AIB GROUP IRISH PENSION SCHEME

Annual Report and Financial Statements

for the year ended 31 December 2023

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Trustee, Scheme Advisors and Other Information

Registered Administrator	Allied Irish Banks, p.l.c. 10 Molesworth Street Dublin 2
Scheme Administration	AIB has responsibility for the administration of the AIB Group Irish Pension Scheme (the "Scheme") and appointed Aon from 1 July 2011 to provide a number of core administrative services. *AIB Staff Pensions Department. Manager: Orla D'Arcy* *Sub-Administrator Aon. Manager: Frank Keating*
Investment Managers	Legal & General Investment Management Limited (LGIM) Barclays Bank plc (Barclays) AIB Bank plc as Servicer of the Beara DAC Profit Participating Note (Beara PPN) Irish Life Investment Managers Limited (ILIM) Goldman Sachs Asset Management International (GSAM) PIMCO Europe Limited (PIMCO) Irish Property Unit Trust (IPUT) Irish Forestry Unit Trust (IForUT) Amundi Ireland Limited
Custodian	The Bank of New York Mellon SA/NV**-** Dublin branch Riverside Two Sir John Rogerson's Quay Grand Canal Dock Dublin 2

Actuary	Liam Quigley F.S.A.I. Mercer Ireland Limited Charlotte House Charlemont Street Dublin 2
Risk Function holder	Deirdre Coyle F.S.A.I. Willis Towers Watson (Ireland) Limited Willis Towers Watson House Elm Park, Merrion Road Dublin 4
Internal Audit Function Holder	Brían Gartlan BDO Beaux Lane House Mercer Street Lower Dublin 2
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Sacker & Partners LLP 20 Gresham Street London EC2V 7JE
Auditors	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Charlotte Quay Limerick
Bank	Allied Irish Bank plc Allied Irish Bank (GB)
Pensions Authority Reference No.	The Scheme has been registered with the Pensions Authority and the registration number is 1744.

Pensions Authority Verschoyle House
28-30 Lower Mount Street
Dublin 2

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

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

Trustee Report

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

The audited Financial Statements of the Scheme for the year ended 31 December 2023, together with the Actuarial Funding Certificate, Funding Standard Reserve Certificate, Actuary's Statement, Statement of Investment Policy Principles, Statement of Actuarial Liabilities and the Independent Auditor's Report are attached to this annual report.

The Scheme

The Scheme is set up under trust law and the assets are held in trust by the Trustee, Allied Irish Banks Pensions Limited. At 31 December 2023 the following members of the Board were members of the Scheme: Jessie Doherty, Lar Fant and Claire Walsh. The Financial Services Union (FSU) has the right to nominate up to three Trustee Directors. The power to appoint and remove Trustee Directors is vested in the Principal Employer, Allied Irish Banks, p.l.c. (the "Bank").

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

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

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

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

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

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

The Trustee Directors and the persons charged with the administration of the Scheme have access to guidelines, guidance notes and codes of practice issued by the Pensions Authority in accordance with section 10 of the Act.

Trustee Training

All Directors of the Trustee have received training as required by Section 59AA of the Act. The direct cost of trustee training incurred in 2023 was €Nil (2022: €Nil).

Trustee Report (continued)

Actuarial position

The Scheme Actuary values the assets and liabilities of the Scheme at least every three years, assuming the Scheme continues as a going concern. The value of the assets is compared to the discounted value of the Scheme's future liabilities. To do this, the Scheme Actuary makes a range of assumptions, covering investment returns and interest rates as well as life expectancies and other assumptions. The most recent actuarial valuation was carried out as at 30 June 2021. This valuation showed assets of €5.317 billion and liabilities of €5.008 billion (assuming a discount rate of 1.83%), which resulted in a surplus of +€309m.

The Minimum Funding Standard (MFS) valuation is an annual test carried out by the Scheme Actuary to assess whether the Scheme has sufficient assets to meet its statutory (minimum) liabilities at a particular point in time. The Scheme had an MFS surplus of +€994m, after allowing for a risk reserve, as at the 30 June 2021 valuation date.

Under the MFS the Trustee is required to submit an Actuarial Funding Certificate and Funding Standard Reserve Certificate to the Pensions Authority at regular intervals. The most recent Actuarial Funding Certificate and Funding Standard Reserve Certificate both had an effective date of 30 June 2021 and have been attached to this report. The Actuarial Funding Certificate confirmed that the Scheme satisfied the Funding Standard at the effective date of the certificate. The Funding Standard Reserve Certificate confirmed that the Scheme held sufficient additional resources to satisfy the Funding Standard Reserve at the effective date of the certificate.

Changes to the Rules of the Scheme

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

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

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

Operating Expenses

The Trustee paid operating expenses of €972k from the Scheme resources (2022: €765k).

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

Contributions

There were no contributions due as per the Actuary's recommendations in respect of 2023. Accordingly, any contributions payable were received by the Trustee within 30 days of the scheme year end.

Trustee Report (continued)

The Trustee has appropriate procedures in place to ensure that

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

Pension Increases

In 2023, the Trustee awarded a pension increase of 6.75% in respect of pensions eligible for discretionary pension increases. Inflation over the 12-month period to February 2023 was 8.5%.

Pensioner members who are eligible for non-discretionary pension increases (a minority of members) received their pension increases (if applicable) in line with the Scheme Rules. The Bank approved an increase of 3% for a small number of pensions that require Bank consent.

All pension increases were effective from 1 April 2023.

The revaluation percentage applied to the benefits accrued by non-retired members was 4% in 2023, in line with the statutory revaluation published by the Minister (4% in 2022).

Following the year end, the Trustee awarded a pension increase of 3.4% in respect of pensions eligible for discretionary pension increases. Inflation over the 12-month period to February 2024 was 3.4%. Pensioner members who are eligible for non-discretionary pension increases received their pension increases in line with the Scheme Rules. The Bank approved an increase of 2.25% for a small number of pensions that require Bank consent. The 2024 pension increases were effective from 1 April 2024.

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

Post Year End Items

There are no events post period end that would require amendments to this report or financial statements and no other post year end items to disclose.

Trustee Report (continued)

Membership of the Scheme

The following table sets out the member movement during 2023.

Membership of the Scheme	Deferred in Service of AIB	Deferred Members	Pensioners	Total
Opening membership	3,950	7,244	4,349	15,543
Opening Adjustment	(19)	473	-	454
Leavers	(113)	113	-	-
Deaths/Cessation of Pensions	(4)	(5)	(119)	(128)
New Spouses/Dependants	-	-	41	41
Refunds of Contributions	-	(1)	-	(1)
Transfers Out	(8)	(120)	-	(128)
Retirements	(39)	(197)	220	(16)
Closing membership	3,767	7,507	4,491	15,765

Review of the financial development of the Scheme

The assets increased over the year to 31 December 2023 from €4,549 million to €4,746 million, after taking account of net benefits of €175 million paid from the Fund.

	€'000
Opening Fund value as at 31 December 2022	4,549,022
Net Withdrawals from Dealing with Members	(175,290)
Investment Return	372,248
Closing Fund value as at 31 December 2023	**4,745,980**

Trustee Report (continued)

Investment Strategy of the Scheme

The Trustee's investment objective is to generate real rates of return over time in a risk-adjusted manner, after allowing for inflation. The Scheme enjoyed a positive year from a financial perspective. The assets increased from €4.55 billion to €4.75 billion over the 12 months to 31 December 2023. This takes account of benefit payments and transfers out of the Scheme, which totalled €175 million. No contributions were due or received from the Bank during the year.

The going concern funding level improved from 110% to 117% over the same period, while the Scheme continued to meet its statutory liabilities. As at 1 January 2024, the Scheme had a net Funding Standard surplus of €1.18 billion, equivalent to a funding standard level of 133%.

The assets are invested across a diversified portfolio of investments, the value of which can go up as well as down in line with changes in investment markets. Over the course of 2023, and in a similar manner to 2022, the Trustee took advantage of high equity market valuations, to sell €150 million of equities, lock in associated investment gains, and increase its holdings in interest rate and inflation-protecting assets. This will continue to help protect against future investment market volatility and unfavourable inflation and interest rate movements. The Trustee also carried out a significant project to develop and implement a 'cashflow-aware' portfolio of assets. This portfolio recognises that an important Scheme objective is to have sufficient cash to pay benefits as they fall due. The portfolio restructured certain of the fixed income assets into income-generating assets which more appropriately reflect the Scheme's expected liability requirements. This increases the likelihood that the Scheme will have sufficient income to pay pension benefits when due without the need to liquidate assets.

In 2024, the Trustee commenced a significant project to review its investment governance structure. This will ensure that the Scheme continues to operate on a best-practice basis. This project is due to conclude later this year. Once complete, the Trustee plans to undertake an investment strategy review with the support of its investment advisers.

Asset classes	**31-Dec-23**	**31-Dec-22**
	% of assets	**% of assets**
Equities	28.5%	29.4%
Property	7.1%	8.4%
Fixed income	57.6%	54.8%
Beara PPN	3.0%	3.9%
Cash/other	3.8%	3.5%
Total assets	**100%**	**100%**

Trustee Report (continued)

Managing the investments

The Trustee has established an Investment Committee (IC), with approved Terms of Reference which focuses on the Scheme's investment arrangements. The Trustee has appointed a Scheme Actuary and Risk Function Holder with whom it has extensive engagement and consultation. The IC consults widely with its Investment Advisers and where necessary or advisable other independent specialists. The Trustee has appointed investment managers in accordance with the regulations. Contracts are in place with all advisers, consultants and managers. A formal Protocol on Conflicts of Interest is also in place with the Scheme Actuary.

Employer related investments

As at 31 December 2023, €29.94m cash was held with AIB on behalf of the Scheme (2022: €28.53m). The Scheme's assets included shares in Allied Irish Banks, p.l.c. valued at €0.34 million (0.007% of Scheme assets) as at 31 December 2023 (2022: €0.013 million, 0.003%).

There were no other employer related investments during the period to 31 December 2023.

Custody of Scheme assets

The Bank of New York Mellon SA/NV- Dublin branch (BNY Mellon) acts as the global custodian for the majority of the Scheme's assets. The balance of the assets are secured on a separate or individual basis given the nature of the asset(s) concerned.

Risk Statement

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

Internal disputes resolution (IDR) procedure

Issues that cannot be resolved by the Administrator are referred to the Trustee. Where a member is not satisfied with the response they receive, the Scheme has an Internal Dispute Resolution procedure. This procedure is a legal requirement under section 55 of the Financial Services and Pensions Ombudsman Act 2017 (No. 22 of 2017) and is designed to ensure that, if a dispute arises, it is properly investigated and, where possible, resolved to the satisfaction of all parties. Members, beneficiaries and prospective members of the Scheme can request a copy of the procedure from the Administrator at the above address.

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

Trustee Report (continued)

Signed for and on behalf of the Trustee:

DocuSigned by:

Director: Gary Byrne

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DocuSigned by:

Director: Ed Murray

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Date: **14 June 2024**

Statement of Trustee's Responsibilities

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

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

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

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

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

The Trustee is responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an annual report to be prepared for the Scheme containing the information specified in Regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006-2022 (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.

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

Signed for and on behalf of the Trustee:

DocuSigned by:

Director: Gary Byrne

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DocuSigned by:

Director: Ed Murray

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Date: **14 June 2024**

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

Report on the audit of the financial statements

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

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the scheme during the financial year ended 31 December 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 17 including a summary of significant accounting policies as set out in note 1.

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

Basis for opinion

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

We are independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the schemes ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other information

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

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

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

We have nothing to report in this regard.

Responsibilities of trustee

As explained more fully in the Statement of Trustee's Responsibilities the trustee is responsible for the preparation of the financial statements giving a true and fair view, for ensuring that contributions are made to the scheme in accordance with the scheme's rules and the recommendation of the actuary and for such internal control as the trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

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.

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Independent auditor's report to the trustee of the AIB Group Irish Pension 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 2022 have been received by the trustee within thirty days of the end of the scheme financial year; and
- the contributions have been paid in accordance with the scheme rules and the recommendation of the actuary.

Use of our Report

This report is made solely to the scheme's trustee, as a body, in accordance with Section 56 of the Pensions Act, 1990. Our audit work has been undertaken so that we might state to the scheme trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

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

17 June 2024

Fund Account for the Year Ended 31 December 2023

	Note	2023 € '000	2022 € '000
Contributions & Benefits			
Employer Contributions	3	-	-
		-	-
Benefits payable	4	(150,547)	(134,308)
Payments to and on behalf of leavers	5	(23,771)	(60,722)
Administrative expenses	6	(972)	(765)
		(175,290)	(195,795)
Net withdrawals from dealing with members		(175,290)	(195,795)
Returns on Investments			
Investment Income	7	64,448	69,984
Change in market value of investments	8	312,453	(876,451)
Investment management expenses	9	(4,653)	(4,278)
Net Returns on Investments		372,248	(810,745)
Net Increase \(Decrease) in the Fund		196,958	(1,006,540)
Net Assets as at 1 January		4,549,022	5,555,562
Net Assets as at 31 December		4,745,980	4,549,022

The notes on pages 17 to 29 form part of these Financial Statements.

Signed for and on behalf of the Trustee:

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

Director: DocuSigned by: Ed Murray B3BD6E3797584D6...

Date: **14 June 2024**

Statement of Net Assets (available for benefits) as at 31 December 2023

	Note	2023 € '000	2022 € '000
Investments at Market Value	**8**		
Fixed interest		**2,733,697**	2,496,073
Equities		**1,226,802**	1,216,694
Multi Asset and Equity Unit Funds		**176,490**	166,758
Asset Back Investment Vehicle		**143,409**	176,822
Property		**290,850**	336,310
Cash and derivatives		**146,961**	129,530
		4,718,209	4,522,187
Current Assets	**10**	**29,942**	28,526
Current Liabilities	**11**	**(2,171)**	(1,691)
Net Assets		**4,745,980**	4,549,022

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

The notes on pages 17 to 29 form part of these Financial Statements.

Signed for and on behalf of the Trustee:

Director: DocuSigned by: Gary Byrne
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Director: DocuSigned by: Ed Murray
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Date: **14 June 2024**

Notes to the Financial Statements

1. Basis of Preparation

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

Accounting Policies

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

2.1 Accruals concept

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

2.2 Contributions and benefits

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

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

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

2.3 Transfers to and from other schemes

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

2.4 Administrative and investment manager expenses

The operating expenses are accounted for on an accruals basis. Some are borne by the Bank and the remainder are borne by the Scheme. During the year €972k (2022: €765k) were paid direct from the scheme towards the operating expenses.

2.5 Investment income

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

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

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

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

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

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

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

2.6 Valuation of investments

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

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

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

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

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

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

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

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

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

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

2.7 Annuities

Annuities purchased by the Trustee which fully match the benefits for certain members are included in the Financial Statements at nil value. The cost of purchasing immediate annuities in respect of pensions is reported in the Fund Account under ‘Benefits payable’, and the cost of purchasing annuities in respect of deferred members is reported in the Fund Account under ‘Payments to and on behalf of leavers’. No annuities were purchased during 2023.

2.8 Taxation

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

Notes to the Financial Statements (continued)

3. Contributions

	2023	2022
	€ '000	€ '000
Employer Contributions:		
Additional Employer Contributions	-	-
Total Contributions for the Year	-	-

*The Scheme is closed to future accrual with effect from 1 January 2014. Contributions are paid in accordance with recommendation of the Actuary.

4. Benefits payable

	2023	2022
	€ '000	€ '000
Pensions	137,334	127,595
Lump sum retirement benefits	12,515	6,657
Lump sum death benefits	698	56
Total	150,547	134,308

5. Payments to and on behalf of leavers

	2023	2022
	€ '000	€ '000
Transfers out – individual	23,768	60,722
Refunds to members leaving service	3	-
Total	23,771	60,722

6. Administrative expenses

	2023	2022
	€ '000	€ '000
Administration expenses	972	765

7. Investment Income

	2023	2022
	€ '000	€ '000
Income from fixed interest securities	32,413	39,718
Dividends from equities	26,547	24,569
Rental Income from unitised commercial property	5,488	5,697
Total	64,448	69,984

Notes to the Financial Statements (continued)

8. Investments

8.1 Summary of movements in investments during the year

	Value at 31-Dec-22	Purchases at Cost	Sales Proceeds	Change in Market Value	Value at 31-Dec-23
	€ '000	€ '000	€ '000	€ '000	€ '000
Fixed interest	2,496,073	**263,338**	**(167,289)**	**141,574**	**2,733,697**
Equities	1,216,694	**21,245**	**(170,888)**	**159,752**	**1,226,802**
Multi Asset and Equity Unit Funds	166,758	-	**-**	**9,732**	**176,490**
Asset Back Investment Vehicle*	176,822	-	**(59,526)**	**26,113**	**143,409**
Property	336,310	**-**	**(9,000)**	**(36,460)**	**290,850**
Cash and Derivatives	129,530	**346,982**	**(341,293)**	**11,742**	**146,961**
	4,522,187	**631,565**	**(747,996)**	**312,453**	**4,718,209**

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

Beara PPN is a Special Purpose Vehicle (”SPV”) which holds a portfolio of mortgage assets.
The €59.5million reflected as sales proceeds from Beara PPN represents cash generated by the underlying loan portfolio and transferred to the Scheme during the year.

Purchases and sales

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

Change in market value

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

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Investment Management Expenses (Note 9) incurred during the year amounted to €4,653m (2022: €4,278m).

Notes to the Financial Statements (continued)

8.2 Summary of investments

	2023	2022
	€ '000	€ '000
Fixed Interest Securities		
Irish public sector quoted	**330,398**	304,185
Overseas public sector	**1,435,179**	1,452,372
Irish quoted	**-**	-
Overseas quoted	**968,120**	739,516
	2,733,697	2,496,073
Equities		
Irish quoted	**16,696**	14,976
Overseas quoted	**1,210,106**	1,201,718
	1,226,802	1,216,694
Other		
Multi Asset and Equity Unit Funds - excluding property	**176,490**	166,758
Unit Trusts – Property	**290,850**	336,310
Beara PPN	**143,409**	176,822
	610,749	679,890
Derivative Contracts		
Net Forward Foreign Exchange, Options and Futures	**9,466**	17,102
Cash		
Cash and Cash Equivalents	**137,495**	112,428
Total Investments	**4,718,209**	4,522,187

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

Notes to the Financial Statements (continued)

8.3 Management of investments

	2023	2022
	€ '000	€ '000
Legal & General Investment Management Limited (LGIM)*	**2,778,260**	2,712,150
Beara PPN	**143,409**	176,822
Barclays Bank plc	**681,367**	603,578
Cash	**29,962**	4,045
Goldman Sachs Asset Management International	**280,089**	264,809
Irish Life Investment Managers Limited (ILIM) Clyde	**185,194**	212,807
Irish Life Investment Managers Limited (ILIM) EQ	**177,677**	169,962
PIMCO Europe Limited	**249,522**	254,511
Irish Property Unit Trust (IPUT)	**105,656**	123,503
Amundi	**87,073**	-
Total	**4,718,209**	4,522,187

* Irish Forestry Unit Trust units are held by LGIM

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

Concentration of Investments

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

8.4 Derivatives – Futures, Options and Forward Foreign Exchange contracts

The Trustee has authorised the use of derivatives by their investment managers as part of its investment strategy for the pension plan. At the year end, €9,042k of this portfolio was held in Cash and the balance of €424k was made up as follows:

Notes to the Financial Statements (continued)

Forward Foreign Exchange contracts

Type of contract	Expiration	Currency Brought		Currency Sold		Asset Value at Year End	Liability Value at Year End
			'000		'000	€	€
Forward OTC	23 JAN 24	EUR	10,559	GBP	9,175	8,580	-
Forward OTC	22 FEB 24	EUR	10,531	GBP	9,175	20,234	-
Forward OTC	22 MAR 24	EUR	9,431	GBP	8,116	26,540	-
Total GBP			30,521		26,466	55,354	-
Forward OTC	23 JAN 24	EUR	108,667	USD	114,880	101,512	-
Forward OTC	22 FEB 24	EUR	107,109	USD	114,882	235,288	-
Forward OTC	22 MAR 24	EUR	103,972	USD	112,581	344,020	-
Total USD			319,748		342,343	680,820	-
Forward OTC	23 JAN 24	EUR	18,259	JPY	2,834,300	-	(38,549)
Forward OTC	22 FEB 24	EUR	17,855	JPY	2,834,400	-	(103,333)
Forward OTC	22 MAR 24	EUR	16,276	JPY	2,508,600	-	(143,881)
Total JPY			52,390		8,177,300	-	(285,763)
Forward OTC	23 JAN 24	EUR	5,231	AUD	8,682	1,134	-
Forward OTC	22 FEB 24	EUR	5,293	AUD	8,816	4,009	-
Forward OTC	22 MAR 24	EUR	5,025	AUD	8,242	5,050	-
Total AUD			15,549		25,740	10,193	-
Forward OTC	23 JAN 24	EUR	4,358	CAD	6,300	2,808	-
Forward OTC	22 FEB 24	EUR	4,276	CAD	6,301	6,163	-
Forward OTC	22 MAR 24	EUR	4,017	CAD	5,904	9,041	-
Total CAD			12,651		18,505	18,012	-
Forward OTC	23 JAN 24	EUR	6,530	CHF	6,239	-	(8,310))
Forward OTC	22 FEB 24	EUR	6,415	CHF	6,125	-	(21,088)
Forward OTC	22 MAR 24	EUR	6,207	CHF	5,830	-	(31,843)
Total CHF			19,152		18,194	-	(61,241)
Forward OTC	26 JAN 24	EUR	1,818	HKD	15,030	1,024	-
Forward OTC	22 FEB 24	EUR	1,795	HKD	15,032	2,639	-
Forward OTC	22 MAR 24	EUR	1,534	HKD	12,958	3,205	-
Total HKD			5,147		43,020	6,868	-

Type of contract	Expiration	Currency Bought		Currency Sold		Asset Value at Year End	Liability Value at Year End
			'000		'000	€	€
Forward OTC	23 Jan 24	CHF	113	EUR	118	145	-
Forward OTC	22 Feb 24	HKD	1,647	EUR	195	-	(279)
Forward OTC	23 Jan 24	HKD	1,646	EUR	195	-	(127)
						-	(406)
Total forward foreign exchange contracts						**771,392**	**(347,410)**
Net forward foreign exchange contracts							423,982

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

8.5 Investment Fair Value Hierarchy
Investment Fair Value Hierarchy

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

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

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

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

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

At 31 December 2023	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Equities	1,226,802	-	-	1,226,802
Bonds*	-	2,733,697	-	2,733,697
Pooled investment vehicles**	-	176,490	290,850	467,340
Derivatives	-	-	9,466	9,466
Special Purpose Vehicle	-	-	143,409	143,409
Cash	137,495	-	-	137,495
	1,364,297	**2,910,187**	**443,725**	**4,718,209**

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

Notes to the Financial Statements (continued)

At 31 December 2022	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Equities	1,216,694	-	-	1,216,694
Bonds*	-	2,496,073	-	2,496,073
Pooled investment vehicles**	-	166,758	336,310	503,068
Derivatives	-	-	17,102	17,102
Special Purpose Vehicle	-	-	176,822	176,822
Cash	112,428	-	-	112,428
	1,329,122	**2,662,831**	**530,234**	**4,522,187**

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

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

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

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

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

Notes to the Financial Statements (continued)

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

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

Investment Strategy

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

Investment Objective

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

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

The current strategy is:

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

Credit Risk

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

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

Notes to the Financial Statements (continued)

Investment Strategy (cont.')

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

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

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

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

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

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

Currency Risk

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

Interest Rate Risk

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

Other Price Risk

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

Beara DAC Profit Participating Note (Beara PPN)

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

Notes to the Financial Statements (continued)

9. Investment management expenses

	2023	2022
	€ '000	€ '000
Administration, management & custody expenses	**4,653**	4,278

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

10. Current Assets

	2023	2022
	€ '000	€ '000
Cash balances	29,942	28,526
Total	**29,942**	28,526

11. Current Liabilities

	2023	2022
	€ '000	€ '000
Unpaid benefits	889	39
Accrued expenses	1,282	1,652
Total	**2,171**	1,691

12. Related Party Transactions

12.1 Trustee

The Trustee is Allied Irish Banks Pensions Limited. Three of the Directors of the Trustee are Members of the Scheme. There were no related party transactions during the year (2022: nil)

During the year Gary Byrne, John Feely, Frank O' Riordan, Dave Keenan, Arlynejane Divilly, Ed Murray and Donal O'Flaherty are paid a fee by the Bank in their capacities as Trustee Directors of the Scheme in respect of the year to 31 December 2023.

12.2 Principal Employer

The participating employers are set out in the Trustee and Advisors section of this report. Contributions are made in accordance with the Trust Deed and Rules. With the exception of €972k (2022: €765k) the operating expenses of the Scheme, including administration fees and audit fees, are borne by AIB Group.

12.3 Registered Administrators

AIB is the Registered Administrator. During the year €Nil of the Registered Administrator's fees were paid direct from the Scheme. Aon provides AIB with core administration services.

Notes to the Financial Statements (continued)

12. Related Party Transactions (continued)

12.4 Investment Managers

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

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

13. Contingent Liabilities

Other than the liability to pay future pension benefits, the Scheme had no contingent liabilities at 31 December 2023 or 31 December 2022.

14. Employer Related Investments

As at 31 December 2023, €29.9 million (2022: €28.5 million) cash was held with AIB on behalf of the Scheme.

The Scheme's assets included shares in Allied Irish Banks, p.l.c. valued at €0.34 million (0.007% of Scheme assets) as at 31 December 2023 (2022: €0.13 million, 0.003%).

There were no other employer related investments during the period to 31 December 2023.

15. Self-Investments

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

16. Subsequent Events

There were no events post period end that would require amendments to this report or financial statements and no other post year end items to disclose.

17. Approval of the Financial Statements

These Financial Statements were approved by the Trustee on 14 June 2024.

AIB GROUP IRISH PENSION SCHEME (THE “SCHEME”)

STATEMENT OF INVESTMENT POLICY PRINCIPLES (SIPP)

June 2024

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

Introduction

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

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

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

a) There is a clear understanding on the part of the Trustee, the Sponsor, the Members, and all stakeholders as to the investment objectives and policies of the Scheme.
b) The Trustee has a meaningful basis for the evaluation of the return on the Scheme's assets in the context of its investment strategy in meeting its investment objectives.
c) There is clear governance and procedure regarding the setting of investment policy, appointment of investment advisers, managers and monitoring of the Scheme's assets.
d) The Trustee fulfils the requirements of section 59 1B of the Pensions Act 1990, as amended, which requires such a Statement

Governance structure and approach to setting investment policy principles

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

The Trustee has established an Investment Committee ("IC"), with approved Terms of Reference which focuses on the Scheme's investment arrangements. The Trustee has appointed a Scheme Actuary with whom it and the IC have extensive engagement and consultation. The IC consults widely with its investment advisers and where necessary or advisable other independent specialists.

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

The Trustee has appointed an Investment Services Team ("IST") under a formal Service Level Agreement to carry out the day-to-day monitoring of the investment managers, the investments of the Scheme and the implementation of all investment requirements and policy.

Investment recommendations in line with the Scheme's strategy are made by the IC to the Trustee based on advice from the Scheme's advisers and consultants. Where appropriate, investment recommendations are also reviewed by the Scheme Actuary in the context of the Scheme's funding policy.

The IC and IST meet and monitor the individual investment managers on a regular basis and report to the Trustee on their activities. The Trustee undergoes regular training and industry-wide consultation with regard to the broader industry developments and investments strategies.

Appropriate contracts are in place with the Scheme's principal advisers, consultants, and managers. A formal Protocol on Conflicts of Interest is in place with the Scheme Actuary.

This Statement is reviewed every three years, or more frequently as required.

Investment objectives

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

a) To be fully funded on an Ongoing/actuarial basis while maintaining a net Surplus on a Funding Standard basis;
b) Having regard to the assets, along with the contributions from the Sponsor (if any), to achieve a return sufficient to sustain the Scheme as estimated by the Scheme Actuary[1];
c) To invest the assets to meet the liabilities of the Scheme as they fall due while giving due regard to the nature and timing of those liabilities including the impact of inflation;
d) To pay CPI-related pension increases as appropriate;
e) To invest the assets on a prudent basis while achieving the objectives set out above, as determined by the Trustee in consultation with its investment advisers and the Scheme Actuary.

[1] Actuarial valuations are carried out on a triennial basis with the next one due to be completed as at 30 June 2024.

Investment risk measurement methods

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

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

The main investment risk measurement methods are:

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

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

1) Ongoing / Actuarial Valuation is the net present value of the Scheme taking into account the projected growth in assets and liabilities over time. It assumes that pensions are paid following retirement over the member's lifetime and allows for inflationary pension increases. A formal actuarial valuation is carried out by the Scheme Actuary every 3 years and the next one is due to be completed as at 30 June 2024.
2) Regulatory Funding Standard (FS) – legislation requires a minimum ratio of Scheme assets to the current value of liabilities of the Scheme and a Funding Standard Reserve as set out by the Pensions Authority (PA). The FS valuation is a measure of the overall financial health of the Scheme and to determine whether the Scheme meets this minimum and if not, what corrective action should be taken. This valuation is founded on a "winding up" basis and does not allow for inflationary pension increases.

conditions) to pay member benefits

- **Cash flow** – the need to generate ongoing and sustained income to meet pension outflows in a low/negative interest rate environment
- **Credit** – an assessment of the risk of counter-party default
- **Currency** – an assessment of the risk of adverse changes in exchange rates

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

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

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

Custody of Scheme’s Assets

The Trustee has appointed Bank of New York Mellon SA/NV to act as custodian for the majority of the assets of the Scheme. The balance of the assets are secured on a separate or individual basis given the nature of the asset(s) concerned.

Risk management processes

The Trustee has established and operates an Audit and Risk Committee ("ARC") with approved Terms of Reference. The ARC ensures and oversees risk governance for the Trustee, to ensure that pension risks are appropriately managed and controlled. The Trustee is also supported by a Risk Management Key Function Holder whose tasks include identifying, assessing, measuring and monitoring risks and identifying potential controls to facilitate the mitigation of identified risks. The IC also provides integral support to the Trustee's investment risk governance framework by ensuring the following:

- The assets are invested in such a manner as to seek to ensure the security, quality, liquidity and profitability of the portfolio as a whole so far as is appropriate having regard to the nature and duration of the expected liabilities of the Scheme.
- Investments are predominantly limited to marketable securities traded on recognised/regulated markets.
- All assets are independently valued.
- Unit Fund investments are valued on a bid basis.
- A valuation and profile of the Scheme's assets is prepared on a regular basis, at least quarterly, generally monthly. Performance of the investments are measured against appropriate benchmarks. Ongoing monitoring of the Scheme's asset allocation and the performance of various investments and the investment managers is undertaken by the IC/Investment Services Team with escalation to the Trustee when appropriate.
- The Fund's assets are diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid concentration risk in the portfolio as a whole.
- The base currency of the Scheme is the Euro and assets are predominantly invested in Euro.
- The majority of the Scheme assets are held with the Scheme's global custodian.
- Investments in derivative instruments, such as interest and inflation swaps, are made only in so far as they either contribute to a reduction of investment risks or facilitate efficient portfolio management. The level of risk as measured by its ability to withstand significant rises in interest rates is constantly monitored. Any such derivative investment must seek to avoid excessive risk exposure to a single counterparty and to other derivative operations.
- If excessive market risks are deemed evident, derivative based strategies, such as put/option strategies may be considered to reduce potential exposures.
- Management agreements are signed with all appointed investment managers. These set out the mandate, the performance benchmark, liability, terms and conditions and termination arrangements.

- Investments, in excess of 5% of the Scheme's assets, including equities and commercial paper, of the Sponsor are prohibited. In practice, the level of such investment is not material.
- Updated views on market valuations, economic and investment forecasts and risks are obtained both from the Trustee's advisers and investment managers.
- Active consideration is given, in consultation with the Scheme's advisers and investment consultants, to investment products/approaches which best meet the Scheme's evolving needs.

- The IC may also recommend to the Trustee to formally review both its investment advisors and investment managers and separately appoint professional service providers and/or consultants to provide specialist advice on various matters.

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

Environmental, Social and Governance ("ESG") considerations

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

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

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

Stewardship — Voting and Engagement with investee companies.

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

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

Appointed investment managers receive compensation for their services, based on the market value of the Schemes asset. They are thus, incentivised to maximise the value of assets under management over the longer term, which supports the alignment of both the Schemes and manager interests. The active engagement of investment managers on ESG factors and considerations may be included in their investment management fees, where relevant.

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

Strategic asset allocation

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

The triennial Ongoing / Actuarial valuation funding requirement review is due to be completed as of June 2024 by the Scheme Actuary, the previous review having been completed as of June 2021. The Trustee has adopted an investment strategy that is consistent with the Ongoing / Actuarial valuation and that aims to deliver a projected rate of return that is sufficient to meet the long-term obligations of the Scheme and to pay CPI related increases as appropriate. In the periods between formal triennial Actuarial valuations the Trustee receives regular interim updates from the Scheme Actuary monitoring progress against the FS (including the Funding Standard Reserve) and Ongoing Valuation and may adjust investment strategy in the short-medium term to reflect any material findings from these updates.

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

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

The Scheme's investment strategy as at 31 December 2023 was as follows:

Return Seeking Assets	
Global listed Equities	28%
Unlisted Growth Assets (including commercial real estate etc)	7%
Monetary Assets	
Liability Driven Investments (Index Linked and Fixed Interest)	21%
Inflation Sovereign Bonds	20%
Investment Grade Corporate Bonds	15%
Sovereign Nominal Bonds	2%
Beara DAC PPN	3%
Cash and Other	4%
Total	100%

Approved by the Trustee

DocuSigned by:
Gary Byrne
810D9AB614BC473...

DocuSigned by:
Ed Murray
B3BD6E3797584D6...

Director

Director

14 June 2024

Statement of Risks

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

In any "defined benefit" scheme, the main risk is that there will be a shortfall in the assets (for whatever reason) and the Employer will not be willing or able to pay the necessary contributions to make up the shortfall. If that occurs, members may not get their anticipated benefit entitlements.

The Scheme is funded by contributions paid by the Employer. Actuarial advice will have been obtained when setting those contributions. However, there is inherent uncertainty in the assumptions underlying the actuarially recommended contributions and it is likely that future experience will vary to a lesser or greater extent from these assumptions. There is no guarantee that the Scheme will have sufficient funds to pay benefits promised. It is therefore possible that the benefits payable under the Scheme may have to be reduced. If the Scheme is wound up and there is a deficit, the Employer may not be under obligation to fund the deficit or, even if the Employer is under such an obligation, the Employer may not be in a position to fund the deficit. Further information in relation to this Risk Statement may be obtained from the Trustee.

The risks that the Trustee manages throughout the life of the Scheme are risks associated with the normal and proper operation of any “defined benefit” Scheme, and they require constant monitoring and controls. Further detail on such risks is set out below:

- there may be insufficient funds in the Scheme to meet future benefits payments as they fall due as a result of factors which may include inadequate funding, poor investment experience, higher rates of benefit payments than anticipated, members living longer than anticipated and / or other factors;
- the governance and administration of the Scheme may fail to meet acceptable standards or be subject to business interruption;
- the Scheme could fall out of statutory compliance and be subject to intervention by the Pensions Regulator; and
- the fund could fall victim to fraud or negligence, or the data held by the Scheme could be exposed to unrelated parties.

The Trustee has a Risk Governance Framework in place and has established an Audit and Risk Committee (consolidation of separate Audit and Risk Committees). The Trustee have appointed a Risk Management Key Function Holder and an Internal Audit Key Function Holder. The role of the Audit and Risk Committee and Risk Management Key Function Holder includes supporting the Risk Governance Framework, monitoring risks to which the Scheme is exposed, identifying mitigating actions that can be taken and co-ordination of the preparation of an Own Risk Assessment (at least triennially). The role of the Internal Audit Key Function Holder is to review the Scheme's governance arrangements and carry out regular audits on the Scheme's activities.

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

In accordance with the Pensions Act, 1990, an actuarial review is carried out every three years to determine the performance of the Scheme and its solvency position as at an actuarial valuation date. The Actuary recommends a contribution rate, if any, to meet the Scheme's liabilities. The most recent actuarial valuation was carried out as at 30 June 2021.

In addition, the Actuary issues a statement each year stating whether the Scheme continues to meet the requirements of the Minimum Funding Standard as at each year end date. This review allows for the prompt identification of any solvency issues.

The Trustee prepares an annual report and financial statements for members each year. This report and financial statements are subject to independent external audit. The Trustee Board meets on a regular basis and with service providers to review the governance, compliance, and operations of the Scheme. The Trustee and the administrators have attended relevant training and are familiar with their obligations under the Pensions Act, 1990. They also have access to the Trustee Handbook and guidance notes issued by the Pensions Authority.

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

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

Governance Framework and Risk Assessment	Maintain an effective system of governance, framework and risk assessment which establishes governance requirements, identifies risk exposures and outlines controls and actions required to reduce those risk exposures
Oversight and Management	
Trustee Governance	Maintain an appropriate organisational structure and adhere to a governance framework, appropriate standards, codes of practice, policies and operational procedures for the oversight and management of the Scheme
Legal and Regulatory Compliance	Comply with pension and other relevant legislative and regulatory requirements, Trust documents and legal agreements
Scheme Management	Effectively and diligently organise, manage and monitor the day-to-day running of the Scheme, maintain a risk management framework to identify and manage risks and an internal control framework to monitor the application of policies and procedures
Finances and Investments	
Funding	Monitor the funding position of the Scheme and the Sponsor Covenant and take appropriate actions to uphold funding levels, mitigate funding risks and alleviate funding shortfalls if they arise
Investments	Maintain an appropriate investment strategy for the Scheme and ensure that the strategy is implemented and monitored effectively
Financial Control	Safeguard the assets of the Scheme and maintain appropriate financial controls

Contributions and Benefits	Manage the Scheme to safeguard the benefits payable to members under the Rules and provide appropriately for discretionary pension increases
Members, Administration and Operations	
Member Engagement	Implement a comprehensive approach to Member engagement, foster positive Member experience and deal effectively with Member concerns and complaints
Services Performance	Establish appropriate administration and operational standards and service levels, monitor progress against those levels and deal effectively with areas where service levels fall below required standards
Systems and Business Continuity	Maintain Trustee support systems, and ensure that appropriate security, back-up and business continuity arrangements are maintained for Trustee and business-critical third-party systems

Signed for and on behalf of the Trustee:

Director: DocuSigned by: Gary Byrne 810D9AB614BC473... **Director:** DocuSigned by: Ed Murray B3BD6E3797584D6...

Date: **14 June 2024**

Actuarial Funding Certificate

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

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

SCHEME NAME: AIB Group Irish Pension Scheme

SCHEME COMMENCEMENT DATE: 19/03/1971

SCHEME REFERENCE NO.: PB1744

EFFECTIVE DATE: 30/06/2021

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 30/06/2018

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

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €5,317,068,000.00, would have been sufficient if the scheme had been wound up at that date to provide for the liabilities of the scheme determined in accordance with section 44(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €4,109,293,000.00, and

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

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

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

Liam Quigley

Signature:		**Date:**	07/02/2022
Name:	Mr Liam Quigley	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer (Ireland) Limited	**Scheme Actuary Certificate No.**	P044

Submission Details

Submission Number: SR2846018

Submitted Electronically on: 07/02/2022

Submitted by: Liam Quigley

Actuarial Funding Standard Reserve Certificate

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

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

SCHEME NAME: AIB Group Irish Pension Scheme

SCHEME COMMENCEMENT DATE: 19/03/1971

SCHEME REFERENCE NO.: PB1744

EFFECTIVE DATE: 30/06/2021

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 30/06/2018

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

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €4,109,293,000.00,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (DC resources)), calculated for the purposes of section 44(1) of the Act amount to €5,317,068,000.00,

(3) €2,203,995,000.00 , of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (Applicable Percentage x ((1) minus (3)) is €190,530,000.00,

(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is €22,916,000.00,

(6) the aggregate of (4) and (5) above amounts to €213,446,000.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €1,207,774,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 of such contingent assets comprise an unsecured undertaking.

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

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

Signature:	Liam Quigley	**Date:**	07/02/2022
Name:	Mr Liam Quigley	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer (Ireland) Limited	**Scheme Actuary Certificate No.**	P044

Submission Details

Submission Number:	SR2846047	**Submitted Electronically on:**	07/02/2022
Submitted by:	Liam Quigley		

Actuary's Statement

Mercer welcome to brighter

The AIB Group Irish Pension Scheme ("the Scheme")
Year ended 31 December 2023

Pensions Authority reference number PB 1744

Actuary's Statement

The last Actuarial Funding Certificate was prepared with an effective date of 30 June 2021. This certificate confirmed that the Scheme satisfied the Funding Standard set out in Section 44(1) of the Pensions Act, 1990 at that effective date.

The last Funding Standard Reserve Certificate was also prepared with an effective date of 30 June 2021. This certificate confirmed that the Scheme held sufficient additional assets to satisfy the Funding Standard Reserve set out in Section 44(2) of the Pensions Act, 1990 at that effective date.

I am reasonably satisfied that the Scheme continued to meet the Funding Standard provided for in Section 44(1) of the Pensions Act, 1990 at 31 December 2023.

I am also reasonably satisfied that the Scheme continued to meet the Funding Standard Reserve provided for in Section 44(2) of the Pensions Act, 1990 at 31 December 2023.

Liam Quigley

Liam Quigley
Fellow of the Society of Actuaries in Ireland
Scheme Actuary Certificate Number P044
Date: 20 May 2024

Statement of Actuarial Liabilities

Mercer welcome to brighter

The AIB Group Irish Pension Scheme – PB 1744

REPORT ON ACTUARIAL LIABILITIES

Under Section 56 of the Pensions Act, 1990, and associated regulations, the Trustees of defined benefit pension schemes are required to have a valuation[1] of the scheme prepared on a triennial basis. The most recent formal actuarial valuation of the AIB Group Irish Pension Scheme ("the Scheme") was carried out as at 30 June 2021. A copy of the report is available to Scheme members on request.

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

Value of Scheme Assets	€5,317m
Value of Accrued Liabilities	€5,008m
Excess of Assets	€309m
Funding Level	106%

Valuation Method and Assumptions

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

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

Discount Rate	The discount rate for each year reflects the expected return on the Scheme's assets for that year. The single equivalent discount rate is approximately 1.83% p.a. over the lifetime of the Scheme.
Price inflation	In line with the Eurozone HICP swap curve, with a weighted average of approximately 1.65% p.a.
Pension and Deferred Benefit increases	In line with assumed price inflation

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

Mortality table (pre and post retirement)	S3PMA / S3PFA_M CMI 2019 [1.5%] with a 1 year offset	
Life Expectancies	Male	Female
Member born in 1958	25.1	27.0
Member born in 1973	26.4	28.4

A complete description of all assumptions can be found in the formal actuarial funding valuation report.

The next valuation is due to be completed with an effective date not later than 30 June 2024.

Investment Markets Review 2023

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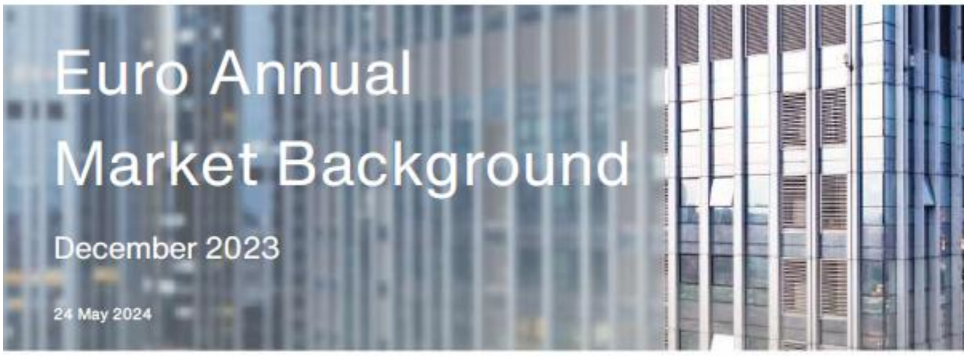
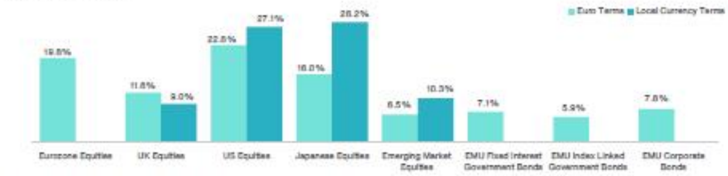


Index Returns



Index returns (net) from 31/12/2022 to 31/12/2023.
Source: FactSet, FTSE (Equities), MSCI (EM Equities), Bloomberg (Fixed Income)

General Background

Global equities generated strong positive returns over the last twelve months as inflation began to moderate in the majority of economies amidst signs that the global economy continued to be more resilient than previously anticipated. The rally in Information Technology stocks was a major contributor to equity market gains in 2023 as investor excitement over artificial intelligence grew. Meanwhile, bond yields fell in many countries over the period. Over the year, the MSCI AC World index rose 21.6% in local currency terms. However, euro appreciation against the US dollar limited the gains to 18.1% in euro terms.

In the US, Silicon Valley Bank (SVB) entered receivership with the Federal Deposit Insurance Corporation (FDIC) on 10 March 2023, with the regulator citing inadequate liquidity and solvency protection. SVB was the 16th largest bank in the US and represents the largest failure of a bank since the Global Financial Crisis. US treasury secretary Yellen approved actions that enabled the FDIC to resolve SVB in a way that fully protected all depositors. Shareholders and certain unsecured debt holders were not protected, however. The Federal Reserve also launched a new programme called the "Bank Term Funding Program" which provided $25 billion of potential liquidity.

Shortly after SVB's demise, investor concerns regarding Credit Suisse accelerated amidst reports that its top shareholder had ruled out further funding. UBS later agreed to buy Credit Suisse for $3.25bn at CHF0.76 per share on 19 March 2023, representing a significant discount to its pre-crisis share price, after Swiss regulators urgently stepped in to broker a deal. The Swiss National Bank offered a CHF100bn liquidity line as part of the deal and the government provided a loss guarantee of up to CHF9bn after UBS took on the first CHF5bn of losses on certain assets. Under the deal's terms, CHF16bn of Credit Suisse's additional tier 1 capital bonds were written off to zero.

The US unveiled its plans to impose fresh sanctions on more than 200 entities throughout Europe, Asia, and the Middle East "that are supporting Russia's war effort" in February 2023. Russian President Vladimir Putin announced on 21 February 2023 that Russia would suspend its nuclear weapons treaty with the US and also unveiled its plans to deploy tactical nuclear weapons in Belarus by July in March 2023. Russia cut oil production by 500,000 barrels a day in response to a price cap imposed by Western nations. In Q2 2023, G7 leaders prepared new sanctions against Russia, covering ships, aircraft, individuals, and diamonds. The G7 planned for a "traceability" initiative for tracking Russia's diamond exports and intends to stop Moscow from bypassing sanctions through India. The US indicated that it would add 70 Russian groups to the "entity list" that effectively bars companies from exporting products that use American technology to Russia. Meanwhile, Finland officially became the North Atlantic Treaty Organization's (NATO) 31st member after Turkey joined other NATO countries in supporting Finland's membership. In Q3 2023, G7 countries announced a plan to provide a long-term security framework to Ukraine by continuing existing financial assistance, supplying military equipment, providing training to Ukrainian forces, and sharing intelligence. However, NATO refrained from committing to any timeline for Ukraine's accession to the military alliance and pledged to "extend an invitation" when "allies agree, and conditions are met". Elsewhere, on October 7, Hamas launched a surprise attack from Gaza on Israel. Israeli Prime Minister Benjamin Netanyahu consequently declared the nation "at war" and mounted military retaliation in Gaza.

The US imposed a ban on five Chinese entities from acquiring US technology and put 28 Chinese groups allegedly in breach of US sanctions on a trade blacklist. In a series of coordinated actions following a G7 meeting in February 2023, the UK also announced sanctions on selected Chinese entities, whilst the EU and Japan finalised similar trade bans. US-China trade tensions saw further escalation as Japan and the Netherlands entered into a trilateral agreement with the US that restricted exports of chip manufacturing tools to China. The agreement was designed to hinder the Chinese military's ability to develop advanced weapons. In Q2 2023, the G7 condemned China over the increasing military and economic security threats emanating from Beijing. Meanwhile, the Cyberspace Administration of China banned US-based chipmaker Micron Technology's products in China's biggest measure against a US semiconductor group, citing "security risks to China's critical information infrastructure supply chain".

UK Prime Minister Rishi Sunak and the European Commission president Ursula von der Leyen announced a new post-Brexit deal on Northern Ireland under the "Windsor Framework" on 27 February 2023. The agreement aimed to ease trade barriers between Northern Ireland and the rest of the UK. Meanwhile, Spain's acting Prime Minister Pedro Sanchez's ruling socialist party (PSOE) struck a contentious amnesty deal with Catalan separatists to form a coalition government.

Over the last year, the European Central Bank (ECB) raised its deposit rates by 200bps to 4.0%, touching an all-time high. ECB policymakers signalled interest rates will be kept at "sufficiently restrictive levels for as long as necessary". The ECB announced plans to start shrinking the €5tn of bonds it purchased over the last eight years from March 2023. The ECB also announced it would reduce the reinvestments of maturing securities by €7.5bn a month from July 2024, before ending the program at the end of next year. The US Federal Reserve

(Fed) increased its benchmark interest rate by 100bps over the year to a range of 5.25%-5.5%, representing the highest level in more than 22 years. Fed chair Jerome Powell commented that the interest rate is now "likely at or near its peak for this tightening cycle". The BoE raised its benchmark interest rate by 175bps to 5.25%, touching its highest level since 2008. The BoE agreed to increase its current quantitative tightening pace of £80bn to £100bn in 2023-24. Elsewhere, the BoE warned that British companies face a higher risk of corporate default as a result of rising interest rates. The share of non-financial UK companies experiencing debt servicing stress, characterized by a low earning-to-interest expense ratio (defined by the BoE as less than 2.5), will rise to 50% by the end of 2023, up from 45% in 2022.

Brent crude oil prices fell by 10.3% to $77/BBL over the last twelve months amidst weakening global demand. China's economic recovery, after the end of its protracted "zero-covid" policy, disappointed in 2023 as consumer and business confidence failed to revive significantly. OPEC+ agreed with production cuts throughout the year in an attempt to prop up oil prices.

Market focus

Eurozone equities were the second-best performing region in euro terms over the year, returning 19.8%. Among the major heavy-weight sectors, economically sensitive sectors outperformed. Financials, Consumer Discretionary, Industrials, and Technology returned 26.4%, 22.0%, 23.6%, and 35.1% respectively.

US equities were the second-best performing region in local currency and best-performing region in euro terms over the year, rising 27.1% and 22.8%, respectively. Following SVB's collapse in March 2023, investors shrugged off concerns over the banking sector and priced in a quicker end to the sharpest tightening cycle in recent history. Expectations for new revenue streams, driven by artificial intelligence, boosted optimism over US technology stocks. Information Technology was the best-performing sector with a return of 67.4%. Progress also flowed from the US following the election of Mike Johnson as the new Speaker of the House, as the US Congress averted a government shutdown with lawmakers approving a short-term stop-gap funding bill to keep the government funded until early 2024. Meanwhile, Fitch downgraded the US debt rating from AAA to AA+, citing "erosion of governance" over the past two decades. Fitch noted worsening fiscal conditions for the US government's repeated debt limit stand-offs and last-minute resolutions. Rating agency Moody's also downgraded their US credit outlook from 'stable' to 'negative' amidst the lack of a permanent funding agreement and sharp rises in debt service costs.

Emerging markets (EM) were the second worst-performing region in local currency and worst-performing region in euro terms over the last twelve months, rising 10.3% and 6.5%, respectively. Increases in interest rates by major developed central banks and a strong dollar provided a headwind. The Chinese equity market was the worst-performing market (-10.6%) as the slower-than-expected economic recovery, disappointing stimulus measures, and renewed US-China tensions exerted downward pressure. Meanwhile, JP Morgan announced to add Indian government bonds to its GBI-EM index from June 2024 with a maximum weightage of 10%.

On a global sector level, Information Technology (46.3%) and Communication Services (33.5%) were the best performers in euro currency terms. Utilities (-2.1%) and Consumer Staples (-0.3%) were the worst-performing sectors.

The French fixed-income yield curve shifted downwards over the past twelve months as slowing inflation and rate-cut expectations in 2024 drove yields lower. Yields fell strongly at short and medium-term maturities, with 4-year and 5-year nominal yields decreasing 63bps and 62bps, respectively to 2.22% each. Meanwhile, 10-year and 20-year nominal yields fell by

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60bps and 39bps to 2.55% and 2.99%, respectively, over the year. The French index-linked yield curve also shifted downwards over the year, with 5-year and 10-year real yields falling by 30bps and 16bps to 0.28% and 0.51%, respectively. Reflecting decreasing inflation expectations, 10-year breakeven inflation fell by 43bps to 2.04%, and 20-year breakeven fell by 22bps over the year to 2.27%.

Euro Area credit spreads (the difference between the yields on non-government bonds and equivalent maturity government bonds), based on the Bloomberg Euro Aggregate Index, narrowed over the year by 23bps to 119bps.

The euro ended the twelve months 1.5% higher on a trade-weighted basis. The euro appreciated by 3.5% against the US dollar, ending the year at $1.10/€, and appreciated 10.6% against the yen, ending at JPY155.73/€. The euro depreciated 2.3% against sterling, ending the year at £0.87/€.

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