to highlight the work of his Trustee colleagues and thank them for the effort, time, and expertise they devote to member interests in the operation of the Scheme.

Highlights for the year

During the twelve months to 31 December 2023

- €112.9m. in total was collected in contributions, split as follows:
 - €82.0m. employer contributions
 - €19.9m. regular member contributions
 - €11.0m. members' additional voluntary contributions (AVCs)
- The Scheme's net assets increased in value during the year by €250m. from €1,293m. (2022) to €1,543m. (2023).
- 238 transfer out payments were made to other approved pension arrangements totalling €20.1m.

- 101 transfer in payments, totalling €10.7m., were received by the Scheme from other approved pension arrangements.

As at 31 December 2023

- Active members of the Scheme totalled 9,774 (2022: 8,878)
- Deferred members of the Scheme totalled 10,701 (2022: 10,616)
- The value of invested assets in the Scheme totalled €1,533m., split as follows:
 - €264m. was invested in the Equity Fund
 - €256m. was invested in the Diversified Growth Fund
 - €13m. was invested in the Annuity Fund
 - €67m. was invested in the Cash Liquidity Fund
 - €552m. was invested in the Early Years Fund
 - €381m. was invested in the Middle Years Fund

About the Scheme

The Scheme is a defined contribution pension scheme for the purposes of the Pensions Act 1990 as amended (“**the Act**”) and all duties carried out by the Trustee are regulated by the Act in accordance with the governing documents of the Scheme which are the Trust Deed and Rules of the Scheme.

The Scheme is registered with the Pensions Authority, registration number PB 78012. The Scheme is set up in the Republic of Ireland under trust in order to qualify for 'exempt approved' status under Section 774 of the Taxes Consolidation Act 1997.

The assets are held under trust for the exclusive benefit of the members and other beneficiaries. The benefits available to members on retirement, or on leaving service (subject to a minimum of two years' Qualifying Service), will be based entirely on the assets which have been accumulated in a member's retirement account as a result of the Bank's contributions, the members own contributions and any transfers from other pension arrangements, together with any investment gains or losses and less any levies, duties, taxes, withdrawals and investment expenses that may be payable. Benefits paid by way of lump sum are currently exempt from income tax (PAYE) and Universal Social Charge (USC) (up to a lifetime amount of €200,000). Any annuity (annual pension) purchased by a member is subject to income tax under PAYE and is liable to USC.

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

The assets of the Scheme are directly invested by the Investment Manager on the Trustee's behalf.

The role of the Trustee is to protect the interests of the members and beneficiaries and the Trustee is independent of the Bank.

The Scheme Financial Statements are prepared and audited each year as at 31 December.

Changes to the Scheme

There were no changes during the year to the information specified in Schedule C of the Occupational Pension Schemes (Disclosure of Information) Regulations (as amended).

Trustee and advisors

Stewardship of the Scheme's assets is in the hands of its Trustee. The right of members to select or approve the selection of trustees to the Scheme is set out in the Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No.3) Regulations, 1996, (S.I. No. 376 of 1996).

The Trustee Directors of the Scheme as of the date of approval of these financial statements are detailed on pages 4 and 5. Unless otherwise indicated, the Trustee Directors served for the entire period and are still serving at the date of approval of this Report.

Section 59AA of the Pensions Act 1990, which requires trustees of pension plans to undergo training, was brought into force on 1 February 2010 by virtue of the Social Welfare and Pensions Act 2008 (Section 28) (Commencement) Order 2009.

The Trustee has access to appropriate training on its duties and responsibilities as Trustee. The Trustee undertook training during the year in accordance with Section 59AA of the Pensions Act 1990 and no expenses were incurred by the Scheme for the provision of this training.

The Trustee and the Scheme Administrator have access at all times to the Trustee Handbook and the Guidance Notes issued by the Pensions Authority from time to time.

Trustee meetings

Six Trustee Board meetings were held during 2023. In addition, the Investment Sub-Committee (ISC) met on four occasions and the Communications Sub-Committee (CSC) also met on four occasions during 2023.

Contribution structure

A tiered contribution structure has been in place since 1 January 2014. The Bank will contribute 10% of basic salary together with an additional 1% for each 1% contributed by a member up to a maximum Bank contribution rate which is dependent on age. The table below sets out the contribution structure of the Scheme. Subject to Revenue limits, employees can opt to contribute a percentage of their salary greater than the matched contribution amount through AVCs (additional voluntary contributions). Members are strongly encouraged to make a contribution to the Scheme.

	Bank Contribution	Member Under Age 40 Total Contribution	Member Age 40-49 Total Contribution	Member Age 50+ Total Contribution
Employee opts not to contribute (Default Position)	10%	10%	10%	10%
Employee contributes 1%	11%	12%	12%	12%
Employee contributes 2%	12%	14%	14%	14%
Employee contributes 3%	13%	Max. matched contribution 2%	16%	16%
Employee contributes 4%	14%		18%	18%
Employee contributes 5%	15%		20%	20%
Employee contributes 6%	16%		Max. matched contribution 5%	22%
Employee contributes 7%	17%			24%
Employee contributes 8%	18%	26%		
				Max. matched contribution 8%

Tax Relief on Pension Contributions

There are income tax reliefs available to support saving for retirement. For a 20% income taxpayer, each €100 contribution will cost a net €80 and for a 40% income taxpayer, a €100 contribution will cost a net €60. There are, of course, some limits to how much income tax relief can be claimed, but they are unlikely to affect the majority of members. Income tax relief will be credited to members automatically through the Bank payroll system when contributions are paid through AIB payroll.

The current Revenue maximum tax relief on personal contributions are:

Your age (attained in that tax year)	Maximum percentage of your earnings (subject to an Earnings Cap, currently €115k.)
Under 30	15%
30 to 39	20%
40 to 49	25%
50 to 54	30%
55 to 59	35%
60 or over	40%

A member's retirement account is an extremely valuable asset and is likely to build up over time. The Trustee encourages all members to take an active interest in their retirement account, the amount of contributions made, the investment funds selected and the investment performance of those funds.

Membership movement

The following is a summary of the Membership Movements in respect of the Scheme for the year ended 31 December 2023.

	Active Members	Deferred Members
Membership @ 31 December 2022	8,878	10,616

Opening Adjustment	(4)	7
New Actives	1,848	-
Actives to Deferred	(531)	531
Leavers Administered	(417)	(453)
Membership @ 31 December 2023	9,774	10,701

Retirement benefits

The value of a member's retirement account at normal retirement date (NRD) will depend on the individual contributions made in respect of the member, the timing and investment return of those contributions, less any taxes and charges and including the cost of providing pension benefits at the date of retirement. It is important for members to make their own contributions to the Scheme, starting as early as possible. Members can enhance their pension savings by making AVCs and the Trustee encourages members to consider doing this.

Pension increases

There are no provisions under the Scheme for pension increases, other than those at the sole option of a member at retirement from the proceeds of the member's retirement account. There were no increases paid during the Scheme year in respect of benefits payable following termination of a member's employment. 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 should it wind up.

Member communications

During the year, the Trustee issued communications to active members on the importance of making and maximising contributions to the Scheme, notifying members of the deadline date to make contributions for the prior tax year and advising all active members of the final dates for making a top up additional voluntary contribution (AVC) to the Scheme.

Benefit Statements were issued to active members in April 2023 and to deferred members in October 2023. Leaving Service Option Statements were issued to members who left service during the year.

The Scheme's Retirement Support Service provider, Mercer, hosted a webinar in February for members over the age of 55 about preparing for retirement.

The Trustee Annual Report and Accounts for 31 December 2022 was made available to all members, participating employers and trade unions in October 2023.

All necessary steps have been undertaken by the Trustee to protect members' data in accordance with the General Data Protection Regulations (GDPR).

Member guides and videos are available to on the DC Scheme website www.planforlife.ie

Member website

All members have access to view their retirement account online and new members are invited to register on the secure area of the DC Scheme Website on joining the Scheme. The secure area is accessed by clicking the login button at the top of the www.planforlife.ie home page. Single sign on capability is enabled for active members.

At 31 December 2023, 62% of active members and 45% of deferred members had successfully enrolled on the DC Scheme Website.

Information on the performance and asset allocation of the investment funds is available on the DC Scheme Website. A pension planning calculator called "My Pension Planner" is available on the DC Scheme Website and is designed to give an illustrative calculation of the monthly pension contribution a member may need to make in order to achieve their target monthly income in retirement. Through "My Pension Planner", members can also model different scenarios including any AIB DB Scheme benefit they may have and include external pension benefits to project what their income is expected to be at retirement.

Providing support to members

The Scheme has a dedicated Pension Administration Team to manage all queries from members in relation to their pension benefits. AIB Staff Pensions has responsibility for Scheme administration and appointed Aon from 1 July 2011 to provide a number of core administrative services.

The Trustee and Registered Administrator have appropriate procedures in place to ensure that contributions are received in accordance with the timetable set out in Section 58A of the Act:

- contributions payable during the Scheme year are received by the Trustee within 21 days of the month end in which they fall due
- contributions payable are paid in accordance with the Rules of the Scheme.

General questions about the Scheme should be directed to the Scheme Administrator, Aon, using the contact details set out on page 7 of this Report.

Investment funds

The Trustee, having taken investment advice from its Investment Advisor, has selected a range of funds, which it considers to be appropriate investment vehicles for pension purposes. These range from a 100% total equity fund to a 100% cash and money market instrument fund.

Default Fund – Lifestyle Strategy

In the event that a member does not actively select an investment fund, the contributions relating to that member are invested in the default option which is the Lifestyle Strategy.

The Lifestyle Strategy incorporates a process of automatic investment switches as the member approaches retirement ('de-risking'). This process moves the member from the more volatile return seeking assets to an

investment approach that reflects the way members are likely to take their pension benefits at retirement, a cash only option, cash and annuity option or cash and ARF option. These investment switches begin 7 years before the member's normal retirement date. These switches are made on a quarterly basis, which are intended to gradually reduce the volatility of the members account as they approach retirement. The three lifestyle options are:

- Cash Ready
- Cash and Annuity Ready
- Cash and ARF Ready

The lifestyle options, in their earlier years, are comprised of the following funds:

- Early Years Fund (currently the Equity Fund)
- Middle Years Fund (currently a mix of the Diversified Growth Fund & Partners Group Generation Fund)

Freestyle Funds

If a member would like to choose their own investment options, four Freestyle Funds are also offered by the Trustee.

- Diversified Growth Fund
- Equity Fund
- Annuity Fund
- Cash Liquidity Fund

Members can switch funds online through the secure area of the DC Scheme Website.

Further information about the investment fund choices available to members is set out in the Scheme's "Investing your Retirement Account" booklet which can be accessed on the DC Scheme Website.

Investment Manager Fees

As of 1 January 2021, investment manager fees are paid by members by way of adjustment to the unit price of each fund.

Discretion of the Investment Manager

The Investment Manager has been delegated discretion by the Trustee to manage these funds on a day-to-day basis within the framework determined by the Trustee. The Manager produces monthly reports on the composition and performance of the funds. These reports are monitored on a quarterly basis by the Trustee. The Trustee has agreed performance benchmarks and objectives with the investment manager and actual performance is regularly assessed against these benchmarks.

Fund performance

The performance of the investment funds available to members is set out in the following table and represents the performance for the period from 1 January 2023 to 31 December 2023.

Fund Name	Performance
Lifestyle Fund	
Default Fund – Lifestyle Strategy	Varies according to member's age
Freestyle Funds	
Diversified Growth Fund	+10.17%
Equity Fund	+18.38%
Annuity Fund	+7.69%
Cash Liquidity Fund	+3.24%
Early Years Fund	+18.33%
Middle Years Fund	+10.23%

Note: Past performance is not a guide to future fund returns.

2023 returns are net of investment fees.

A member can choose to invest in the Default Fund or, if a member makes no investment choice, contributions will be placed into the Default Fund.

LGIM is the appointed investment manager to the Scheme. LGIM are one of the world's leading providers of financial services and have provided the Scheme with access to their global investment solutions group (ISG) who support the Trustee when making decisions on the investment options available to members and on the asset allocation of the funds.

Employer related investments

There were no direct investments held in Allied Irish Banks, p.l.c. at the year end.

Expenses

The operational expenses, including administration, audit charges and investment advisor fees are currently borne by the Bank. During 2023 a portion of these expenses, €1,153k. (2022: €954k.), was debited from the Reserve Account in the Scheme.

Internal Dispute Resolution Procedure (IDRP)

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 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 Trustee at the above address.

If a member has followed the Scheme's Internal Dispute Resolution procedure and is still not satisfied or has a complaint, they can contact the Financial Services and Pensions Ombudsman ("the Ombudsman"). The Ombudsman can determine disputes of fact and law or maladministration relating to occupational pension schemes.

IORP II Directive

The Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) – “**IORP II**” – was transposed into Irish law on 22 April 2021 by way of the European Union (Occupational Pension Schemes) Regulations 2021 (Statutory Instrument No. 128/2021). This is the most significant regulation to impact occupational pension schemes since the Pensions Act 1990.

The primary purpose of the IORP II Directive and transposing Regulations is to raise governance standards with a view to improving member outcomes. The administrative deadline for full compliance, with a few exceptions, was 31 December 2022 and the Trustee, while working with its professional advisors, successfully met the required deadline for the Scheme.

Events subsequent to the balance sheet date

No other events occurred subsequent to the year-end that would affect the information contained in this Report.

Signed for and on behalf of the Trustee:

[Redacted Signature]

Trustee Director – Chairman

[Redacted Signature]

Trustee Director

Jun 25, 2024

Date

2.2 Statement of Risks

Under the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 - 2022, the Trustee is required to describe the risks associated with the Scheme and disclose these to members.

In a defined contribution arrangement like the Scheme, the main types of risks, and the steps being taken by the Trustee to minimise these risks, are as follows:

The Trustee's primary responsibility is to ensure that members receive the benefits to which they are entitled under the Rules of the Scheme. In order to provide for these future benefit payments, the Trustee invests the assets of the Scheme in a range of investments chosen by the member.

Risks	Steps being taken to minimise risks
The risk that returns in members' retirement accounts are not sufficient, contributing to inadequate retirement provision	<p>The Trustee's investment beliefs guide decision making, are reviewed regularly and are document in the Statement of Investment Policy Principles (SIPP). See the Statement of Investment Policy Principles as set out on pages 40 to 53 of this Report. Member returns are tracked on a quarterly basis. Annual member analytics exercises are conducted by the Investment Advisors and results are discussed with the Trustee. Quarterly stewardship reports are provided by the Investment Managers and Investment Advisors. The asset mix and performance of the Investment Managers and the investment strategy are reviewed quarterly. Critical reviews of the Investment Managers are conducted every 3 years. Investment Manager fees are reviewed on appointment and every 3 years at a minimum to ensure members are receiving value for money.</p> <p>Investment fund descriptions, objectives, risk and performance history is communicated to members on joining and made available online.</p>
The risk of a failure to put in place an appropriate investment strategy	<p>The Investment Sub Committee undertakes an annual review of the suitability of the investment strategy and a full review of the investment strategy every three years.</p> <p>Professional Investment Advisors are appointed. They conduct an annual member analytics exercise and report results to the Trustee. The default and Lifestyle Strategy is kept under continuous review and the asset allocation is reviewed annually. The Investment Advisors provide quarterly reports reviewing the performance of the investment strategy and its implications for member outcomes, asset mix etc. The Trustee investment beliefs are recorded in the SIPP. The SIPP is reviewed every 3 years at a minimum. The Trustee Directors receive timely and appropriate training to challenge Investment Advisors.</p> <p>The Trustee's investment and sustainability beliefs guide their decision making, are reviewed regularly and are documented in the SIPP.</p>
The risk of poor decision making and lack of effective oversight by the Trustee	<p>The Trustee Directors are selected for their skills, ability and capacity. All Trustee Directors meet the Fit and Proper requirements of the Pensions Authority Code of Practice. The Trustee Directors skills, knowledge, understanding and experience is assessed regularly and regular and relevant training is provided to the Trustee Directors. There are independent directors on the Trustee Board. There is a Succession Policy in place which includes a Chair Role profile and a Trustee Role profile.</p> <p>There is a dedicated Investment Sub Committee and a Communications Sub Committee with Terms of Reference in place. The Trustee receives quarterly stewardship reports from</p>

	<p>the Administrator, Investment Manager and Investment Advisors and quarterly governance and compliance reporting from the Trustee Secretary. The outsourced Trustee Secretarial team runs the day-to-day Trustee business. The Trustee reviews the performance of providers and advisers and meets them quarterly. Detailed selection processes are carried out for provider/adviser appointments as outlined in the Trustee's Outsourcing Policy. Adviser recommendations are debated by the Trustee prior to any decision and independent advice is sought when necessary. The Scheme's Internal Audit Key Function Holder carries out annual risk-based audits.</p>
<p>The risk that the Scheme is not operated in line with regulatory requirements and Trustee business not conducted in line with their powers under the Trust Deed and Constitution</p>	<p>Decisions taken at quarterly Trustee meetings are minuted and recorded. A formal Trustee Secretary has been appointed. The Secretary cross checks how meetings are conducted against what is permitted under the trust deed and rules/constitution documents and monitors adherence to policies. A schedule of policies and processes is in place, with timetable for review and issue within regulatory timeframes. The Trustee obtains appropriate advice as necessary. Regulatory requirements and statutory deadlines are documented and reported quarterly to the Trustee in the Annual Planner document. Service Level Agreements (SLAs) are in place with the Administrator and the Trustees monitors performance against SLAs quarterly in Administration Reports.</p>
<p>The risk that some of the assets may be misappropriated</p>	<p>Through the Investment Manager, the Trustee has put in place custodial agreements (see the Statement of Investment Policy Principles).</p>
<p>The risk that the employer may not pay contributions as they fall due</p>	<p>The Trustee monitors the receipt of contributions via the Registered Administrator and pursues any shortfall. If this is not successful, the Trustee would report the matter to the Pensions Authority. The Scheme auditor reviews the employer procedures for remitting contributions. An action plan is in place to advise the Trustee of a failure in contribution process.</p>
<p>The risk that the employer may decide to terminate its liability to contribute to the Scheme</p>	<p>In this event, the Trustee is required to wind up the Scheme and provide benefits for members in accordance with the Rules and the Pensions Act. Future benefit accrual will also cease in these circumstances.</p>
<p>The risk that the Scheme's administration records may not be correct or that the administration of the Scheme may fail to comply with the Pensions Act 1990 or the rules of the Revenue Commissioners</p>	<p>The Trustee has delegated the principal administration tasks to the Registered Administrator. The Trustee has entered into a service level agreement with the Registered Administrator which sets out the Registered Administrator's responsibilities. The Trustee receives regular administration reports from the Administrator. The Pensions Authority has powers to pursue breaches of the Act and the Financial Services and Pensions Ombudsman may investigate any complaints of financial loss caused by maladministration.</p>
<p>The risk that members/beneficiaries are not paid their benefits at the correct amount, to the correct account and on time</p>	<p>The Scheme auditor tests a sample of member cases during each annual audit. Sample testing of member cases is conducted by the Registered Administrator as required by the Bank's internal audit procedures. The Administrator conducts a periodic review of member records to ensure accuracy of data. The Administrator uses a 4 eye review process for payments. The Administrator automatically reports to the Trustee if any statutory timescales for benefit payments have been breached. The Registered Administrator reviews benefits payable on death in service and ensures full and accurate data is provided to the insurer.</p> <p>The Administrator monitors financial transactions and reports to the Trustee in its quarterly report. The Administrator undergoes an annual independent audit of its DC processes and produces a SOC1 report.</p>
<p>The risk that service to members/beneficiaries is severely disrupted</p>	<p>The Registered Administrator and Administrator have controls in place to ensure ongoing operations including policies, incident response plans, multi level anti virus architecture, IT disaster recovery. The Bank attends Trustee meetings annually to discuss and update the Trustee on cyber security measures in place in the Bank on behalf of the Scheme. All advisers and providers have Business Continuity Plans in place and BCP testing results</p>

	are reported to the Trustee. The key providers to the Scheme have multiple individuals allocated to the team to reduce key person risk.
The risk that fraud management protocols are inadequate and/or not adhered to leading to financial loss for the Scheme (reserve account) and members	Payments are made through a 4-eye check process. Retirement forms and transfer requests are checked by processor against existing records. Payments to and from the reserve account required two people confirming to the Administrator that the invoice is correct and sign off from the Trustee Chair. The Scheme Auditor conducts an annual check for fraud and financial misstatements.
The risk that members are disappointed by benefits not in line with expectations due to poor communication from Trustee	An annual communication planner is implemented by the Communications Sub Committee. A 7-step communication framework is applied to all communications. Member communications are timed throughout the year with pay rise cycle etc., utilising behavioural nudges to stimulate action to maximise contribution matching and AVCs. Members are reminded regularly to review their investment choices. The Scheme microsite complies with all regulatory requirements and also includes general Scheme information, explanatory guides, investment performance information, explainer videos and presentation recordings. The member website provides information to real time personal pension information and tools, including projection tools and benefit statements. A dedicated member helpline and mailbox is available. Information clinics and presentations are provided regularly by the Bank and Trustee. Retirement support services are provided for all members.

Signed for and on behalf of the Trustee:

[Redacted Signature]

Trustee Director – Chairman

[Redacted Signature]

Trustee Director

Jun 25, 2024

Date

2.3 Statement of Trustee 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. Accordingly, the Trustee must ensure that in the preparation of the Scheme 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 Scheme will not be wound up; and
- the SORP is followed, or particulars of any material departures have been disclosed and explained.

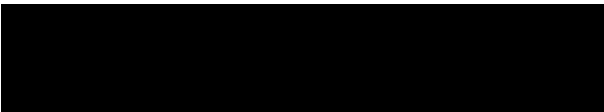
The Trustee is required by law to have appropriate procedures in place throughout the year under review, to ensure that:

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

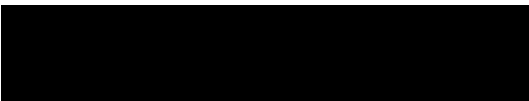
The Trustee is responsible for making available certain other information about the Scheme in the form of an annual report. The Trustee is responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an annual report to be prepared.

The annual report must contain the information specified in regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), 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, including the maintenance of appropriate internal controls.

Signed for and on behalf of the Trustee:



Trustee Director – Chairman



Trustee Director

Jun 25, 2024

Date

Further information

The financial statements are required to show a true and fair view, in accordance with The Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102"), 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 Plans ("SORP"), (revised June 2018), subject to any material departures disclosed and explained in the financial statements.

Independent auditor's report to the trustee of the AIB Group Defined Contribution Scheme

Report on the audit of the financial statements

Opinion on financial statements of the AIB Group Defined Contribution 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 2023 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 16 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.



Independent auditor's report to the trustee of the AIB Group Defined Contribution Scheme

Other information

The other information comprises the information included in the Trustee Annual Report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the Trustee Annual Report

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

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 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. A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>. This description forms part of our auditor's report.

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.



**Independent auditor's report to the trustee of the
AIB Group Defined Contribution Scheme**

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 2023 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.

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.

A handwritten signature in black ink, appearing to read "Cathal Treacy".

Cathal Treacy

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

25 June 2024



Part 3: Financial Statements

3.1 Fund Account

For the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Contributions and Benefits			
Employer contributions	3	81,994	71,667
Member contributions	3	30,910	27,237
		112,904	98,904
Transfers in	4	10,655	26,671
Other receipts	5	315	4,326
		123,874	129,901
Benefits payable	6	(33,788)	(45,230)
Payment to and on behalf of leavers	7	(20,058)	(19,564)
Other payments	8	(4,353)	(2,493)
Administrative expenses	9	(1,153)	(954)
		(59,352)	(68,241)
Net additions from dealings with members		64,522	61,660
Return on investments			
Change in market value of investments	10	185,423	(177,614)
Net return on investments		185,423	(177,614)
Net increase\ (decrease) in the Fund		249,945	(115,954)
Net assets as at 1 January		1,293,375	1,409,329
Net assets as at 31 December		1,543,320	1,293,375

The notes on pages 30 to 38 form part of these financial statements.

Signed for and on behalf of the Trustee:

Digitally signed by

Trustee Director – Chairman

Jun 25, 2024

Date

Trustee Director

3.2 Statement of Net Assets (available for benefits)

For the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Investments			
Pooled Investment Vehicles	10	1,533,330	1,283,635
Current Assets	11	15,357	16,256
Current Liabilities	11	(5,367)	(6,516)
Net assets as at 31 December 2023		1,543,320	1,293,375

The Financial Statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The notes on pages 30 to 38 form part of these financial statements.

Signed for and on behalf of the Trustee:

[Redacted Signature]

Trustee Director – Chairman

[Redacted Signature]

Trustee Director

Jun 25, 2024

Date

3.3 Valuation Report

In accordance with Section 56(2A) of the Pensions Act 1990 (as amended), the Trustee of the Scheme has caused this Valuation Report to be prepared setting out the liabilities of the Scheme as at the last day of the Scheme year.

As a defined contribution Scheme all assets are held in respect of the liabilities for members' benefits expected to arise in the future with the exception of those assets that are not designated to members which are ultimately due back to the employers.

The liabilities have been valued using the applicable market value of the corresponding assets at the year-end date.

The current and future liabilities of the Scheme as at 31 December 2023 can be summarised as follows:

	Member Designated	Not Member Designated	Total
	€'000	€'000	€'000
Current Liabilities	5,354	13	5,367
Future Liabilities	1,534,022	9,298	1,543,320

Note 1: Current liabilities are liabilities that have been identified as payable at the year-end date.

Note 2: Future liabilities are all other liabilities.

Signed for and on behalf of the Trustee:

[Redacted Signature]

Trustee Director – Chairman

[Redacted Signature]

Trustee Director

Jun 25, 2024

Date

3.4 Notes to the Financial Statements

1. Basis of preparation

The Financial Statements have been prepared in accordance 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) (revised June 2018).

2. Accounting policies

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

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.

Contributions and benefits

Contributions and Additional Voluntary Contributions are accounted for in the period in which they fall due in the month the employees contributions are deducted from the payroll.

Additional Voluntary Contributions from members are accounted for on a receipts basis.

Benefits to members are accounted for in the period in which they fall due, whenever the members' wishes are known.

Transfers to and from other plans

Individual transfer values to and from other pension schemes are included in the Financial Statements at the date on which the transfer occurs.

Administrative and Investment Manager expenses

Administration and Investment Manager expenses are accounted for on an accruals basis.

Investment income

Investment income on cash deposits is accounted for on an accruals basis.

Gains or losses made on foreign currency holdings are accounted for as interest on cash deposits.

Valuation of investments

Pooled investment vehicles are stated at bid price or single price where there is no bid/offer spread as provided by the investment managers at the year end.

Additional Voluntary Contributions are invested with Employer and Employee contributions and form part of the Pooled Investment Vehicles.

3. Contributions

	2023	2022
Employer Contributions	€'000	€'000
Normal	76,651	68,308
Group Life	4,353	2,493
Other	990	866
Total Employer contributions	81,994	71,667
Member Contributions		
Normal	19,866	17,836
Additional Voluntary Contributions	11,044	9,401
Total Member contributions	30,910	27,237
Total	112,904	98,904

4. Transfers in

	2023	2022
	€'000	€'000
Transfers in - individual	10,655	26,671
Total	10,655	26,671

5. Other income

	2023	2022
	€	€
Claims on life assurance policies	315	4,326
Total	315	4,326

6. Benefits payable

	2023	2022
	€'000	€'000
Retirement lump sums	15,214	16,376
Death benefits	156	1,572
Purchase of annuities	1,306	6,073
Purchase of ARFs	17,112	21,209
Total	33,788	45,230

7. Payments to and on behalf of leavers

	2023	2022
	€'000	€'000
Transfers out - individual	20,024	19,530
Refunds to members leaving service	34	34
Total	20,058	19,564

8. Other payments

	2023	2022
	€'000	€'000
Premium on life insurance policies	4,353	2,493
Total	4,353	2,493

Life insurance is secured by a policy underwritten by Zurich Life Assurance plc.

9. Administrative expenses

	2023	2022
	€'000	€'000
Fees and charges paid from the Employer Reserve Account	1,153	954
Total	1,153	954

Except as noted above, administrative expenses of the Scheme are borne by Allied Irish Bank p.l.c.

10. Investments

(a) Summary of movements in investments during the year

	Opening value 31 December 2022	Purchases at cost	Sale proceeds	Change in market value	Closing value 31 December 2023
	€'000	€'000	€'000	€'000	€'000
LGIM Funds					
Middle Years Fund	305,746	71,715	(29,865)	33,314	380,910
Early Years Fund	456,955	52,046	(43,133)	85,830	551,698
Diversified Growth Fund	232,679	16,998	(16,893)	23,541	256,325
Equity Fund	210,602	25,094	(11,286)	39,822	264,232
Annuity Fund	10,820	3,042	(1,946)	934	12,850
Cash Liquidity Fund	66,833	27,241	(28,741)	1,982	67,315
Sub-total	1,283,635	196,136	(131,864)	185,423	1,533,330
<i>Allocated to members</i>	<i>1,275,729</i>				<i>1,524,019</i>
<i>Not allocated to members</i>	<i>7,906</i>				<i>9,311</i>
Total	1,283,635				1,533,330

(b) Summary of investments as a percentage of net assets

	2023 €'000	Net Assets %	2022 €'000	Net Assets %
LGIM Funds				
Diversified Growth Fund	256,325	16.6%	232,679	18.0%
Equity Fund	264,232	17.1%	210,602	16.3%
Annuity Fund	12,850	0.8%	10,820	0.8%
Cash Liquidity Fund	67,315	4.4%	66,833	5.2%
Early Years Fund	551,698	35.8%	456,955	35.3%
Middle Years Fund	380,910	24.7%	305,746	23.6%
Total	1,533,330		1,283,635	

The change in the 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.

Investments are quoted at a single price and direct transaction costs are included in the cost of purchases and sales.

Indirect transaction costs are incurred through bid offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

Included in investments are units held in the name of the Trustee which are valued at €9,311m. (2022: €7,906m.) and held in the Reserve Account.

(c) Concentration of investments

Excluding investments in unit linked funds as outlined above there is no investment / security that accounts for more than 5% of the Scheme's net assets as at 31 December 2023.

(d) 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:

As at 31 December 2023	Level 1	Level 2	Level 3	Total
	€	€	€	€
Pooled Investment Vehicles	-	1,533,330	-	1,533,330
Total	-	1,533,330	-	1,533,330

As at 31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Pooled Investment Vehicles	-	1,283,635	-	1,283,635
Total	-	1,283,635	-	1,283,635

(e) Investment risk

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 of future cash flows of financial instruments will fluctuate due to changes in market variables.

The maximum risk resulting from financial instruments, except for written options and securities sold short, equals their value.

Market risk comprises currency risk, interest rate risk and other price risk:

- **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 – primarily bonds, interest rate swaps and pooled investment vehicles held mainly in bonds – 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 – primarily equity prices), 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 has a contractual agreement in place with Legal & General Investment Management ('LGIM'). The day to day management of the underlying investments for the funds is the responsibility of LGIM including the direct management of credit and market risks.

The Trustee monitors the investments on a quarterly basis.

Credit risk

At present the Scheme does not offer life policy investment options to members and as a result it has no direct credit risk with appointed investment managers.

The Scheme is subject to indirect credit risk arising from the underlying funds managed by LGIM. Credit risk from the investment in pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled fund manager, the regulatory environments in which the pooled managers operate and diversification across a number of pooled arrangements. Credit risk also exists from the individual securities held in the funds due to the indirect investment in government and corporate bonds.

The objective of taking on credit exposure within corporate bonds is to obtain a higher expected return than would be obtained from investing solely in government bonds or secured overnight borrowing.

Member level risk exposures will be dependent on the funds invested in by members.

Market risk

The Scheme is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by LGIM.

The Scheme is exposed to currency risk due to indirect investments in unhedged overseas equities and bonds.

Investment in overseas equities and bonds is designed to increase the number of equities/bonds that can be considered for inclusion in the portfolio and thereby improve the risk/reward and diversification characteristics of this investment. The Trustee is satisfied that the expected benefits from allowing the Scheme to invest in overseas equities and bonds compensate for the acceptance of the associated currency risk.

Changes in market interest rates will directly affect the fair value of the holdings in bonds and instruments used to help manage the interest rate

and inflation exposures of the Scheme. The objective of holding these instruments is to help member's better match interest rate and inflation exposures.

All investments are subject to idiosyncratic price risks that arise from factors peculiar to that asset class or individual investment in addition to credit risk, currency risk and interest rate risk.

Before offering any asset class or fund to members, or entrusting the Scheme's assets to a particular manager, the Trustee takes advice on the risks involved both on a quantitative and qualitative basis from their investment consultant.

The decision as to whether to invest in a particular security is delegated to the manager.

The purpose of accepting these risks is to ensure that, when considered as a whole, the members of the Scheme have a suitably diversified range of funds to choose from in terms of the type of risk taken and the sources of expected future returns.

The table below summarises the indirect risk exposures by fund at 31 December 2023.

	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Total Equity Fund	-	✓	-	✓
Diversified Growth Fund	✓	✓	✓	✓
Annuity Fund	✓	✓	✓	-
Cash Fund	✓	-	✓	-

The analysis of these risks set out above is at the Scheme level. Member level risk exposures will depend on the funds invested in by members.

11. Current Assets and Liabilities

	2023	2022
Current Assets	€'000	€'000
Designated to members		
Bank balances	14,824	15,954
Death benefit receivable	116	116
Cash in transit	417	186
Total designated to members	15,357	16,256
Not designated to members		
Total not designated to members	-	-
Total Current Assets	15,357	16,256
Current Liabilities		
Designated to members		
Accrued benefits	5,354	6,503
Total designated to members	5,354	6,503
Not designated to members		
Sundry	13	13
Total not designated to members	13	13
Total Current Liabilities	5,367	6,516

12. Employer related investments

There were no instances of employer related investments during the year in relation to payment of contributions.

The value of shares in Allied Irish Banks, p.l.c. held in the various unit funds amounted to €Nil or Nil% of the total fund of €1,533m. as at 31 December 2023 (2022: €Nil).

13. Subsequent events

No events occurred subsequent to the year-end that would affect the information contained in this Report.

14. Related party transactions

(a) Trustee

The Trustee is AIB DC Pensions (Ireland) Limited. Three of the Directors of the Trustee are members of the Scheme.

Donal O'Flaherty, Arlynejane Divilly, Jennifer Fox and Ed Murray are paid a fee by the Bank in their capacities as Independent Trustee Company Directors.

(b) Principal Employer

Details of the Principal Employer are set out in Section 1.1 of this Report. There are no other associated employers participating in the Scheme at the date of this Report. Contributions are made in accordance with the Trust Deed and Rules. The operating expenses of the Scheme, including administration fees and audit fees are borne by Allied Irish Bank p.l.c.

(c) Registered Administrator

Allied Irish Bank p.l.c. is the Registered Administrator. Aon provides Allied Irish Bank p.l.c. with core administration services.

(d) Investment Manager

LGIM is the Scheme's Investment Manager and Partners Group (UK) Limited is the Sub-Investment Manager. Investments are in unitised funds which are registered in the Republic of Ireland.

The Investment Manager and Sub-Investment Manager are remunerated on a fee basis calculated as a percentage of the assets under management.

15. Contingent liabilities

In the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2023.

16. Approval of the Financial Statements

The Financial Statements were approved by the Trustee on the following date:

Jun 25, 2024

Date



Part 4: Further Information

4.1 Statement of Investment Policy Principles

AIB Group Defined Contribution Scheme

Statement of Investment Policy Principles

1. Introduction

- 1.1 The Board of Directors of AIB DC Pensions (Ireland) Limited (the “**Trustee**”) is responsible for overseeing the investment of the assets of the AIB Group Defined Contribution Scheme (the “**Scheme**”).
- 1.2 The Trustee is also responsible for preparing this Statement of Investment Policy Principles (the “**SIPP**”) which provides an overview of how the assets are invested and managed and forms part of the Trustee’s overall governance plan.
- 1.3 This SIPP is a statement of intent, and it is made in order that:
- There is a clear understanding on the part of the Trustee, members, relevant AIB plc staff, the investment adviser, investment managers and others as to the objectives and policies of the Trustee;
 - There are clear principles governing the guidelines and restrictions to be presented to the investment managers regarding their investment of the Scheme’s assets.
 - The Trustee has a meaningful basis for the evaluation of the investment performance of the individual investment managers, investment performance of the Scheme as a whole and the success of the overall investment strategy through achievement of defined investment objectives; and
 - The Trustee fulfils the requirements of the Occupational Pension Schemes (Investment) Regulations, 2006 (as amended), which stipulate that a SIPP must be put in place and cover at least the following areas:
 - Investment objective;
 - Investment risk measurement methods;
 - Risk management processes; and
 - Strategic asset allocation
- 1.4 It is intended that this SIPP will be sufficiently specific to be meaningful but adequately flexible as to be practical. The intention is not to outline detailed guidelines for the Scheme’s investment managers – this should be done within the specific legal agreements with those parties – but rather to state the general philosophy, risk appetite and policies of the Trustee that will shape the governance of the Scheme as a whole.

1.5 This Statement is organised under the following headings:

- Description of the Scheme;
- Governance of the Scheme;
- Scheme Investment Objective, Investment Risks and Risk Management;
- Fund options and Fund objectives;
- Fund Manager Structure;
- Sustainable Investment/ Environmental, Social & Governance (ESG);
- Shareholder's Rights Regulation 2020;
- Sustainable Finance Disclosure Regulations; and
- Communications

1.6 Whilst the preparation of a SIPP is mandatory, the Trustee also considers the preparation and maintenance of the SIPP to be good practice.

1.7 In preparing this SIPP, the Trustee has sought advice from the Scheme's investment adviser.

1.8 The Trustee will monitor compliance with this SIPP annually and will also review this SIPP at least every three years or following any substantive change to its investment policy that impacts on the SIPP.

1.9 The SIPP was endorsed by the Trustee as having effect from Jun 25, 2024.

2. Description of the Scheme

2.1 The Scheme is a 'Defined Contribution Scheme' ("DC scheme") and all the benefits it provides are based on the balances in members' individual retirement accounts, without any guarantees of performance.

2.2 As a DC scheme, the investment performance of the Scheme's assets is a risk solely borne by the member. The Trustee has provided a range of Investment Options with different risk and return objectives so that members can choose to invest in a manner that reflects their own risk and return objectives. The Trustee has also provided a Default Strategy ("the **Lifestyle Strategy**") for members who do not make their own investment decisions.

2.3 The main investment risk for members is that the returns in their retirement accounts will be insufficient, consequently contributing to inadequate retirement provisions. Good investment returns by themselves are not enough. Other factors such as beginning to contribute early, the level of contributions paid, and the benefit options availed of at retirement are also influential. These are recognised by the Trustee but lie outside the scope of this SIPP.

3. Governance of the Scheme

3.1 The Trustee is responsible for the investment of the Scheme's assets.

3.2 Strategic decisions affecting Scheme investments are taken by the Trustee after drawing on the skills and experience of external advisers including investment managers and the investment adviser. Appendix I lists the Scheme's current investment adviser and investment managers.

3.3 Trustee's responsibilities include:

- Focusing on member outcomes and ensuring that, at all times, all decisions are taken with member objectives, as assessed by the Trustee, in mind.
- Identifying the investment and risk objectives of the Scheme's investments, taking into account the needs of different groups of members, formulating an appropriate default strategy and keeping said objectives and strategy under regular review;
- Providing a suitable range of investment options for members;
- Appointment and subsequent performance monitoring, supported by the Investment Sub Committee, of the investment managers used to express the investment strategy;
- Making any necessary changes in the strategy, investments, investment managers, advisers or other services that relate to the investment of assets; and
- Communicating investment risk and providing information to members, as well as regularly reviewing this SIPP and updating it as required.

3.4 The Trustee sets the overall investment strategy. The Trustee recognises the importance of receiving independent professional advice when formally reviewing the Scheme's investment objectives, strategy and investment managers. As such, the Trustee appointed a professional investment adviser. The investment adviser's role is to assist the Trustee in relation to setting their investment objectives, implementing the decisions of the Trustee, deriving a strategy capable of achieving said objective; and the selection of appropriate investment managers who can implement the strategy. On an ongoing basis, the investment adviser assists the Trustee by monitoring the investment performance of the fund and the performance of the appointed investment managers and advises the Trustee on strategic asset allocation.

3.5 The Trustee has also established a Sub-Committee of the Trustee Board, the Investment Sub Committee ("the **Sub Committee**"), in order to enhance its oversight of the Scheme's investment strategy and the implementation of that strategy.

3.6 The Sub Committee meets regularly, typically four times per year, and keeps the Trustee Board updated on investment issues. The Sub Committee is advised by the Scheme's investment adviser and focuses on the following key items:

- Monitoring the overall performance of the investment strategy and investment managers and its implications for member outcomes;
- Overseeing the management of the Scheme's asset mix within agreed ranges;
- Regularly challenging the strategy in light of changing market conditions and innovations in the pension investment environment;
- Ensuring there is a good process for managing "member outcome" risk and that it is operating effectively; and
- Evaluating new investment ideas and opportunities

3.7 The Sub Committee brings forward recommendations to the Trustee Board for ratification.

4. Scheme Investment Objective, Investment Risks and Risk Management

4.1 With respect to individual members' investment strategies, the Trustee recognises that members need to make their own investment decisions based on their individual circumstances, and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk.

4.2 The Trustee's overall objective with respect to investments is to:

- Provide a Scheme that is appropriate for all Scheme members taking into account their expected retirement date
- Provide a Scheme that will, in the long term, deliver a satisfactory return in real terms on the contributions invested

4.3 The Trustee has designed, with the input of its investment adviser, a Default Strategy (Lifestyle Strategy) for members who prefer that the Trustee makes investment decisions on their behalf or for members who don't make a fund choice. The Trustee has also provided a range of fund options for members who wish to manage their own asset allocation ("the **Freestyle Options**").

For Members Managing Their Own Funds (Freestyle Options)

4.4 There is the risk that in managing their own funds members might make sub optimal investment choices and to mitigate this risk the Trustee has:

- Provided an appropriate range of Freestyle Options;
- Set clear fund objectives and encourages members to focus on the fund objectives and risks through the use of white labelled funds;
- Understood the importance of clear communications with members; and
- Understood that individual financial advice in the years before retirement is beneficial to members.

4.5 The Trustee ensures that within the Freestyle Options that are available to each member:

- Investments are, for the most part, limited to marketable securities traded on recognised/regulated markets;
- Investment in derivative instruments is made only in so far as it either contributes to a reduction of investment risks or facilitates efficient portfolio management. Any such derivative investment must avoid excessive risk exposure to a single counterparty and to other derivative operations; and
- The funds are properly diversified in such a way as to avoid excessive reliance on any particular asset (unless in a single asset fund or a fund used to match annuity pricing), issuer or group of undertakings. Investments in assets issued by the same issuer or by issuers belonging to the same group should not expose the member to excessive risk concentration.

4.6 The Trustee aims to have leading investment managers managing each of the white labelled Freestyle Options.

The Trustee can change the investment manager of any or all of the Freestyle Options as a result of an ongoing monitoring process, without impacting the core objective of the Freestyle Option.

For Members in the Default Strategy (Lifestyle Strategy)

4.7 The risk that members within the Default Strategy will not achieve good outcomes due to investment performance is mitigated as follows:

- The Default Strategy aims to invest members' assets with risk and return objectives that are appropriate for their stage of the retirement savings journey, which is largely determined by age (or years to normal retirement age). Members who are far from normal retirement age are assumed to have higher risk tolerances due to their longer time horizon and, as such, the Trustee will invest in assets with higher risk and return characteristics. As members move closer to normal retirement age, their mix of assets will change, increasing diversification and downside protection as members' risk tolerance reduces.
- In the years before normal retirement age, there is the risk that the value of a member's individual retirement account falls significantly due to a downturn in markets. This is specifically catered for through a lifestyling programme in the seven years before normal retirement age. The intention is to de-risk members into assets that are appropriate to the likely use of their retirement accounts at normal retirement age (subject to prevailing Revenue rules):
 - Members who will likely want to maximise their cash lump sum ('Cash Ready Lifestyle Option');
 - Members with projected retirement accounts at normal retirement age of greater than six times salary, or who have significant DB benefits due from the AIB DB scheme, are assumed to be most likely to use the balance of their retirement accounts to

purchase an Approved Retirement Fund (ARF) at normal retirement age ('Cash and ARF Ready Lifestyle Option');

- Other members are assumed to use any balance remaining, after maximising their cash lump sum, to purchase an annuity ('Cash and Annuity Ready Lifestyle Option')

4.8 The Trustee has set the investment policy to provide for sufficient liquidity to meet unexpected cash flow requirements in the majority of foreseeable circumstances. The Trustee recognises, however, that there is scope for the Scheme to invest in illiquid assets to some degree whilst maintaining an acceptable level of liquidity for the portfolio as a whole.

4.9 As part of their compliance with the requirements set out in the Institutions for Occupational Retirement Provision (IORP) II directive, the Trustee have asked their Investment Managers to take environmental, social and governance (ESG) factors including the risks arising from climate change into consideration as part of their investment management process, in as far as this is practicable within their investment mandates, given the size, nature and complexity of the investments of the AIB Group Defined Contribution Scheme.

4.10 Strategic Asset Allocation ("SAA") is the process by which the Trustee establishes, and then implements (via the appointed investment manager(s)) the mix of investments within agreed ranges for the Early Years Fund, the Middle Years Fund and the derisking process as members approach retirement. It takes account of the investment beliefs used to guide the Trustee in all Scheme decision-making. The Strategic Asset Allocation (and the ranges around the SAA) may only change with agreement from the Trustee.

5. Fund options and Fund objectives

5.1 The Scheme offers members four **Freestyle Fund Options**, namely:

- The Diversified Growth Fund
- The Cash Liquidity Fund
- The Equity Fund
- The Annuity Fund

5.2 Members also have the option of entering into the Default Strategy. The **Lifestyle Strategy is the Default Strategy**. The Default Strategy invests in the "Early Years Fund" (which is currently largely passively invested in global equities) until members are within 22 years of their normal retirement age, moving gradually into the "Middle Years Fund" (which is currently mainly intended to invest in the Diversified Growth Fund and unquoted investments) between 22 and seven years to normal retirement age (together the 'Growth Phase'). Finally, over the remaining seven years to normal retirement age (the 'Pre-Retirement Phase'), members are de-risked

further into one of three 'Lifestyle Options' which assets most closely match the member's likely use of their retirement account at normal retirement age

- Lifestyle Option 1: **Cash Ready**
- Lifestyle Option 2: **Cash and Annuity Ready**
- Lifestyle Option 3: **Cash and ARF Ready**

5.3 The Diversified Growth Fund

- This Fund is intended to be suitable for those members of the Scheme with a medium risk tolerance, during the period where achieving growth in members' retirement accounts is the main objective. It is unlikely to be suitable for members closer to retirement unless they plan to continue investing post retirement in an Approved Retirement Fund.
- The Fund aims to deliver long term capital growth through investment in other investment funds and direct securities. The Fund aims to outperform the euro short term rate (€STR) (the "Cash Benchmark") by 3.75% per annum. The Fund is actively managed, and the Investment Manager has full discretion over the composition of the Fund's portfolio.
- The Fund has exposure to a diversified mix of assets including, but not limited to, equities, government bonds, corporate bonds, alternatives, and cash.
-

5.4 The Equity Fund

- The Equity Fund passively invests in global equities. This utilises an index-tracking Fund, which aims to replicate the performance of the MSCI ACWI Index.
- The MSCI ACWI Index is made up of shares of companies from countries in both developed markets (such as the USA, Europe and Japan) and emerging markets (such as China, Brazil and India).
- The Fund is most suitable for those who are targeting equity returns and can withstand the capital risk associated with a volatile investment.
- The Early Years Fund which is a key component of the Default Strategy currently is 100% invested in the Equity Fund.

5.5 The Annuity Fund

- This Fund holds long dated, high quality European bonds that seeks to aim to track annuity prices over time.
- This Fund is intended to be used by those approaching retirement targeting an annuity purchase, as the prices of these particular bonds have a close correlation with the price of annuities from life assurance companies.

5.6 The Cash Liquidity Fund

- This Fund is invested in short-term, euro-based assets issued by governments, high quality banks and companies.

- This Fund is intended to be used by those approaching retirement targeting a cash lump sum and those who want to be disinvested from other asset classes for a period of time.

5.7 The Early Years Fund

- This Fund is a key component of the Default Strategy. Members in the Default Strategy are 100% invested in the Early Years Fund until they reach 22 years from retirement at which time they are gradually switched, using quarterly adjustments, from having 100% in the Early Years fund to having 100% in the Middle Years Fund over a period of 15 years.
- The Fund is currently 100% invested in the Equity Fund (see 5.4).
- The Trustee is responsible for the Strategic Asset Allocation of the fund.
- The Fund's current investment objective is to provide long-term investment growth through exposure to global equity markets.

5.8 The Middle Years Fund

- The Fund is a key component of the Default Strategy. Members in the Default strategy are gradually switched into the Middle Years Fund over a period of 15 years.
- The Fund's core investment is in the Diversified Growth Fund (see 5.3), but the Middle Years Fund can also invest in other areas including unquoted assets.
- The Trustee is responsible for the Strategic Asset Allocation of the Fund.
- The Fund's investment objective is to provide long-term capital growth through investment in a multi-asset portfolio. The Fund aims to outperform the euro short term rate (€STR) (the "Cash Benchmark") by 3.75% per annum.

6 Fund Manager Structure

6.1 The Trustee can employ a number of different **specialist investment managers** in order to implement the chosen strategy for the Scheme. In certain asset classes or sub-asset classes, investment managers are employed simply to replicate market performance. In other asset classes investment managers are employed with a mandate to seek to outperform market indices.

6.2 Where investment managers are targeted with outperforming market indices, it is expected that there will be a greater divergence between the return achieved by the investment manager and the return achieved in the market. One of the risks to which the Scheme is exposed is the extent to which investment manager returns may underperform market returns in the relevant asset class.

6.3 The principal investment manager is Legal & General Investment Managers (Europe) Limited with additional sub investment managers appointed to manage specific asset classes from time to time within the Early Years and Middle Years Funds. The only sub investment manager at date of this SIPP was Partner Group (UK) Limited.

6.4 Investment manager performance is evaluated against objectives on at least an annual basis. In this regard, the Trustee or the Investment Sub-Committee:

- meets the principal investment manager of the Scheme quarterly to review the investment manager's actions together with the reasons for, and the background behind, the investment performance;
- meets with investment managers other than the principal investment manager from time to time; and
- receives input and opinion from an investment adviser who receives monthly performance reports from the principal investment manager, meets with and monitors the principal investment manager and the other sub investment managers on at least a quarterly basis.

6.5 It is the Trustee's intention to undertake a full review of the principal investment manager and sub investment managers, the fund options, the performance benchmarks and the performance targets on a regular basis and at least on a triennial basis.

7 Sustainable Investment / Environmental, Social & Governance (ESG)

7.1 The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

7.2 By using a pooled investment vehicle for its equity investments, the Trustee accepts that the day-to-day application of voting rights will be carried out by the investment managers in accordance with their own corporate governance policy. These managers have in place clear policies of normally voting on all issues on behalf of its investors' best financial interests. The Trustee, in conjunction with its advisers, engages with its investment managers to obtain a statement detailing their voting policy and practice and the extent of ESG integration, consistent with such policy statements.

7.3 The Trustee has given its appointed investment managers full discretion in evaluating ESG factors, including climate change considerations and not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

8 Shareholder's Rights Regulation 2020

- 8.1 With respect to the European Union (Shareholders' Rights) Regulations 2020, the Trustee has not developed a standalone engagement policy. The Scheme invests in units in various pooled funds that may from time to time invest in companies which are listed on EU regulated markets. However, in each case, the Scheme is one investor among others so has no direct voting rights or other means of engagement with any companies in which the pooled fund may have invested.
- 8.2 The Trustee, in conjunction with its advisers, engages with the managers seeking confirmation that the managers are in compliance with the Regulations. The investment horizon of the Scheme's equity investments is medium to long term in nature, and the Trustee expects the managers to use their engagement activity to drive improved performance over those periods.
- 8.3 The Trustee also expects investment manager appointments to be long-term in nature and assesses the performance over longer-term periods. Short term performance issues would not be expected to result in a manager termination, although other factors may necessitate change over relatively short timeframes.

9 Sustainable Finance Disclosure Regulations

- 9.1 Asset managers are required to publish information on how they consider the principal adverse impacts of investment decisions on sustainability factors. To the extent that information is publicly available, such information as to how the Trustee's investment managers consider sustainability risks when making investment decisions is available on their website (See Appendix 1 for asset manager website links).
- 9.2 A review of remuneration policies (for example their long-term nature and how they incentivise key asset management personnel) is included in the investment adviser's independent research and review of appointed investment managers.

10 Communications

10.1 Information is provided in a number of ways:

- Fund descriptions in the Scheme Booklet & Information in the investment booklet "Investing your Retirement Account".
- Annual Benefit Statements
- Presentations to members on the choice of funds

Information is available to members on the AIB Intranet and on the DC Scheme Website “www.planforlife.ie” on enrolment

- Fund Factsheets
- Performance Details

The opportunity to switch between fund options is also offered on an ongoing basis. A member can avail of this opportunity to switch fund options either online on the DC Scheme Website or through a manual process by completing the appropriate Switch Form. The Trustee reserves the discretion to charge an administration fee for switches.

Signed for and on behalf of the Trustee of the AIB Group Defined Contribution Scheme:

Signed:



Date:

Jun 25, 2024

Name (Printed):

Donal O'Flaherty

Capacity:

Trustee Director - Chairman

Signed:



Date:

Jun 25, 2024

Name (Printed):

Michael Ryan

Capacity:

Trustee Director

Appendix I – Current Advisers and Investment Managers

Jun 25, 2024

Date approved: _____

Trustee Board

Donal O’Flaherty (Chairman)

Jennifer Fox

Mike Gogan

Peter Palmer

Ed Murray

Arlynejane Divilly

Michael Ryan

Scheme Investment Adviser

Acuvest Limited

The Greenway, Ardilaun Court, 112-114, St. Stephen’s Green, Dublin 2

Registered Administrator

Allied Irish Banks plc

10 Molesworth Street, Dublin 2

Scheme Administration

AIB Staff Pensions and Aon Solutions Ireland Limited (the latter is appointed to provide a number of core administration services)

Current Scheme Investment Manager

Legal & General Investment Managers (Europe) Limited

33/34 Sir John Rogerson’s Quay, Dublin, 2

www.lgim.com

Current Scheme Sub Investment Manager

Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N4AY

www.partnersgroup.com

Custodian

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court, 54-62 Townsend Street, Dublin 2, D02 R156

Appendix II – Current Freestyle Options

Date approved: Jun 25, 2024 _____

Investment Fund Choices	
The Equity Fund	Invested 100% in Global Equities, including Emerging Markets
The Diversified Growth Fund	Invested in a diversified mix of assets, including, but not limited to. Equities, Bonds, Alternatives and Cash.
The Cash Liquidity Fund	Invested 100% in Cash and Money Market Instruments.
The Annuity Fund	Invested in long dated core investment grade Euro Sovereign Bonds with a maturity duration that seeks to match the cost of purchasing an Annuity on your retirement

4.2 Investment Manager Report

Legal & General Investment Management

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Trustee Annual Report – 31 Dec 2023

AIB Group Defined Contribution Scheme

Legal & General Investment Management

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Scheme Valuation 31 Dec 2023

Fund	Total Units	Unit Price EUR (mid)	Net Transactions 31 Dec 2022 - 31 Dec 2023	Mid Value 31 Dec 2023 EUR (mid)
AIB DC Early Years Fund	178,277,851	3.0946	8,907,573	551,698,636
AIB DC Middle Years Fund	224,712,334	1.6951	41,841,679	380,909,878
AIB DC Annuity Fund	9,721,921	1.3218	1,094,935	12,850,436
AIB DC Cash Liquidity Fund	65,394,825	1.0294	- 1,501,215	67,314,621
AIB DC Diversified Growth Fund	150,672,886	1.7012	104,984	256,324,714
AIB Equity Fund	85,343,481	3.0961	13,806,750	264,231,952
Total			64,254,706	1,533,330,237

Scheme Performance to 31 Dec 2023

EUR Net Returns as at 31 Dec 2023, in %

Name	Launch Date	ISIN	Year to 31/12/2023
AIB DC Early Years Fund	20/10/2021	IE000X08GLO1	18.33
MSCI ACWI Index (EUR Net)			18.06
Relative			0.27

Name	Launch Date	ISIN	Year to 31/12/2023
AIB DC Middle Years Fund	19/10/2021	IE00010K4JC8	10.23
ESTR+3.75%			7.00
Relative			3.23

Name	Launch Date	ISIN	Year to 31/12/2023
AIB DC Annuity Fund	18/10/2021	IE000DD229B5	7.69
FTSE EMU Gov Bond Germany, Fra & Netherlands Over 15 Yr Index			9.31
Relative			-1.62

Name	Launch Date	ISIN	Year to 31/12/2023
AIB DC Cash Liquidity Fund	18/10/2021	IE0000A58GE6	3.24
Euro Short Term Rate			3.25
Relative			-0.01

Source: Lipper

Legal & General Investment Management

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Scheme Performance to 31 Dec 2023

EUR Net Returns as at 31 Dec 2023, in %

Name	Launch Date	ISIN	Year to 31/12/2023
AIB DC Diversified Growth Fund	26/01/2022	IE000MW0V0I6	10.17
ESTR + 3.75%			7.00
Relative			3.17

Name	Launch Date	ISIN	Year to 31/12/2023
AIB DC Equity Fund	26/01/2022	IE000K16WII5	18.38
MSCI ACWI Index (EUR Net)			18.06
Relative			0.32

Source: Lipper

AIB DC Early Years Fund

AIB DC Equity Fund

The AIB DC Early Years Fund returned 18.33% for the period 31 Dec 2022 to 31 Dec 2023.

The AIB DC Equity Fund returned 18.38% for the period 31 Dec 2022 to 31 Dec 2023.

European equities made very strong gains over the 12 months but underperformed the global average in euro terms. At the sector level, banks, financials, technology and general industrials were the standout performers, while very good performances were also seen from consumer discretionary, real estate and automobiles and parts. All areas of the market made gains over the period.

Global equity indices rose strongly in US dollar terms over the past year, despite ongoing inflationary worries, increasingly tighter developed market monetary policy and recessionary fears.

Against this backdrop, UK equities made small gains in sterling terms, underperforming the global average. There were notably strong showings from technology, consumer discretionary and industrials but these were largely offset by a woeful 12 months for telecoms, consumer staples and basic materials.

US equity markets delivered stellar double-digit returns for the 12 months, outperforming the global average, in US dollar terms. Over the past year, the knock-out performance of technology (boosted by excitement over the potential of artificial intelligence), communication services and consumer discretionary drove the strong index-level performance. However, there were areas of weakness, with utilities, energy and consumer staples all losing ground.

Asia Pacific equity markets rose marginally over the past 12 months in US dollar terms but comfortably underperformed global equities. Chinese equities rallied briefly after Beijing announced an easing of its pandemic restrictions at the turn of the 2023, an end to its 'zero-COVID' approach, along with a raft of support measures for its struggling property sector. However, Chinese equities then lagged in the second half of the period on worries over the country's economic health, and lost ground over the 12 months as a whole. India enjoyed a very positive year, posting a high double-digit return.

Emerging markets enjoyed a decent 12 months and finished in the black in US dollar terms, albeit some way behind the global average. As mentioned above, China lost ground, India made strong gains, while Brazil outperformed the global average.

Legal & General Investment Management

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Market conditions

Over the past 12 months, inflationary pressures and tighter monetary policy continued to dominate the thoughts of market participants. Fears of an economic slowdown remain at the forefront of the minds of investors but, even with inflation falling across developed markets, expectations are that interest rates will remain higher for longer and no sharp cutting of rates is anticipated imminently.

The European Central Bank (ECB) kept its headline deposit facility rate at an all-time high of 4% in December, having paused its hiking trajectory in October. Meanwhile, Eurozone annualised inflation rose once again in December, to 2.9% from 2.4% in November. Market participants continue to speculate over the likely timing of an ECB rate cut, although consensus seems to be that it is some way behind the US Fed's path. That said, there are expectations that the central bank might start cutting interest rates during the second quarter of 2024.

The days of widespread ultra-loose central bank monetary policy are seemingly over, with the Bank of Japan (BoJ) – the last bastion of such an approach – making the notable move to tweak its yield curve control in July, furthering loosening it in October, and then effectively scrapping it in December. The policy, in place since 2016, had originally limited the movement of the 10-year bond yield to 0.5%. It has been replaced by a reference rate of 1%, rather than a cap, which will negate the need for unlimited BoJ purchases and allows some long-term interest rate flexibility.

In the UK, annualised inflation fell sharply to 3.9% in November, from 4.6% in October, but the Bank of England (BoE) held firm in its monetary policy stance despite the policy pivot by the US Federal Reserve (Fed). The BoE held rates unchanged at the 15-year high of 5.25% – three of the nine voting members supported a 25-basis-point hike – with expectations for rate cuts pushed into the back end of 2024 at the earliest. Services inflation was running at a heady annualised figure of 6.6% in November; the BoE believes this provides a truer indication of domestic price pressures than headline CPI.

In the US, the focus was once again on the Fed rhetoric throughout the period. Equity markets rose and bond yields fell sharply late in the period on news of a pivot in the Fed's monetary policy stance. The central bank kept rates unchanged for the third consecutive month in December, at the 22-year high of between 5.25% and 5.5%, but set out expectations for rate cuts in 2024, with the Fed's so-called 'dot-plot' predicting rates at between 4.5% and 4.75% by the end of the year. US annualised inflation fell to 3.1% in November, from 3.2% in October; still some way above the central bank's long-term 2% target, although Jay Powell went on record to state that the Fed won't wait until that target is reached before cutting rates.

AIB DC Diversified Growth Fund

The AIB DC Diversified Growth Fund returned 10.17% over the period from 31 Dec 2022 to 31 Dec 2023 against the benchmark (ETSR+3.75%) of 7.00%.

Our long-term return expectation (for both developed equities as well as for the fund) is around risk-free rates +3.5-4% since inception. We don't expect the fund to match equity returns in an extended market rally given its diversified composition and in general expect the fund to outperform equities in a downmarket given its diversified asset allocation.

Contributions to Fund Return

The largest positive contributors to fund performance came from listed private equity, North American equities, and Europe (ex UK) equities.

In terms of the most significant performance detractors, commodities and listed infrastructure performed poorly over the period and exposure to these asset classes dragged on absolute fund performance.

Fund Positioning

Early in the period we opened a position in insurance-linked bonds. This represented a new asset class for the fund. Insurance-linked bond returns are driven by insurance risk, typically that associated with natural catastrophes, rather than the credit risk of the issuer. Therefore, this allocation should add to the fund's resilience in an economic downturn through diversification and overall provide an extra source of return for the fund.

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Legal & General Investment Management

Later in the period, we initiated a small adjustment to our strategic asset allocation to maintain alignment with the fund's long term volatility target (2/3 that of global equities). We increased our allocation to equities, while decreasing exposure to nominal and inflation-linked sovereign bonds and corporate credit. Within our alternatives holdings, we made small increases to our forestry, commodities, and private equity allocations. In addition to helping the fund to maintain an appropriate level of risk, we expect these asset allocation changes to positively impact fund returns over the long-term.

* The Cash Benchmark of the Fund transitioned on 1 January 2020 as a result of the recommendation made by the working group on euro risk-free rates. Until this date performance is shown against the EONIA +3.75%. From 1 January 2020, performance is shown against €STR +3.75%

AIB DC Middle Years Fund

The AIB DC Middle Years Fund returned 10.23% for the period 31 Dec 2022 to 31 Dec 2023. The Middle Years fund allocated an additional 7% of the fund to Partners Group Generations Fund in Q1 2023 giving a total allocation to Partners Group of 15%. The weighting change to the fund allocated a pro rata 85% to the Euro Diversified Fund.

Contributions to Fund Return

The largest positive contributors to fund performance came from listed private equity, North American equities, and Europe (ex UK) equities.

In terms of the most significant performance detractors, commodities and listed infrastructure performed poorly over the period and exposure to these asset classes dragged on absolute fund performance.

Fund Positioning

Early in the period we opened a position in insurance-linked bonds. This represented a new asset class for the fund. Insurance-linked bond returns are driven by insurance risk, typically that associated with natural catastrophes, rather than the credit risk of the issuer. Therefore, this allocation should add to the fund's resilience in an economic downturn through diversification and overall provide an extra source of return for the fund.

Later in the period, we initiated a small adjustment to our strategic asset allocation to maintain alignment with the fund's long term volatility target (2/3 that of global equities). We increased our allocation to equities, while decreasing exposure to

nominal and inflation-linked sovereign bonds and corporate credit. Within our alternative's holdings, we made small increases to our forestry, commodities, and private equity allocations. In addition to helping the fund to maintain an appropriate level of risk, we expect these asset allocation changes to positively impact fund returns over the long-term.

* The Cash Benchmark of the Fund transitioned on 1 January 2020 as a result of the recommendation made by the working group on euro risk-free rates. Until this date performance is shown against the EONIA +3.75%. From 1 January 2020, performance is shown against €STR +3.75%

AIB DC Annuity Fund

The AIB DC Annuity fund returned 7.69% for the period 31 Dec 2022 to 31 Dec 2023.

Benchmark developed market government bond yields painted a mixed and nuanced picture over the period. At the headline level, the yield on the 10-year US treasury and 10-year UK Gilt were largely flat over the period but that masks moves of more than 100 basis point higher and then lower over the course of the 12 months. Indeed, Treasury yields fell sharply (prices rose) late in the period on expectations that Fed rate hiking has finished and rate-cutting was on the agenda in 2024.

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The yield on the 10-year UK Gilt jumped in May, June and July to match the heady highs it reached during the brief tenure of the Liz Truss-led Conservative government during September and October of 2022, before moving lower on better-than-expected inflation data late on in the period. Elsewhere, the yield on the 10-year German Bund moved lower over the period as whole.

Meanwhile, Japanese government bond yields moved higher over the 12 months. Towards the end of the period the BoJ made the notable move to effectively scrap its yield curve control, having eased the limits over the course of the past 12 months. The policy, in place since 2016, had limited the movement of the 10-year bond yield to 0.5%.

Investment-grade bond spreads in the US, UK and Europe effectively tracked underlying government bond yields for much of the review period. Over the 12 months as a whole, though, spreads narrowed across the board. High yield bonds similarly narrowed over the year as a whole.

AIB DC Cash Liquidity Fund

The AIB DC Cash Liquidity fund returned 3.24% for the period 31 Dec 2022 to 31 Dec 2023.

Over the past 12 months, inflationary pressures and tighter monetary policy continued to dominate the thoughts of market participants. Fears of an economic slowdown remain at the forefront of the minds of investors but, even with inflation falling across developed markets, policy officials have indicated that it is appropriate to keep rates higher for longer.

The European Central Bank (ECB) kept its headline deposit facility rate at an all-time high of 4% in December, having paused its hiking trajectory in October. Meanwhile, Eurozone annualised inflation rose once again in December, to 2.9% from 2.4% in November. Market participants continue to speculate over the likely timing of an ECB rate cut, although consensus seems to be that it is some way behind the US Fed's path. That said, there are expectations that the central bank might start cutting interest rates during the second quarter of 2024.

Outlook

Looking ahead our view is that US recession risk is under appreciated, but the chances of a soft landing have improved in recent months due to a loosening of financial conditions following the fall in Treasury yields signalling a dovish pivot from the Fed. However, macroeconomic cycles generally take longer than anticipated to manifest and as we move further into the year we will see if the resilience of the US economy continues.

2024 is a year when almost half of the world's population will head to the polls which brings geopolitical uncertainty, but also the prospect of fiscal stimulus in the form of pre-election give-aways. The market consensus is for a soft landing, however if 2023 taught anything, is that forecasts can be impacted by a myriad of factors.

This Report has been prepared by Aon Solutions Ireland Limited on behalf of the Trustee of the AIB Group Defined Contribution Scheme.

