

AIB Group UK Defined Contribution Scheme

Report and Accounts for the year ended 31 December 2022

Pension Scheme Reference: 10271661

AIB GROUP UK DEFINED CONTRIBUTION SCHEME

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Trustee, Scheme Advisers and Other Information

Principal Employer	AIB Group (UK) plc 92 Ann Street Belfast BT1 3HH
Participating Employers	First Trust Financial Services Limited AIB Plc (agreement signed on 17 March 2023 and with effect from 1 November 2004)
Trustee	AIB DC Pensions (UK) Limited Trustee Directors Tom Hall (Chair) Maurice Brogan – Member nominated Brian Gillan (appointed 8 June 2022) Leslie Gillanders – Member nominated Barry Hodges (Resigned 25 April 2023) Maeve McEldowney Kate Power David Prest (reappointed 24 November 2022) – Member nominated Niall Russell
Secretary to the Trustee	Andrew Elliott (Resigned 8 June 2022) Sukhdip Singh (Appointed 8 June 2022) Zedra Inside Pensions Limited First Floor, Trident House 42-48 Victoria Street St Albans Herts AL1 3HZ
Banker	AIB Group (UK) plc 92 Ann Street Belfast BT1 3HH
Custodian	HSBC Global Investor Service
Auditor	Deloitte LLP Four Brindleyplace Birmingham B1 2HZ
Pensions Consultant	Mercer Limited Tower Place London EC3R 5BU
Investment Manager	Legal & General Investment Management One Coleman Street London EC2R 5AA

Trustee, Scheme Advisors and Other Information (continued)

Investment Advisor Aon Solutions UK Limited - Trading as Aon
The Aon Centre
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Scheme Administrator Aon Solutions Ireland Limited - Trading as Aon
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Cork
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Solicitors Sacker & Partners LLP
20 Gresham Street
London
EC2V 7JE

**Insurer of Death in
Service Benefits** Zurich Assurance Limited
The Grange
Bishops Cleeve
Cheltenham
GL52 8RD

TRUSTEE'S REPORT

Introduction

The Trustee of AIB Group UK Defined Contribution Scheme (the 'Scheme') is pleased to present the annual report together with the audited accounts for the year ended 31 December 2022. The Scheme is a defined contribution scheme and is administered by Allied Irish Banks (AIB) plc in accordance with the Trust Deed and Rules, solely for the benefit of its members and other beneficiaries. AIB have outsourced the administration of the Scheme to Aon. All members of the Scheme are contracted-in to the State Second Pension.

Trustee and Advisers

The present advisers to the Scheme are shown on pages 1 and 2.

The Scheme has a corporate trustee, AIB DC Pensions (UK) Limited (the 'Trustee'). Three of the Trustee directors are nominated by members of the Scheme and the rest drawn from individuals with appropriate financial and professional experience appointed by the principal employer.

The power of appointing and removing directors of the Trustee is vested with AIB Group (UK) plc (the 'Bank'), although it exercises this power so as to give effect to the arrangements for Member Nominated Directors.

Trustee meetings

The Trustee formally met four times during the year. Work is also delegated to the three sub-committees, the Investment Sub-Committee, the General Purposes Sub-Committee and the Communications Sub-Committee which each met several times throughout the year.

The Principal Employer

The Principal Employer of the Scheme is: AIB Group (UK) plc.

In addition there are two Participating Employers, First Trust Financial Services Limited and AIB Plc. A letter of participation was signed on 17 March 2023 to extend the Scheme to AIB plc as a Participating Employer, with effect from 1 November 2004.

The Scheme is provided for all eligible employees of the Principal and Participating Employers.

Scheme changes

The Principal and Participating Employers (the 'Employers') pay contributions at 10% of pensionable salary. The Payment Schedule was re-signed by the Trustee on 15 July 2021, replacing the version which had been signed by the Trustee on 20 December 2013. In addition, the Employers match any contributions paid by the member up to a maximum amount on an age-related basis, based on pensionable salary. The rates are set out below:

Age	Standard Employer	Optional Employee	Matching Employer
	Contribution %	Contribution %	Contribution %
Under 40	10%	2%	2%
40-49	10%	5%	5%
50+	10%	8%	8%

The Scheme introduced salary sacrifice contribution agreements from 1 April 2017. Under this arrangement contributions made by active members who opted for the salary sacrifice contribution agreement are reflected in the accounts as Employer normal contributions.

Membership

Details of the membership of the Scheme as at 31 December 2022 are given below: -

	Active members	Members with deferred benefits	Total
	2022	2022	2022
Membership at the start of the year	768	2,339	3,107
Member Adjustments	-	1	1
New entrants in the year	113	-	113
Retirements	-	(11)	(11)
Death	-	(4)	(4)
Members leaving with deferred benefits	(167)	167	-
Transfer out	-	(112)	(112)
Total membership at the end of the year	714	2,380	3,094

These membership figures do not include movements notified to the Scheme Administrator after the completion of the annual renewal which are included in the following year as adjustments.

Under the rules of the Scheme, annuities are not provided from the Scheme for retiring members and therefore there are no pensioner members of the Scheme.

All employees who join the AIB Group in the UK are automatically enrolled into the Scheme. A member may opt out of the Scheme within one month of being automatically enrolled and will be treated as if they had never joined the Scheme.

Death in service benefits

Death in service benefits are provided by the Scheme through an insurance policy. The premium for the policy is paid by AIB Group (UK) plc.

Review of the financial developments during the year as shown by the audited accounts

The accounts on pages 42 to 51 show that the value of the Scheme's assets decreased from £229,781,152 to £195,853,558 as at 31 December 2022. The decrease was comprised of net withdrawal from dealings with members of £5,092,076 (2021: £1,531,628) together with a net decrease in the value of investments of (£28,835,997) (2021: increase £31,957,580).

The accounts have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Scheme may be found in the audited accounts on pages 42 to 51.

Investment manager

The current investment manager is shown on page 1.

The investment manager is given full discretion in making investment decisions, subject to broad guidelines laid down by the Trustee. The investment manager produces monthly reports on the composition and performance of the funds. These reports are monitored on a quarterly basis by the Trustee. A formal investment presentation is made to the Trustee by the investment manager periodically and the current/future investment strategy is discussed.

As required by the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles setting out its policy on investment. A copy of the Statement is available on request.

Self-investment

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. As disclosed in note 13 of the accounts, the percentage of the Scheme's net assets that is invested in employer related investments representing the balance in the Trustee bank account was 0.35% (2021: 0.46%).

Transfers

Members leaving service can normally transfer the value of their benefits under the Scheme to another pension scheme that they join or to a personal/stakeholder pension.

Additional voluntary contributions (AVCs)

There is provision for members to pay AVCs in order to increase their benefits under the Scheme.

AVCs are a tax efficient method of saving as they are exempt from tax, subject to certain limits, in the same way as normal contributions.

Members can increase their contributions by paying AVCs at any time. Full details are available on request from Aon at the address shown below.

Expression of wishes

The Trustee wishes to remind members that they can indicate to the Trustee the persons to whom they wish any lump sum benefits and pension benefits to be paid in the event of their death. The Trustee will then be able to take members' wishes into account, although they are not obliged to do so. Members are also encouraged to review their Expression of Wish Form should their circumstances change.

Expression of Wish Forms are available on the web through PensionLine or on request from Aon at the address shown on below.

Going Concern

The financial statements have been prepared on the going concern basis. In making this assessment, the Trustee has assessed the ability of the Scheme to meet its future obligations to pay member benefits as they fall due and the ability of the Employer to continue to meet their obligations to the Scheme. The Trustee believes that the Scheme remains well positioned to manage its risks successfully and expects that the Scheme will continue in operational existence for the foreseeable future.

Further information

Further information about the Scheme is available, on request, to members and prospective members, their spouses and other beneficiaries together with all recognised trade unions, in particular, the documents constituting the Scheme and the Rules.

Individual benefit statements are provided to all members annually. In addition, members can access details of their benefits online at www.myaibpension.ie where they can view their account, review contributions and fund performance and look at various projections at retirement.

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact Aon who will also be able to provide them with a further copy of the Scheme booklet should they require one and answer any queries that they may have about entitlement to benefits.

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Ireland

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CHAIR'S ANNUAL GOVERNANCE STATEMENT

Chair's Annual Governance Statement regarding the AIB Group UK Defined Contribution Scheme

This Statement has been prepared by the Trustee of the AIB Group UK Defined Contribution Scheme (the "Scheme") in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) (the "Regulations") and supporting guidance issued by The Pensions Regulator.

This Statement covers the year ending 31 December 2022 (the "Scheme Year").

As required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018, the Trustee will publish this Statement on a publicly accessible website. The addresses for the websites are as follows: <https://aibgb.co.uk/help-and-guidance/important-information> and [Important Information - AIB \(NI\) \(aibni.co.uk\)](https://aibni.co.uk)

The Scheme is used as a qualifying workplace pension scheme for auto-enrolment purposes.

The Scheme's Default Arrangement

The Trustee has made available a range of investment options for members, including Lifestyle and Individual fund options.

Members who join the Scheme and who do not choose an investment option are invested in the Drawdown Lifestyle fund (the "default arrangement").

When deciding on the Scheme's investment strategy, the Trustee recognises that most members do not make active investment decisions and instead invest in the default arrangement. After taking advice, the Trustee decided to make the default arrangement a lifestyle strategy. The aims and objectives of the default arrangement are as follows:

- Significant long-term growth whilst members are far from their target retirement date.
- Gradually reducing the risk taken in the investment strategy as members become close to their Normal Retirement Date (NRD) or their Target Retirement Date (TRD) which means that members' assets are automatically moved between different investment funds as they approach their target retirement date; and
- Having an asset allocation at the target retirement date that is consistent with how most members are expected to take their retirement savings.

The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

Details of the objectives and the Trustee's policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Scheme's SIP (dated 23 November 2022) covering the default arrangement is appended to this Statement at Appendix 1. The SIP was updated in November 2022 to reflect the Scheme's Environmental, Social and Governance ('ESG') considerations. The revised SIP reflects the requirements set out in legislation and the Trustee obtained and considered the advice of Aon who are approved to give investment advice.

Alternative Investment Options

Alongside the default arrangement, the Trustee has also made available two other lifestyles, targeting annuity purchase (the "Annuity Lifestyle fund") and cash withdrawal (the "Cash Lifestyle fund") and a variety of individual fund options.

Review of the default arrangement

The default arrangement is reviewed every three years and was reviewed by the Trustee during the course of 2021. As part of this review, the strategy of the default arrangement was reviewed to check that it continues to be suitable and appropriate given the needs and demographic of the membership as well as the Trustee's own investment beliefs.

The Trustee took a number of factors into account when carrying out this review including:

- Analysis of the Scheme membership and any relevant industry data about member behaviour.
- Consideration of whether the underlying funds that make up the default lifestyle strategy remain appropriate.
- Whether the income replacement ratios at retirement, as previously assessed, are still achievable.

The Trustee also asked Aon, their investment consultant, to focus on three principal areas as follows:

- Objective setting and membership analysis.
- Review of the current lifestyle arrangements.
- Review of the self-select fund range.

The Trustee concluded at the Board meeting on 9 March 2022 that the asset allocation approach of the existing default arrangement remained appropriate but agreed that the fund had the potential to deliver better member outcomes by restructuring the component fund within the default strategy. Due to the prevailing economic uncertainty it was agreed that the proposed underlying funds' performance would be monitored for the next six months before a final decision on implementing the changes. Further market volatility caused by the Gilt Crisis in September 2022, resulted in monitoring of the current and proposed investment strategy continuing into 2023.

The Trustee agreed in February and March 2023 to investigate the following:

- Consider whether to reduce the allocation of the Diversified Growth Fund in the strategy and split the de-risking phase of the strategy to:
 - 25% of assets in Multi Asset Credit (MAC)
 - 25% of assets in Absolute Return Bonds (ARBs)
 - 50 % of assets kept in the Diversified Growth Fund.
 - A comparison of the holdings in the three Funds to ensure the asset allocation range for bonds is not breached.
- Progress the next steps of implementing the growth phase of the strategy including shortlist of Factor Funds for review.
- Review the position on de-risking to Gilts.

The review and implementation of any changes to the investment strategy is expected to be completed by Q3 2023.

The Trustee implemented a change to one of the underlying managers (Epoch to Morgan Stanley) of the Total Equity Fund which took place in March 2023. The Scheme also introduced a specialist ESG fund to the Self-Select range, the LGIM Future World Global Equity Index Fund. It was chosen for its wide range of ESG elements and reduction of carbon emissions.

In addition to the triennial strategy review, the Trustee, together with its professional advisers, monitors the investment options accessed through the Scheme, including the default arrangement, on a quarterly basis. This monitoring looks at both the performance of the funds to ensure that they remain consistent with the stated aims and objectives, as well as any developments or changes at the fund managers.

The Trustee is satisfied that, based on these reviews, the default arrangement performed in line with its stated aims and objectives during the Scheme Year.

The Trustee receives a detailed Quarterly report from their investment advisers Aon that provides analysis and commentary on all the fund choices offered to members. The default strategy consists of a range of investments in Passively Managed Funds and a Diversified Growth fund. Over the year to

31 December 2022, some of the funds met expectations. However, the Gilt Crisis that occurred in September 2022 had a negative impact on market performance in the UK. The Scheme's funds have been recovering from the disruptions in markets throughout Q4 2022 and Q1 2023.

The Scheme's Core Financial Transactions

The Regulations require the Trustee to ensure that core financial transactions are processed promptly and accurately. Core financial transactions comprise:

- Investment of contributions to the Scheme.
- Transfers of members' assets into and out of the Scheme.
- Transfers of members' assets between different investments within the Scheme.
- Payments out of the Scheme in respect of members at retirement or on leaving

Service level agreement

The Trustee has outsourced the administration functions of the Scheme to Allied Irish Banks plc, who have appointed Aon, to administer the arrangement in accordance with the Scheme's Administration Guide. Service level agreements (SLAs) have been agreed as part of the contract between the Trustee, the Bank and Aon. The SLAs set out the agreed maximum timescales and accuracy standards for all services provided by Aon in respect of the Scheme. Aon undertakes to ensure that a minimum 95% of all calculations and payments performed by Aon, and 100% of all switches, investment and Life styling services provided by Aon, are completed within the defined SLAs.

Aon provides the Trustee with quarterly administration reports that document its performance against the SLAs. The Trustee considers these reports in detail as a regular item at its quarterly Trustee Board meetings.

Over the Scheme Year, Aon's performance against the agreed SLAs for the core financial transactions are set out in the table below:

Quarter 2022	Performance level
Q1	100%
Q2	100%
Q3	100%
Q4	99%

Aon internal controls

Aon has confirmed to the Trustee that it allocates the contributions paid by the Scheme's sponsoring employer, AIB Group (UK) plc (the "Bank") and the members, in respect of each member, to the respective investment funds, in accordance with robust internal processes and controls, to minimise the likelihood of errors and delays.

Aon has also confirmed to the Trustee that all contributions were paid on time and invested within the agreed SLA.

Aon has the following processes in place to ensure that the Scheme's core financial transactions are carried out promptly and accurately:

Aon receives (i) HR update reports (ii) Vendor reports (which outlines the total contribution broken down by business area) and (iii) Contribution breakdown reports from the Bank between the 27th and 28th of each month (2-3 working days after payday). The reports are used to confirm the following information:

- (i) The HR update report outlines the month's new entrants, leavers, and member data record updates.

- (ii) The Vendor report confirms the contribution amounts from the different areas of the business.
- (iii) The Contribution report gives a breakdown of each active member's employee, employer, and additional voluntary contribution.

Aon carries out the following reconciliations and processes:

- 1) The administration system is updated with the HR report data so new entrants are uploaded and able to receive contributions.
- 2) The Trustee bank account is checked to ensure the correct contributions have been received into the account. This is also checked against the Contribution report & Vendor report to ensure all monies have been received.
- 3) A file is prepared and sent to the investment manager for investment.
- 4) Once the money has been invested in each member's pension account, Aon checks this against the member records to ensure the correct amount has been invested for each member.
- 5) A Life styling report is run and checked to ensure members are at the correct stage of their lifestyle journey.

Aon provides a Contributions Management summary in their Quarterly Stewardship reports with a breakdown of the amount received, date received, and date invested.

Administration is captured as part of the Scheme's risk register and any specific risks are clearly documented. This includes details of the controls established by the Trustee and records details of any required actions. The Risk register is reviewed regularly and updated annually with the next annual review due at the Q1 2024 Board meeting.

Monitoring of accuracy is undertaken via the auditing of the Scheme's annual report and accounts and periodic auditing of the Scheme's membership testing. Deloitte provided an unqualified audit report for the year ending December 2022 and no significant audit risks were identified.

Aon carried out tests on the Scheme's Common and Conditional data (which measures the reliability of scheme-specific data) during 2021 and 2022. The Scheme's Common Data score was confirmed to be 98.23% as at 11 August 2022 and 98% for the Conditional Data score as at 12 August 2021. The Trustee Board has scheduled the next Common and Conditional Data review for Q2/Q3 2024 in preparation for Pensions Dashboard.

Trustee audit

Since the Covid-19 pandemic, Aon's staff has worked remotely and therefore, the site visits undertaken by the Trustee and the Bank no longer take place. The Trustee Directors have been reassured by Aon that they have conducted over 200 audits remotely since the pandemic, plus the annual SOC1 audit. The Trustee Directors will continue to monitor this position and the Bank now issues additional questionnaires for further assurance.

The Bank, who are responsible for the administration services, hold monthly meetings with Aon and report any issues or concerns to the Trustees Directors. Three representatives from Aon attend the Trustee quarterly governance committee meetings and provide information to the committee on all aspects of their administration services.

Conclusion

There were no issues reported to or identified by the Trustee in connection to either the promptness or accuracy of core financial transactions processed during the period covered by this Statement.

No significant matters arose during the year that required further attention. Should any significant administrative concerns arise, the Trustee would work together with the Bank and representatives of Aon to ensure that the administration process is amended to minimise the likelihood of specific errors reoccurring.

The Trustee is therefore satisfied that there have been no material administration errors in relation to processing core financial transactions and that all core financial transactions have been processed promptly and accurately and that there are no issues to report in this respect.

Member-borne charges and transaction costs

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided four illustrations of their cumulative effect on the value of typical members' savings over time.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members and are based on a number of assumptions about the future which are set out in the Appendix.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, they are not a substitute for the individual and personalised illustrations which are provided to members in their Annual Benefit Statements.

In line with the aims of the regulations to use a 5-year averaging of costs for reporting, we have used the data for 2018, 2019, 2020, 2021 and 2022 Scheme years provided by LGIM (the Scheme's platform provider). Costs are therefore averaged across five years, with more detail provided in the next section, *Calculation of transaction costs*.

For completeness, and by reference to the amended regulations, we have included in Appendix 2 the annual management charges and transaction costs for each fund within default arrangement, and also for alternative fund options that members are able to select.

Calculation of transaction costs

The prescribed method of calculating transaction costs states that the value is arrived at by comparing the price at which the transaction was executed with the price when the order entered the market. When selling into a rising market or buying into a falling market, the calculation produces a credit that may result in negative overall transaction costs (when net off from explicit costs of the trade).

Negative transaction costs represent a gain for members and should therefore not be assumed to occur when assessing costs.

The fund level transaction costs are included in Appendix 2. Several of the Scheme's funds have produced negative transactions costs at points during the last five Scheme years. For the purposes of our calculations, we have assumed a minimum of zero on any particular fund in any Scheme year i.e., before averaging.

The requirement to provide details of transaction costs calculated in a standard way is a relatively recent one. It is therefore difficult to carry out a quantitative market comparison to provide comfort around the reasonableness of the costs disclosed by DC fund managers. That said, we view the transaction costs presented in the LGIM data as being broadly reasonable.

Representative members

The Trustee is required to illustrate the cumulative effect of the costs and charges paid by a member on their retirement values (as a “pounds and pence figure”). The DWP guidance allows the Trustee to exercise some discretion with regards to the illustrative examples provided to show the effect of costs and charges over time.

Since 6 January 2021, fund charges have been met by members and these are included as a member borne cost alongside transaction costs in our illustrations.

We have used three example members for the DC arrangement:

- Example member 1: the youngest active member (age 20) with a retirement age of 65 and a starting fund value of £1,404
- Example member 2: a typical (average) active member (aged 44) with a retirement age of 65 and a fund value of £93,827
- Example member 3: a typical (average) deferred member (age 44) with a retirement age of 65 and a fund value of £46,993

We have taken consideration of the current age-related contribution matching structure (as set out in appendix 3) in our projections.

- Example member 1: Pays the lowest level of contributions until age 40, at which point they will pay the highest matching level up to retirement at age 65, based on a starting salary of £20,748
- Example member 2: Pays the highest level of matching contributions until retirement at age 65, based on a starting salary of £47,696
- Example member 3: no further contributions are paid.

Although not every member pays the highest possible matching level, the illustrations can be used as a reference point with regards to the costs and charges incurred on a member's total fund value.

Notes to the illustrations

Each illustration, 1, 2 and 3 is shown for a different type of member invested in varying investment options.

- The tables and charts below illustrate the projected fund values of the example members with and without member borne charges.
- For comparison purposes, we also show the projected retirement savings if the typical member were invested in the fund within the range offered by the Scheme which attracts the lowest charges – Index-Linked Fund, and the fund which attracts the highest charges – Diversified Growth Fund.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

An interpretation of the results would be as follows:

For the youngest member, who is 45 years from the assumed retirement age of 65, the potential impact on their retirement fund as a result of charges is an overall net reduction of £14,230, if they were invested in the default arrangement, the flexible lifestyle option.

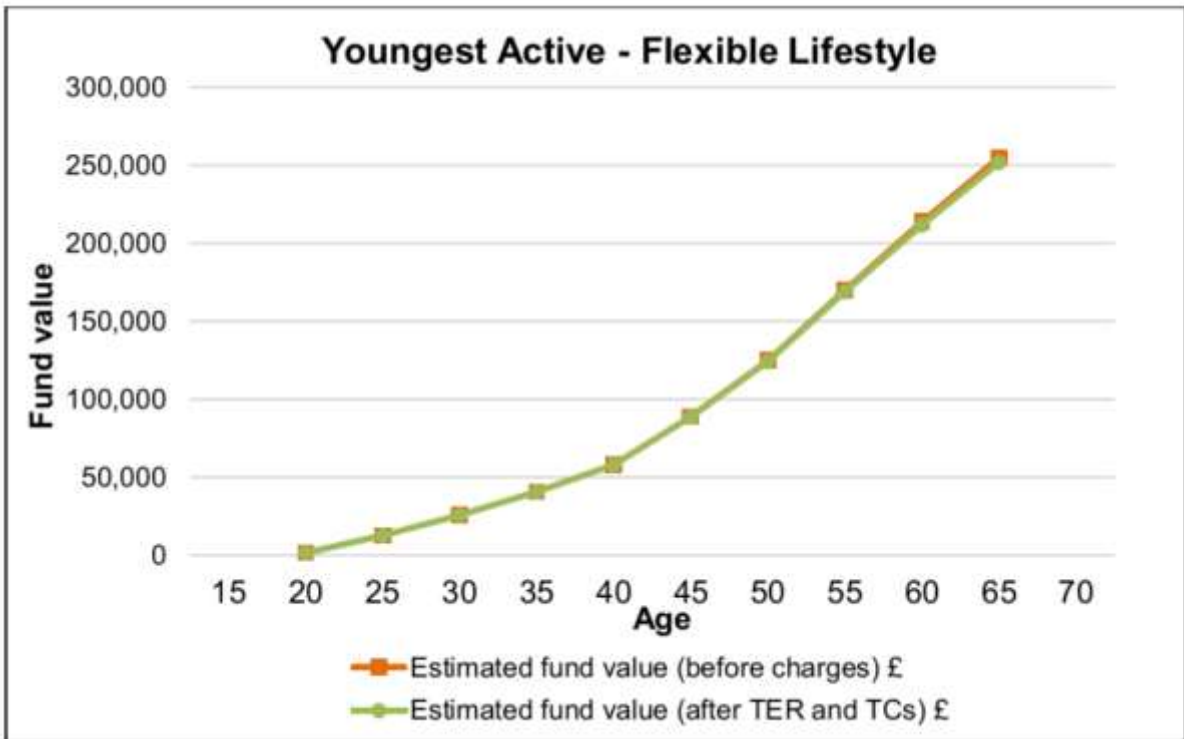
Example member 1: The illustration below show the estimated impact of charges on accumulated fund values for the youngest active member.

Index-Linked Fund			
Age	Estimated fund value before charges £	Estimated fund value (after charges) £	Effects of charges £
20	1,404	1,404	0
25	11,110	11,050	60
30	20,010	19,830	180
35	28,170	27,820	350
40	35,670	35,080	590
45	52,360	51,470	890
50	67,680	66,370	1,310
55	87,620	85,800	1,820
60	105,920	103,470	2,450
65	122,710	119,540	3,170

Diversified Growth Fund			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of all charges £
20	1,404	1,404	0
25	12,470	12,140	330
30	24,960	23,700	1,260
35	39,040	36,130	2,910
40	54,930	49,520	5,410
45	83,750	74,550	9,200
50	116,250	101,490	14,760
55	159,450	136,850	22,600
60	208,170	174,910	33,260
65	263,140	215,870	47,270

Flexible Lifestyle (Default arrangement)			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of all charges £
20	1,404	1,404	0
25	12,640	15,570	70
30	25,630	25,350	280
35	40,630	39,960	670
40	57,950	56,670	1,280
45	88,990	86,760	2,230
50	124,840	121,170	3,670
55	170,080	163,990	6,090
60	213,740	203,900	9,840
65	254,890	240,660	14,230

The graph below shows the estimated impact of total charges on accumulated fund values for the youngest active member when invested in the Flexible Lifestyle (default arrangement).



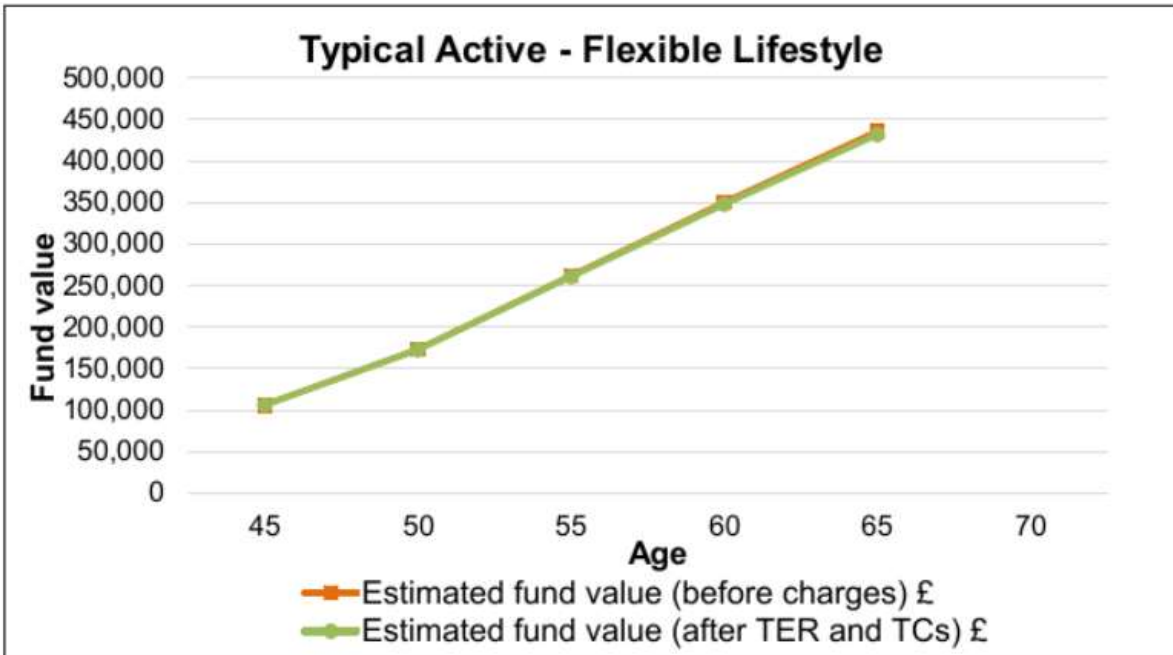
Example member 2: The illustrations below show the estimated impact of charges on accumulated fund values for the typical active member:

Index-Linked Fund			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
45	101,570	101,400	170
50	138,330	137,190	1,140
55	185,590	183,240	2,350
60	228,960	225,120	3,840
65	268,760	263,230	5,530

Diversified Growth Fund			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
45	105,650	104,710	940
50	169,250	161,560	7,690
55	256,000	237,400	18,600
60	353,870	319,010	34,860
65	464,260	406,840	57,420

Flexible Lifestyle (Default arrangement)			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
45	106,130	105,930	200
50	173,280	171,590	1,690
55	261,850	257,040	4,810
60	350,180	339,750	10,430
65	435,720	418,230	17,490

The graph below shows the estimated impact of total charges on accumulated fund values for the typical active member when invested in the Flexible Lifestyle (default arrangement).



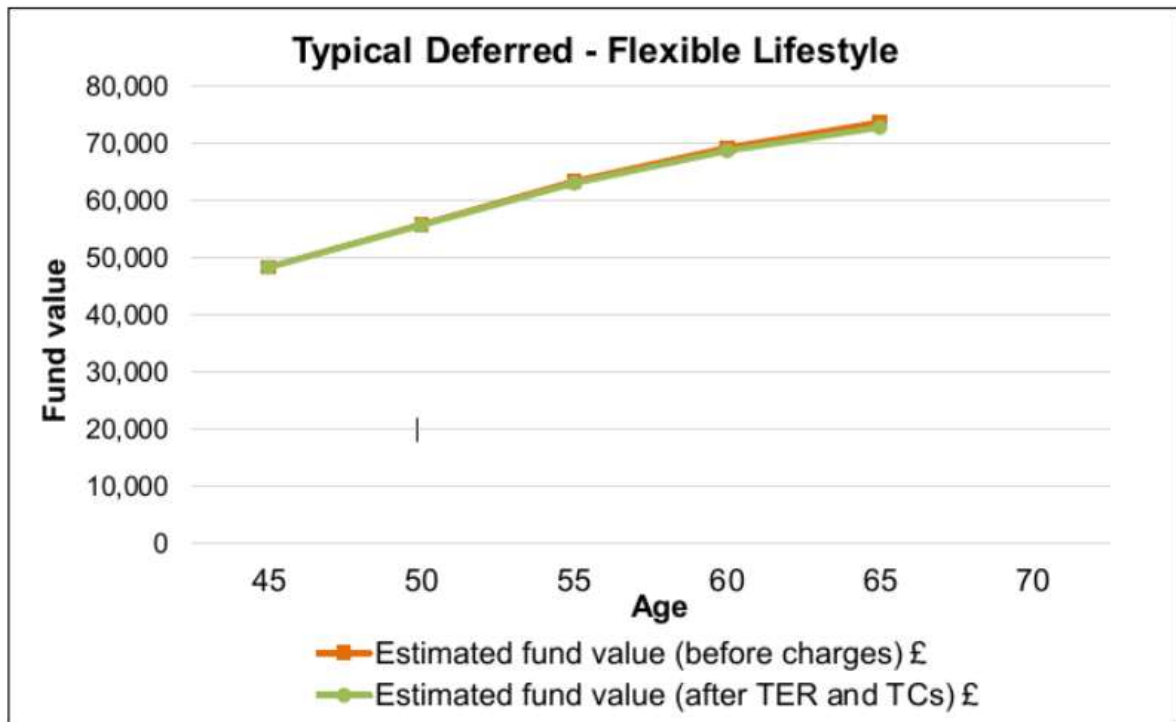
Example member 3: The table below shows the estimated impact of all charges on accumulated fund values for the typical deferred member:

Index-Linked Fund			
Age	Estimated fund value before charges £	Estimated fund value (after charges) £	Effect of all charges £
45	46,190	46,110	80
50	42,380	41,950	430
55	38,880	38,160	720
60	35,680	34,710	970
65	32,730	31,580	1,150

Diversified Growth Fund			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of all charges £
45	48,140	47,690	450
50	54,300	51,320	2,980
55	61,260	55,220	6,040
60	69,100	59,430	9,670
65	77,950	63,950	14,000

Flexible Lifestyle (Default arrangement)			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
45	48,370	48,270	100
50	55,870	55,220	650
55	63,450	61,920	1,530
60	69,370	66,580	2,790
65	73,820	69,700	4,120

The graph below shows the estimated impact of total charges on accumulated fund values for the typical deferred member when invested in the Flexible Lifestyle (default arrangement).



Net investment returns

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which members were invested in during the year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance and can be found in the table below.

It is important to note that past performance is not a guarantee of future performance.

Performance to 31 December 2022 Fund name	Annualised net returns (% p.a.)		
	1 year	3 years	5 years
Default Fund Component			
AIB Passive Global Equity Fund	-11.9	6.8	7.3
AIB Diversified Growth Fund	-7.4	1.6	2.9
AIB Corporate Bond Fund	-17.8	-5.0	-1.6
AIB Index - Linked Bond Fund	-34.4	-8.7	-4.3
AIB Cash Fund	1.3	0.5	0.6
Non-Default Funds			
AIB Total Equity Fund	-14.9	7.5	7.8
AIB Passive UK Equity Fund	0.8	2.4	3.1
AIB Passively Managed Fund	-11.3	4.9	5.9
AIB Bond Fund	-29.4	-9.3	-3.9

Source: LGIM.

Value for Members

The Regulations require the Trustee to assess the extent to which the charges and transaction costs borne by members represent good value.

There is no legal definition of "good value" which means that determining this is subjective. The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of benefits received has also been considered in its assessment.

However, the Trustee is committed to ensuring that members receive good value from the Scheme.

In terms of the benefits of membership, the Trustee has identified what they believe their members value most namely:

- The design on the default arrangement and Life styling options and range of investment options.
- Efficiency of the administrative processes.
- Quality of communications including regular Newsletters and Benefit Statements.
- Oversight and governance of the Trustee.

These benefits have been reviewed during the Scheme Year in view of any changes which have taken place since then and the following key points are noted:

- The sponsor (AIB Group (UK) Plc) continues to provide significant financial support to the scheme including covering the cost of all communications with members and the underlying administration costs, as well as the insurance premium for the death in service cover.
- The Trustee continued to follow a focused communication strategy during the Scheme year which included the issue of two Newsletters in April and December 2022.
- The member website 'Pension Line' was upgraded during 2022 to 'My AIB Pension' and went live on 27 October 2022. The upgraded site gave more functionality to members which enabled them

to submit online Expression of Wish forms and projections of their pension pots by changing their Target Retirement Age and contribution rates.

- The production and implementation of the Scheme's application 'Pension Hub' was underway in 2022. A soft launch has taken place in April 2023 with a pilot group that has provided feedback on the product. A working group is working through amendments to Pension Hub, and it is expected to go live in July 2023. The application will enable members to access their pension and communications from the Trustee through their mobile phones. The app will also feature push notifications that would enable the Trustee to remind members to, for example, finalise selecting contributions, review and update their personal details and issue formal communications, such as the Annual Benefit Statement.
- Throughout 2022, the Trustee issued three stages of strike letters to enable the move to electronic communications for members which was completed in March 2023. Members were asked to provide a personal email address and confirm whether they wished to continue receiving paper communications. The reduction of paper communications will improve the Scheme's carbon footprint. Responses from the deferred membership of the Scheme is being reviewed to assess whether to continue with paper copies of communications.
- LifeSight was selected in 2021 to provide members with more flexibility in how they access their benefits. The service also includes guidance services, more fund choices and drawdown facilities, for members. LifeSight went live at the end of February 2022. The Scheme is implementing a new guidance service for members which is to be provided by Financial Services Hub and will be available in 2023.
- The Trustee opened two contribution 'windows' in July 2022 and December 2022 during which time Salary Sacrifice members could change their contribution levels. Members were encouraged to increase their contributions and to take advantage of the Bank's matching contributions. Payroll results for July 2022 and December 2022, showed that 19 and 114 members respectively, had increased their contributions during these windows. 78% of members are making contributions to the Scheme.
- The Trustee ran a Roadshow for members in December 2022 which resulted in 320 members attending the sessions. It had proven to be effective and generated plenty of questions from members. To be inclusive for branch members, who were unable to attend in December 2022, a follow up online session was run on 22 February 2023.
- Members do incur investment transaction charges, and the following section provides information about those charges and their impact on members' retirement funds. (See Appendix 2 - Charges).

The Trustee believes for the reasons set out above, that members of the Scheme are receiving good value for the charges and costs they incur.

Trustee Board composition

The Trustee Board currently consists of five Employee Nominated Directors and three Member Nominated Directors, one of which is a deferred member. The Trustee Board also has a Trustee Novitiate. The Bank will complete a selection process to appoint a new Employee Nominated Trustee Director. A quorum for a meeting of the Trustee is two thirds of the total number of Trustees and any decision of the Trustee shall require the assent of a majority of Trustee Directors.

The full Trustee Board meets at least four times each year and as part of its agenda reviews all aspects of the Scheme's operation including investment, member communications, administration, governance, and risk management. The Trustee Board also considers regulatory and legal updates applicable to the Scheme.

In addition, the Trustee has established three sub-committees (Investment, General Purposes and Communications). Each sub-committee has Trustee Director representation and has specific Terms of Reference, allowing them to focus on key aspects of the Scheme, manage and review their delegated risks on the Risk Register. All the sub-committees are supported by the appropriate Trustee advisers and meet at least four times each year. The Trustee's Governance structure is supported by a professional Trustee secretariat (Zedra Inside Pensions), who ensure that the Trustee remains focused on delivering long-term value to its members.

Knowledge and expertise

The current Trustee Knowledge and Understanding (TKU) process is set out below.

On appointment, all Trustee Directors attend a training course provided by the Pensions and Lifetime Savings Association which provides them with the information they require to carry out their role. The two-part course covers the following topics:

- Trustee's duties, responsibilities, and powers.
- How Trustee's protect themselves against legal challenge.
- Types of advisers and advice.
- How workplace pensions are financed and how they value their assets and liabilities.
- Investment strategies.
- Accountability and communication.
- Good pension scheme governance.
- Decision making and discretions.
- Decisions about investments.
- Managing delegates and advisers.
- Trustee communications
- Internal Dispute Resolution Procedures (IDRPs) and the Pensions Ombudsman.
- Conflicts of interest.
- Maintaining a good relationship with the employer.
- Governance

All Trustee Directors are also required to complete The Pensions Regulator's trustee toolkit within six months of being appointed, so that they can demonstrate that they have acquired the necessary knowledge.

All the current Trustee Directors have completed this training, together with the additional module on Pension Scams which was introduced in 2020.

One of the Trustee Directors maintains an accreditation as a Professional Trustee from the Pensions Management Institute.

There is also an ongoing education programme for existing Trustee Directors. The Trustee Directors receive additional training at each meeting, usually relevant to issues on the agenda. Details of the training sessions which took place at the Board meetings during the year are shown as follows:

- 9 March 2022 – Stewardship/voting responsibilities training
- 29 September 2022 – Pensions Dashboard training

The Trustee Directors are also made aware of and encouraged to attend external training courses throughout the year and during 2022 were encouraged to attend on-line events.

The Trustee also has processes in place to identify any knowledge gaps in the Trustee Board. Firstly, the Trustee keeps a training log and attendance log which are reviewed at each Board meeting and used to identify any knowledge gaps. The Trustee also carries out a biennial Trustee effectiveness review. The last one was carried out in January 2023 and was in the form of a questionnaire in which Trustee Directors were asked to evaluate the effectiveness of the Board, its committees, and their own understanding of their role. The Trustee Directors indicate their agreement, across eight sections, with a series of statements with a scale of 1 – 5 (where 1 is strongly agree and 5 is strongly disagree). The Trustee Directors are also invited to record additional comments in each section.

- Results were presented at the Board meeting which was held on 15 March 2023 and a number of actions were agreed which included the following:

- The Pension Manager would explore whether the Board could use the Bank's group license for Diligent Boards for future meeting papers.
- The General Purposes Sub Committee would track and prompt training to the Board.
- The Board would hold a strategy day, in May 2023, to consider DC Consolidation.
- A training day would be added to the Scheme's Business Plan as an annual item. A training day is to be scheduled in Autumn 2023 if the DC Consolidation project does not go ahead.

The next Trustee effectiveness review is due to take place in December 2024.

Access to professional advice

The Trustee has appointed recognised and suitably qualified legal advisers, investment consultants and DC consultants who provide advice on the operation of the Scheme in accordance with the Scheme's Trust Deed and Rules and in compliance with the legislation. The appointment of the Trustee's advisers is reviewed on a three-year rolling basis.

The Trustee consults with its professional advisers as and when required for example on relevant changes to pensions legislation.

The Trustee Directors are conversant with the Trust Deed and Rules as well as other Scheme documentation, both through their overall experience in managing the Scheme as well as its review of such documentation over the Scheme Year.

Assessment

The Trustee considers that the combined knowledge of the Trustee Board, skills and understanding with the advice which is available to the Trustee from its professional advisers enables the Trustee to exercise properly its functions as Trustee of the Scheme in the following ways:

- The Trustee's advisers are present at the committee and Board meetings as appropriate, to provide advice when needed.
- The Trustee's TKU process helps to ensure good decision making in line with the Scheme Rules.
- The Trustee's TKU process helps to ensure that an effective day to day administration of the Scheme is maintained.
- The Trustee's TKU process helps to ensure that the Trustee offers an appropriate investment choice to members and that this is always maintained.
- The Trustee's TKU process helps to ensure that the Trustee Directors keep up to date with new pensions legislation and take appropriate action to incorporate changes into their procedures where appropriate.

Further information is available on request. If you do have any questions, please contact Aon, the Scheme administrator in the usual way.

Tom Hall
Chair of Trustee Board
AIB Group UK Defined Contribution Scheme

INVESTMENT REPORT

General

The policy for setting the investment strategy for the Scheme lies with the Trustee. There is a degree of delegation of responsibility for investment decisions to ensure that decisions are taken by persons or organisations with appropriate resources, skills, experience and knowledge to take them effectively. The day-to-day management of the Scheme's asset portfolio, which includes full discretion for stock selection, is the responsibility of the Scheme's investment managers. The Trustees recognises that social, environmental and ethical considerations are among the factors which the investment manager will take into account, where relevant, when selecting investments for purchase, retention and sale. The Trustee has delegated these considerations accordingly. In addition, the Trustee has delegated the exercise of voting rights to the investment manager on the basis that the voting power will be exercised to preserve and enhance shareholder value.

Investment Options

The assets of the Scheme are invested through the Legal & General Investment Management (LGIM) investment platform. On the platform, members have access to a range of passively and actively managed funds managed by LGIM and other external investment managers.

During the year members of the Scheme had a choice of nine investment funds: Total Equity Fund, Diversified Growth Fund, Passively Managed Fund, Passive Global Equity Fund, Passive UK Equity Fund, Bond Fund, Index-Linked Bond Fund, Corporate Bond Fund and Cash Fund.

Members also had the choice of three "Lifestyle" options – the Drawdown Lifestyle Option (the default option), the Annuity Lifestyle Option and the Cash Lifestyle Option.

A description of the funds and lifestyle strategies available is detailed below.

Total Equity Fund

The Fund's objective is to seek to achieve long-term capital growth through investing in equities from around the world. The Fund is actively managed, and is higher risk than a managed fund and has the potential for higher returns over the longer term.

Diversified Growth Fund

The Fund's objective is to seek to achieve long-term capital growth through investing in a diverse range of asset classes, including equities, bonds, property, cash and other "alternative" assets. The Fund aims to deliver a return within a lower risk framework than a more traditional managed fund.

Passively Managed Fund

The main objective of the Passively Managed Fund is to seek to achieve long term capital growth via a balanced portfolio of passively managed pooled funds.

Passive Global Equity Fund

The Fund is managed by Legal & General Investment Management and its objective is to seek to achieve long-term capital growth through investing in equities from around the world. The Fund is higher risk than a managed fund and has the potential for higher returns over the longer term.

Passive UK Equity Fund

The Fund is managed by Legal & General Investment Management and its objective is to seek to achieve long-term capital growth through investing in equities from UK companies. The Fund is higher risk than a managed fund and has the potential for higher returns over the longer term.

Bond Fund

The Fund is managed by Legal & General Investment Management and aims to invest in assets that reflect the investments underlying a typical non-inflation linked pension annuity product, producing a smaller but more stable short-term return.

Index-Linked Bond Fund

The Fund is managed by Legal & General Investment Management, and its objective is to seek to provide a total return, consistent with that of the FTSE A Index Linked Gilt (All Stock) Index. This Fund is managed on a passive basis.

Corporate Bond Fund

The Fund is managed by Legal & General Investment Management on a passive basis and invests in investment-grade corporate bonds. Its objective is to track the iBoxx £ Non-Gilts (All Stocks) Index to within 0.5% p.a. in normal market conditions process.

Cash Fund

The main objective of the Cash Fund is to seek to achieve a return in line with short-term sterling money market investments.

Drawdown Lifestyle Option

Under this option, contributions are invested in the Passive Global Equity Fund until a member reaches the point 15 years before their intended retirement date. Investments are then gradually moved into the Index-Linked Bond Fund, Corporate Bond Fund and Diversified Growth Fund, with a portion remaining in the Passive Global Equity Fund. At the member's retirement date investments are split 40% in the Passive Global Equity Fund, and 20% in each of the Index-Linked Bond Fund, the Corporate Bond Fund and the Diversified Growth Fund.

Annuity Lifestyle Option

Under this option, contributions are invested in the Passive Global Equity Fund until members reach the point 15 years before their intended retirement date.

Investments are then gradually moved into the Index-Linked Bond Fund, Corporate Bond Fund and Diversified Growth Fund, with a portion remaining in the Passive Global Equity Fund. In the final five years before the member's intended retirement date investments are gradually switched into the Index-Linked Bond Fund and Cash Fund. At the member's retirement date investments are split 75% in the Index-Linked Bond Fund and 25% in the Cash Fund.

Cash Lifestyle Option

Under this option, contributions are invested in the Passive Global Equity Fund until members reach the point 15 years before their intended retirement date.

Investments are then gradually moved into the Index-Linked Bond Fund, Corporate Bond Fund and Diversified Growth Fund, with a portion remaining in the Passive Global Equity Fund. In the final five years before the member's intended retirement date investments are gradually switched into the Cash Fund. At the member's retirement date investments are 100% in the Cash Fund.

Review of investment performance

The performance of the investment assets are detailed below (all returns are stated to 31 December 2022):

DESCRIPTION	Quarterly	1 year	3 years	5 years
	%	%	% p.a.	% p.a.
Total Equity Fund	1.3	-14.9	7.5	7.8
Diversified Growth Fund	1.9	-7.4	1.6	2.9
Passively Managed Fund	1.0	-11.3	4.9	5.9
Passive Global Equity Fund	2.7	-11.9	6.8	7.3
Passive UK Equity Fund	5.4	0.8	2.4	3.1
Bond Fund	-11.2	-29.4	-9.3	-3.9
Index-Linked Bond Fund	-12.1	-34.4	-8.7	-4.3
Corporate Bond Fund	-5.5	-17.8	-4.9	-1.6
Cash Fund	1.0	1.3	0.5	0.6

Source: LGIM. All returns are in Sterling and before the deduction of charges..

Fund Split

The split of investments across the funds, as at 31 December 2022, is detailed below:

Fund	Value (£)	%
Passive Global Equity Fund	93,049,881	47.7
Total Equity Fund	37,823,743	19.4
Diversified Growth Fund	26,782,613	13.7
Passively Managed Fund	18,039,139	9.2
Index-Linked Bond Fund	6,478,984	3.3
Corporate Bond Fund	7,799,084	4.0
Cash Fund	4,613,583	2.4
Passive UK Equity Fund	477,055	0.2
Bond Fund	111,470	0.1
Total Investments	195,175,552	100.0

Source: LGIM. Percentage figures are shown to 1d.p. and totals are therefore subject to rounding errors.

ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (“IS”)

AIB Group UK Defined Contribution Scheme (the “Scheme”)

Scheme Year End – 31 December 2022

The purpose of the Implementation Statement is for us, the Trustee of the AIB Group UK Defined Contribution Scheme, to explain what we have done during the year ending 31 December 2022 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, all of the Scheme’s investment managers were able to disclose adequate evidence of voting activity, that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

The Trustee recognises that we have a responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. The Trustee will therefore continue to use our influence to drive positive behaviour and change among the managers that we have employed to invest the assets of the Scheme, and with other third parties that the Trustee relies on such as our investment advisers. The Trustee will monitor, assess progress in this regard and ultimately hold them to account, ensuring the assets of the Scheme are appropriately invested.

Changes to the SIP during the year

The Trustee have a policy to review the SIP formally at least every three years, or after any significant change in investment policy or member demographics. The SIP was reviewed following the formal investment undertaken in April 2021 with the current SIP being signed by the Trustee on 23 November 2022.

The Trustee sought input on these changes from our investment adviser and the Sponsoring Employer.

Over the year, the Trustee reviewed the underlying constituents of the Total Equity Fund and agreed changes to one of the existing managers. The Trustee also reviewed the environmental, social and governance ('ESG') offerings for members, and decided to introduce an ESG-aligned fund into the self-select range. Both of these changes were implemented post year end, subsequently the Trustee updated the SIP to reflect these changes in June 2023.

The Scheme's latest SIP can be found here: <https://aibni.co.uk/personal-docs/help-and-guidance/important-information/pension/aib-uk-dc-scheme-sip.pdf>

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

Investment Policy	<p>The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also believes that members should be able to make their own investment decisions based on their individual circumstances, objectives and attitudes to risk.</p> <p>Our review of the available investment options for members within the Scheme over the year concludes that this policy has continued to be adhered to.</p>
The Decision-Making Process	<p>In order to ensure that such decisions are taken efficiently, the Trustee uses other bodies either through direct delegation or in an advisory capacity. In particular the Trustee has established a decision-making structure, with clearly defined roles for each body.</p> <p>The Trustee seeks advice on all investment issues and makes investment decisions on the basis of the advice provided.</p> <p>Our review of the decision-making structure in place concluded that there is an efficient process in place by the Trustee and other bodies involved in the day-to-day management of the Scheme. In particular, the Trustee has obtained advice throughout the year in order to make effective and appropriate decisions; for example, in the review of the Total Equity Fund and the selection of a suitable ESG-aligned investment option.</p>

Risk Management

Performance is monitored via a traffic light system within the quarterly investment monitoring reports ('QMR') provided by Aon. The calculation method for the traffic light system is based on the benchmark and outperformance target (if applicable) for each fund. The colours refer to performance both above and below the benchmark. The objective for passive funds in the analysis is to track benchmark performance within a tolerance of +/-0.3% over each reporting period. Any amber or red rating is given due time for discussion at Trustee meetings together with any action required. The Trustee, with support from its advisers, reviews the fund ratings given by Aon's Manager Research Team. Any rating changes are highlighted as soon as practically possible with required actions discussed appropriately. Amber performance flags did occur over the year, were considered, with no immediate actions required.

The Trustee has also received reports from Aon looking into the investment performance members invested in the default arrangement have experienced on a historic basis, and also on a forward looking basis, based on future expectations of the strategy. The Trustee has used this report to evaluate the risk of members not reaching an adequate income in retirement.

Because of the analysis included within the quarterly investment monitoring reports and the risk register reviews all carried out in 2022, the Trustee is comfortable that the risks have been managed and mitigated appropriately given their objectives for members of the Scheme.

Investment Strategy

- Lifestyle arrangements
- Self-select funds
- Review of the arrangement

The Trustee has provided members with a comprehensive range of investment choices over the year. Members can choose between two different approaches to invest their pension account; the 'Lifestyle' approach, or the self-select approach, where the member chooses to invest in one or more individual funds from the available range.

The Trustee offers members three different lifestyle strategies:

- The AIB default arrangement is designed to provide flexibility for members. This is appropriate for members who are planning to take cash, drawdown income in retirement, buy an annuity or mix the options in some way, ultimately, providing flexibility.
- The Annuity Lifestyle Fund, designed for members who would like to use their savings to purchase an annuity, where members exchange their pension savings for a stream of regular income payments from a pension provider.
- The Cash Lifestyle Fund, designed those members who want to take most or all their savings as tax-free cash, with members' entire savings invested in a cash fund by retirement date.

The Trustee has also provided members with a wide range of investment options covering the main asset classes. Members can choose from 10 self-select funds including global and UK equity funds, fixed income funds and a cash fund.

Post year end, the Trustee has made available an ESG-aligned equity fund as a self-select option for members. This fund aims to provide exposure to developed and emerging equity markets while reflecting environmental, social and corporate governance considerations.

The Trustee regularly monitored the strategies and funds available to members to ensure they were meeting their objectives and that their inclusion in the fund range continued to be in members' best interests.

The Trustee has appointed Aon to provide investment advice. The Trustee seeks advice on all investment issues and makes investment decisions on the basis of the advice provided. In order to ensure that such decisions are taken efficiently, the Trustee uses other bodies either through direct delegation or in an advisory capacity.

To make sure that the DC investment options remain appropriate for the needs of their members, the Trustee carries out a detailed review of the Scheme's default arrangement design and membership analysis at least every three years. This review was last carried out in April 2021.

Separately from the triennial strategy review, the Trustee reviewed the underlying components of the Total Equity Fund, due to prolonged performance concerns. Subsequent changes were agreed to replace Epoch Global Equity Fund with Morgan Stanley Global Brands Fund. These changes were successfully implemented in March 2023, after the Scheme year end.

In conclusion, the Trustee has provided a suitable default arrangement and self-select fund range, and these continue to be reviewed appropriately.

Day-to-Day Management of the assets

All of the fund options available to members are managed by underlying fund managers chosen by the Trustee with the advice of the investment adviser. The Trustee believes that each fund contains a suitably diversified portfolio of investments given each fund's particular objectives.

On review of the day-to-day management of Scheme assets, no concerns have been raised and we believe the Trustee has met this policy.

Additional Voluntary Contributions

The Trustee makes available all the fund options available to members of the DC Scheme for the investment of Additional Voluntary Contributions ('AVCs'). There are no other assets available apart from these.

In conclusion, the Trustee has made available an appropriate range of options for members' AVC investments.

Trustee policies on cost and transparency

The Trustee collects information on member borne charges on an annual basis, where available, and set these out in the Value for Members section of the Scheme's Annual Chair's Statement. This is made available to members via the AIB website.

The Trustee considers the impact of transaction costs on members when making any changes to investment strategy. When changes were made to the Total Equity Fund after the Scheme year end, the Trustee received confirmation that there were no associated transaction costs, as the underlying funds did not have any spreads on the day of trading.

In reviewing the costs and charges associated with the scheme, the Trustee has made available a range of funds, including making use of lower-cost passive funds where appropriate. Furthermore, the Trustee monitored transaction costs over the year and is satisfied that they were appropriate given the nature of the investments.

Trustee policies on arrangements with asset managers

Before appointment of a new asset manager, the Trustee will consider the extent to which the new investment aligns with the Trustee's policies. Throughout the selection of a new manager within the TEF and the ESG fund, the Trustee completed a thorough review of the manager and fund.

As part of this Statement, with support from their advisers, the Trustee has reviewed the investment managers' policies, specifically on voting and engagement.

The Trustee has had no indication of concern with the investment managers over the Scheme year and therefore believe they remain suitable investment managers for the Scheme.

In conclusion, the Trustee is satisfied that the investment managers are carrying out work competently, have sufficient regard to investments and have been exercising their investment responsibilities in line with expectations.

Environmental, Social and Governance ('ESG') considerations

- Environmental, Social and Governance considerations
- Stewardship – Voting and Engagement
- **Members' Views and Non-Financial Factors**

Following consideration of the Sponsoring Employer's position on sustainability and its ambition to transition towards net zero, the Trustee has set a number of ESG related ambitions.

The Trustee sets out in the SIP that it will maximise leverage to drive positive change within the Scheme's investment managers and the companies they invest in. As part of this statement, the Trustee has reviewed the voting and engagement of its managers and has concluded these managers' activities align with our stewardship priorities.

The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme's assets. Over 2022, the Trustee received training from its advisers on Responsible Investment, including what is required by Trustees, and what is the direction of travel in ESG investing.

The Trustee will include ESG-related risks, including climate change, on the Scheme's risk register as part of ongoing risk assessment and monitoring, which was reviewed over 2022.

The Trustee sets out in its stewardship policy within the SIP, that it recognises the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which it invests. It acknowledges that ultimately this protects the financial interests of the Scheme.

As such, the Trustee expects its investment managers to carry out the Trustee's rights and duties as shareholders, including voting and engaging with underlying companies to promote good corporate governance, accountability and positive change where necessary.

Aon's manager research team discuss the engagement policies of fund managers as part of their fund rating review. Voting statistics are also included later in this statement.

As part of the investment strategy carried out in 2021, the Trustee and their advisers discussed the appropriateness of ethical and specialist equity funds within the lifestyles and self-select range.

	<p>The Trustee concluded that there was no requirement for changing or adding-to the existing fund range at this point; however, this issue was kept under review as part of wider governance responsibilities and in 2022 the Trustee decided to introduce an ESG-aligned fund into the self-select range.</p> <p>On review of managers stewardship policies and voting statistics as part of the production of this Statement, the Trustee believes that this policy has been adhered to.</p>
Realisation of investments	<p>The Trustee is comfortable that all investment managers were able to invest/divest payments in a timely manner over 2022.</p> <p>No restrictions were placed upon the Fund's investments over the year.</p>
Mandates for advisers and platform provider	<p>The investment adviser and platform provider have agreed the services to be provided with the Trustee.</p> <p>No material concerns were raised over the services provided to the Trustee over 2022.</p>
Reporting and performance monitoring	<p>Over the year, the Trustee has received Quarterly Monitoring Reports ("QMR") from Aon, outlining the valuation of all investments held, the performance of these investments and member outcomes.</p> <p>These investment reports include long and short-term performance reporting on all the investment funds relative to their respective benchmarks or targets, and performance commentary which highlights key factors affecting the performance of the funds over the quarter.</p> <p>Manager performance is evaluated based on Aon's "Planwatch" methodology. This assigns red, amber or green ratings to fund performance over the short and long terms. Any fund found to be consistently in breach of Planwatch triggers over the long term will be reviewed by the Trustee and may be replaced.</p> <p>Over the year, the Trustee has also reviewed additional reports for all active managers within the Scheme, provided by Aon's Investment Manager Research team. These reports cover key operational and ESG ratings. Any changes to ratings are communicated with the Trustee.</p> <p>The Trustee is satisfied that the investment managers are carrying out work competently, have sufficient regard to investments and have been exercising their investment responsibilities in line with expectations.</p>
Expected Returns	<p>The Trustee expects the long-term return on the investment options that consist predominantly of equities to exceed price inflation. The long-term returns on the bond and cash options are expected to be lower than the predominantly equity options.</p> <p>The Trustee has reviewed the performance of the default arrangement on a historic and forward-looking basis over the year. Based on this regular monitoring, the Trustee believes that the long term expectations for the asset classes the Scheme invests in continues to be appropriate.</p>

The Trustee remains comfortable that the default strategy and other investment options will perform in line with their objectives over the long term.

Default Investment

The AIB default arrangement provides flexibility for members at retirement. This is appropriate for members who are planning to take cash, drawdown income in retirement, buy an annuity or mix the options in some way, ultimately, providing flexibility. The lifestyle provides members with the potential for high levels of growth during the accumulation phase of their retirement savings, provided by exposure to equity funds and then gradually diversifies investments in the years approaching retirement, reducing volatility. At retirement, members' retirement funds are invested in a broad mix of asset classes, with the aim of providing a real income during the post-retirement phase whilst protecting the value of the investments.

Based on advice and ongoing monitoring, the Trustee believes the current default strategy continues to be appropriate for the majority of members.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 December 2022.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Baillie Gifford – Long Term Global Growth Fund	439	100.0%	3.4%	0.2%
BlackRock – DC Diversified Growth Fund	11,842	92.0%	5.0%	1.0%
Epoch – Global Equity Fund	1,778	96.5%	4.8%	0.0%
Harris – Global Equity Fund	854	100.0%	2.1%	0.0%
LGIM – World Equity Index Funds (GBP Hedged & Unhedged)*	38,295	99.8%	20.4%	0.7%
LGIM – UK Equity Index Fund	10,854	99.9%	5.5%	0.0%
Nordea – Stable Returns Strategy	2,363	98.8%	9.0%	1.7%

Source: Managers *Voting statistics for LGIM – World Equity Index Funds and LGIM – World Equity Index Funds GBP Hedged are same.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

	Description of use of proxy voting advisers
Baillie Gifford & Co. ("Baillie Gifford")	Whilst the Baillie Gifford is cognisant of proxy advisers' voting recommendations (Institutional Shareholder Services ("ISS") and Glass Lewis), they do not delegate or outsource any stewardship activities or follow or rely upon their recommendations when deciding how to vote on clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with our in-house policy and not with the proxy voting providers' policies. They also have specialist proxy advisers in the Chinese and Indian markets to provide us with more nuanced market specific information.
BlackRock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	<p>from investment colleagues as required, in each case, in accordance with BlackRock’s Global Principles and custom market-specific voting guidelines.</p> <p>While they subscribe to research from the proxy advisory firms ISS and Glass Lewis, it is just one among many inputs into the vote analysis process, and BlackRock do not blindly follow their recommendations on how to vote. They primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information used include the company’s own reporting (such as the proxy statement and the website), BlackRock’s engagement and voting history with the company, and the views of active investors, public information and ESG research.</p>
Epoch Investment Partners, Inc. (“Epoch”)	ISS
Harris Associates (“Harris”)	Uses Harris policy that ISS implements on our behalf.
Legal and General Investment Management Limited (“LGIM”)	LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with LGIM’s position on ESG, they have put in place a custom voting policy with specific voting instructions.
Nordea Asset Management (“Nordea”)	<p>In general, every vote Nordea cast is considered individually on the background of its bespoke voting policy, which has been developed in-house based on our own principles.</p> <p>Our proxy voting is supported by two external vendors (ISS and Nordic Investor Services (“NIS”)) to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.</p> <p>The contrast in the services – ISS is a global player with international reach and practices, while NIS is a small niche player whose best practices are much in line with Nordea’s, giving a broad palette of input which is very valuable in the evolution of Nordea’s own Corporate Governance Principles. The same setup has continued after the merger of ISS and NIS.</p>

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme’s investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme’s funds. A sample of these significant votes can be found in appendix 4.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Baillie Gifford – Long Term Global Growth Fund	52	1,255	Environment - Climate change Social - Conduct, culture and ethics (e.g., tax, anti-bribery, lobbying); Human and labour rights (e.g., supply chain rights, community relations); Human capital management (e.g., inclusion & diversity, employee terms, safety) Governance – Remuneration Strategy, Financial and Reporting - Strategy/purpose
BlackRock – DC Diversified Growth Fund	693	Not provided	Environment - Climate Risk Management Social -Human Capital Management Governance - Board Composition and Effectiveness; Corporate Strategy; Remuneration.
Epoch – Global Equity Fund	8	27	Environment - Climate change
Harris – Global Equity Fund	Not provided	Not provided	Not provided
LGIM – World Equity Index Funds (GBP Hedged & Unhedged) *	679	Not provided	Environment - Climate change; Natural resource use/impact (e.g., water, biodiversity) Social - Human capital management (e.g., inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity; Remuneration Strategy, Financial and Reporting - Reporting (e.g., audit, accounting, sustainability reporting)
LGIM – Corporate Bond All Stocks Index Fund	193	Not provided	Environment - Climate change; Natural resource use/impact (e.g., water, biodiversity) Social - Human capital management (e.g., inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity; Remuneration Strategy, Financial and Reporting - Reporting (e.g., audit, accounting, sustainability reporting)
LGIM – Index-Linked All Stocks Index Fund	34	Not provided	Environment - Climate change Governance - Board effectiveness - Diversity; Remuneration; Shareholder rights Strategy, Financial and Reporting - Capital allocation
LGIM – UK Equity Index Fund	247	Not provided	Environment - Climate change Social - Human capital management (e.g., inclusion & diversity, employee terms, safety); Inequality

			Governance - Board effectiveness - Diversity; Remuneration
Nordea – Stable Returns Strategy	109	994	Strategy, Financial and Reporting - Strategy/purpose Environment - Climate change; Natural resource use/impact (e.g., water, biodiversity); Pollution, Waste Social - Human and labour rights (e.g., supply chain rights, community relations) Strategy, Financial and Reporting - Reporting (e.g., audit, accounting, sustainability reporting)

Source: Managers

**Engagement information for LGIM – World Equity Index Funds and LGIM – World Equity Index Funds GBP Hedged are not significantly different; we have considered the higher of the two.*

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Harris did not provide most of the engagement information requested, especially fund-level information.
- LGIM and BlackRock did provide fund-level engagement information but not in the industry standard template. Additionally, the managers did not provide any firm-level engagement information.

We will engage with the managers to encourage improvements in reporting.

This report does not include commentary on the Scheme's investment in gilts and cash because of the limited materiality of stewardship to these asset classes.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee Responsibilities in Respect of Contributions

The Trustee is responsible under pensions legislation for securing that a payment schedule is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the payment schedule. Where breaches of the schedule occur, the Trustee is required by the Pensions Act 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Signed for and on behalf of the Trustee, AIB DC Pensions (UK) Limited:

Trustee Director: _____

Trustee Director: _____

Date: _____

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AIB Group UK Defined Contribution Scheme (the 'Scheme'):

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2022 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

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 Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Trustee

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pensions Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosures of Information) Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Scheme's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response our procedures to respond to the risk identified included the following:

- obtaining an understanding of relevant controls over the existence of investment holdings and transactions;
- agreeing investment holdings to independent third party confirmations; and
- agreeing investment and cash reconciliations to independent evidence and bank statements.

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

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

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

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so

AIB Group UK Defined Contribution Scheme

that we might state to the Scheme's 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.

Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

Date:

FUND ACCOUNT

for the year ended 31 December 2022

	Note	2022 £	2021 £
Contributions and benefits			
Contributions - Employer	3	7,546,685	9,679,196
Contributions - Employee	3	362,254	666,578
Other Income	4	-	803,919
		<u>7,908,939</u>	<u>11,149,693</u>
Benefits paid and payable	5	(609,929)	(2,062,888)
Payments to and on account of Leavers	6	(11,703,513)	(9,983,726)
Other payments	7	(624,312)	(627,120)
Administrative expenses	8	(63,261)	(7,587)
		<u>(13,001,015)</u>	<u>(12,681,321)</u>
Net withdrawals from dealing with members		(5,092,076)	(1,531,628)
Returns on investments			
Investment Income		479	-
Change in market value of investments	9	(28,835,997)	31,957,580
Net increase on investments		<u>(28,835,518)</u>	<u>31,957,580</u>
Net (decrease)/increase in the fund during the year		(33,927,594)	30,425,952
Net assets as at 1 January		<u>229,781,152</u>	<u>199,355,200</u>
Net assets as at 31 December		<u>195,853,558</u>	<u>229,781,152</u>

The notes on pages 44 to 51 form part of these financial statements.

STATEMENT OF NET ASSETS (available for member benefits)

as at 31 December 2022

	Notes	2022 £	2021 £
Investments assets	9		
Pooled Investment vehicles		195,175,552	228,591,897
Current Assets	10	679,479	1,231,730
Current Liabilities	11	<u>(1,473)</u>	<u>(42,475)</u>
Net Current Assets		<u>678,006</u>	<u>1,189,255</u>
Total Net Assets at 31 December		<u><u>195,853,558</u></u>	<u><u>229,781,152</u></u>

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

The notes on pages 44 to 51 form part of these financial statements.

Signed for and on behalf of the Trustee, AIB DC Pensions (UK) Limited:

Trustee Director: _____

Trustee Director: _____

Date: _____

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council, and with the guidelines set out in the Statement of Recommended Practice Financial Reports of Pension Schemes (under revised SORP 2018). The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's Report.

2. ACCOUNTING POLICIES

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

2.1 Accruals concept

The accounts 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

Employer normal contributions and salary sacrifice contributions are accounted for in the period in which they fall due.

Contributions and group life assurance contributions are accounted for in the period in which they fall due in line with the Payment Schedule.

Contributions made by active members who opted for the salary sacrifice contribution agreement are reflected in the accounts as Employer normal contributions.

AVCs are accounted for on an accruals basis, and the resulting investments are included within the statement of net assets on the basis of information provided by the administrators.

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

2.3 Transfers to and from other schemes

Individual transfer values to and from other pension schemes are included in the accounts on a cash basis with the exception of transfers to the AIB Group UK Pension Scheme which are accounted for on an accruals basis.

2.4 Administrative and investment manager expenses

Administration and investment manager expenses are accounted for on an accruals basis. Investment Manager's annual management costs are borne by the participating employers. The participating employers may use employer designated funds held within the Scheme to pay Scheme expenses.

2.5 Valuation of investments

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

2.6 Annuities

The cost of purchasing annuities in respect of pensioners is reported within the Fund Account under 'Benefits Paid and Payable'.

3. CONTRIBUTIONS

	2022	2021
	£	£
Employers:		
Normal	6,922,373	9,052,076
Contributions for group life assurance premiums	<u>624,312</u>	<u>627,120</u>
Total Employer	<u>7,546,685</u>	<u>9,679,196</u>
Employee:		
Normal	135,325	177,382
Additional voluntary contributions	<u>226,929</u>	<u>489,196</u>
Total Employee	<u>362,254</u>	<u>666,578</u>
Total	<u>7,908,939</u>	<u>10,345,774</u>

4. OTHER INCOME

	2022	2021
	£	£
Death benefit receivable	-	600,753
Transfers in from individuals	<u>-</u>	<u>203,166</u>
Total	<u>-</u>	<u>803,919</u>

5. BENEFITS PAID AND PAYABLE

	2022	2021
	£	£
Commutations and lump sum retirement benefits	534,311	858,917
Lump sum death benefits	-	741,282
Annuities purchased	<u>75,618</u>	<u>462,689</u>
Total	<u>609,929</u>	<u>2,062,888</u>

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2022	2021
	£	£
Individual transfers to other schemes	11,703,513	9,983,726
Refunds to members leaving service	<u>-</u>	<u>-</u>
Total	<u>11,703,513</u>	<u>9,983,726</u>

7. OTHER PAYMENTS

	2022	2021
	£	£
Premiums for group life assurance policy	<u>624,312</u>	<u>627,120</u>

The group life assurance policy is underwritten by Zurich Assurance Limited.

8. ADMINISTRATIVE EXPENSES

	2022	2021
	£	£
Administrative & Actuarial fees	63,112	35
Legal fees	-	7,200
Bank charges	149	352
Total	63,261	7,587

The above expenses have been paid from Employer unallocated units held with the investment manager. Except as noted above, administrative expenses of the Scheme are borne by the Principal Employer.

9. INVESTMENTS

9.1 MOVEMENT IN INVESTMENTS

	Value at 1 Jan 2022	Purchases at cost	Sale proceeds	Change in Market Value	Value at 31 Dec 2022
	£	£	£	£	£
Pooled Investment vehicles	228,591,897	18,892,006	(23,472,354)	(28,835,997)	195,175,552
Total	228,591,897	18,892,006	(23,472,354)	(28,835,997)	195,175,552

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.

Indirect costs are incurred through bid offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme. No direct transaction costs are incurred.

Included within the purchase and sale figures for the year to 31 December 2022 are transfers between the individual investment funds.

Money purchase assets are allocated to provide benefits to the individuals on whose behalf contributions were made. AVCs and other contributions are included in one portfolio for the purpose of the investment. The administrators send members an annual statement confirming the amounts held to their account and the movements in the year.

Also included within the investments as at 31 December 2022 is £226,697 (2021: £311,438) of unallocated funds.

9. INVESTMENTS (continued)

9.2 Analysis of Investments

POOLED INVESTMENT VEHICLES	2022 £	2021 £
Multi Asset Funds*	44,821,752	51,084,398
Equity Funds	131,350,679	155,331,627
Bonds	14,389,538	16,682,608
Cash Funds	4,613,583	5,493,264
Total	<u>195,175,552</u>	<u>228,591,897</u>

* The Multi Asset funds being the Diversified Growth Fund and the Passively Managed Fund invest in a diverse range of asset classes, including equities, bonds, property, cash and other “alternative” assets.

9.3 Concentration of Investments

The following investments, excluding UK Government securities, account for more than 5% of the Scheme's net assets as at 31 December 2022.

	2022		2021	
	Market value £	%	Market value £	%
LGIM AIB - Diversified Growth Fund	26,782,613	13.67%	29,733,736	12.94%
LGIM AIB - Passive Global Equity Fund	93,049,881	47.51%	107,750,335	46.89%
LGIM AIB - Passively Managed Fund	18,039,138	9.21%	21,350,663	9.29%
LGIM AIB - Total Equity Fund	37,823,843	19.31%	47,185,968	20.54%

9.4 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.

9. INVESTMENTS (continued)

As at 31 December 2022				
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled Investment vehicles	-	195,175,552	-	195,175,552
Total	-	195,175,552	-	195,175,552

As at 31 December 2021				
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled Investment vehicles	-	228,591,897	-	228,591,897
Total	-	228,591,897	-	228,591,897

9.5 Investment Risk

The Trustee recognises that members have differing investment needs and that these may change during the course of the members working lives. The Trustee aims to make available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs or to opt for the range of "Lifestyle" options available.

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

- **Credit risk:** This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market risk:** This is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables.

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

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

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

The Trustee has a contractual agreement in place with Legal & General Assurance (Pensions Management) Limited ('PMC'). The day to day management of the underlying investments of the funds is the responsibility of Legal & General Investment Management (LGIM), and the appointed external underlying investment managers where appropriate, including the direct management of credit and market risks. Pooled investment arrangements used by the Scheme comprise unit linked insurance contracts.

The Trustee monitors the investments and underlying external managers on a quarterly basis.

9. INVESTMENTS (CONTINUED)

The risks disclosed here relate to the Scheme's investments as a whole. Members are able to choose their own investments from the range of funds offered by the Trustee and therefore may face a different profile of risks from their individual choices compared with the Scheme as a whole.

Credit risk

The Scheme is subject to direct credit risk in relation to its policy with PMC. The assets underlying the policy in issue are effectively ring fenced because PMC writes only a token level of pure life assurance to qualify as a life assurance company and this is more than covered by its capital and reserves. The remaining liabilities are simply the value of investors' units as represented by the value of the underlying assets. As a result, PMC never has liabilities in excess of its assets.

Should PMC become insolvent statutory protection is in place through the Financial Services Compensation Scheme (FSCS). The FSCS covers business conducted by firms authorised by the FCA, and applies when a firm is unable or likely to be unable to pay claims arising against it. The Trustee believes that if PMC became insolvent, it would be eligible to make a claim on FSCS in respect of all assets invested through the platform (although it is noted that this has never been tested in practice).

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

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

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

Market risk

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

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

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

Changes in market interest rates will directly affect the fair value of the holdings in bonds and instruments used to help manage the interest rate and inflation exposures of the Scheme. The objective of holding these instruments is to help members better match interest rate and inflation exposures.

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

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

9. INVESTMENTS (CONTINUED)

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

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

The following table summarises the indirect risk exposures by fund at 31 December 2022. The monetary exposure to each investment is disclosed in the chart in note 9.4 above.

	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Total Equity Fund	-	✓	-	✓
Diversified Growth Fund	✓	✓	✓	✓
Passively Managed Fund	✓	✓	✓	✓
Passive Global Equity Fund	-	✓	-	✓
Passive UK Equity Fund	-	-	-	✓
Pre Retirement Fund	✓	✓	✓	-
Index-Linked Bond Fund	-	-	✓	-
Corporate Bond Fund	✓	-	✓	-
Cash Fund	✓	-	✓	-

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

10. CURRENT ASSETS

	2022	2021
	£	£
Other amounts due	-	-
Risk contribution receivable	-	1,476
Trustee bank account	679,479	1,052,119
Cash In Transit	-	178,135
Total current assets	679,479	1,231,730

11. CURRENT LIABILITIES

	2022	2021
	£	£
Unpaid benefits	-	39,526
Risk premium payable	-	1,476
HM Revenue & Customs	293	293
Refund due to Allied Irish Banks plc	1,180	1,180
Total Current liabilities	1,473	42,475

12. RELATED PARTY TRANSACTIONS

Eight Directors of the Trustee company are members of the Scheme. Contributions in respect of these members are paid in accordance with the normal Scheme rules.

Employers contributions including group life assurance premiums totalling £7,546,685 (2021: £9,679,196) were received from the participating employers.

During the Scheme year the Investment Manager's annual management charges are borne by the Principal and Participating Employers.

13. SELF INVESTMENT

The Scheme is invested in accordance with the Occupational Pension Schemes (Investment of Scheme's Resources) Regulations 1992, and the Trustee has ensured that the level of self-investment (that is, investment in the Principal Employer's shares, loans or property), other than the outstanding contributions, is below the 5% limit.

At 31 December 2022 the self-invested funds representing the balance in the Trustee bank account were 0.35% (2021: 0.46%) of net assets.

14. TAX STATUS OF THE SCHEME

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

15. SUBSEQUENT EVENT NOTE

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

INDEPENDENT AUDITOR'S REPORT ON CONTRIBUTIONS

Independent auditor's Statement about Contributions to the Trustee of the AIB Group UK Defined Contribution Scheme

We have examined the summary of contributions to the AIB Group UK Defined Contribution Scheme for the Scheme year ended 31 December 2022 to which this statement is attached.

In our opinion, contributions for the Scheme year ended 31 December 2022, as reported in the summary of contributions and payable under the Payment Schedule, have in all material respects been paid in accordance with the Payment Schedule dated 15 July 2021.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Payment Schedule. This includes an examination, on a test basis, of evidence relevant to the amounts of Payment Schedule to the Scheme and the timing of those payments under the Payment Schedule.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a payment schedule and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Payment Schedule.

It is our responsibility to provide a statement about contributions paid under the Payment Schedule and to report our opinion to you.

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our work, for this statement, or for the opinion we have formed.

Deloitte LLP

Statutory Auditor
Birmingham, United Kingdom
Date:

SUMMARY OF CONTRIBUTIONS

Trustee's Summary of Contributions payable under the Schedule in respect of the Scheme year ended 31 December 2022

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee.

It sets out the Employer and Employee contributions payable to the Scheme for the period 1 January 2022 to 31 December 2022 in line with the Payment Schedule dated 15 July 2021. The Scheme Auditor reports on contributions payable under the Payment Schedule in the Auditor's Statement about Contributions.

Contributions payable under the Payment Schedule in respect of the Scheme year

	£
Employers' Contributions	
Normal	6,922,373
Contributions for group life assurance premiums	<u>624,312</u>
Employees' Contributions	
normal	135,325
Contributions payable under the Payment Schedule (as reported on by the Scheme Auditor)	<u>7,682,010</u>

Reconciliation of contributions

Reconciliation of contributions payable under the Payment Schedule reported in the accounts in respect of the Scheme year

Contributions payable under the Payment Schedule (as above)	7,682,010
Contributions payable in addition to those due under the Payment Schedule:	
Employee additional voluntary contributions	<u>226,929</u>
Total contributions as reported in the accounts	<u><u>7,908,939</u></u>

Signed for and on behalf of the Trustee, AIB DC Pensions (UK) Limited:

Trustee Director: _____

Trustee Director: _____

Date: _____

Payment Schedule

This is an agreement between AIB Group (UK) plc (the 'Bank') and the Trustee of the AIB Group UK Defined Contribution Scheme (the Scheme) covering the period from 1 January 2021 until such time a revision is agreed.

The parties involved hereby agree that the contributions at the rates specified in the Scheme's rules and set out in this Schedule will be paid into the Trustee's bank account monthly on or before the 19th of the month following the month to which they relate. For overseas members, contributions will be paid quarterly on or before the 19th of the second month in the quarter to which contributions relate.

Rates of Contribution

From 1 January 2021, the Bank will pay contributions at 10% of pensionable salary. In addition, it will match any contributions paid by the member up to a maximum amount in accordance with the following rates, according to the age attained by the member during each calendar year. Where members agree to pay contributions through a salary sacrifice arrangement, the Bank pays those contributions otherwise due to be paid by the member as an employer contribution.

Enhanced scale

Contributions are based on Pensionable Salary.

Age	Standard Employer Contribution %	Optional Employee Contribution %	Matching Employer Contribution %
Under 40	10	2	2
40 to 49	10	5	5
50+	10	8	8

Members are not required to make contributions.

Definition of Pensionable Salary

Pensionable Salary is the monthly rate of basic salary (or for overseas members the quarterly rate of basic salary) together with such other earnings from an employer as the Bank determines shall be included.

Individual Rates

Some Members have individually agreed higher Bank contribution rates.

Special Contributions

The Bank may make further special contributions, the amount and timing of which will be agreed by the Trustee and the Bank.

Additional Voluntary Contributions

Members may choose to pay Additional Voluntary Contributions on a monthly basis or on an adhoc basis at such rates as they notify the Trustee.

Other costs

In addition the Bank will pay for all administrative costs associated with the running of the Scheme and life assurance premiums to cover the death-in-service benefits. With effect from 6 January 2021 members pay the cost and expenses incurred in connection with or in relation to the investment management of their investment in the Scheme. Prior to this date these costs were met by the Bank.

This agreement complies with the provisions of the Pensions Act 1995.

On behalf of the Bank: George Alexander 

On behalf of the Trustee: Tom Hall 

Date 15 July 2021

COMPLIANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

HM Revenue & Customs approval

The Scheme is a registered pension scheme in accordance with The Finance Act 2004. This means that the contributions paid by both the Company and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

Other information

(i) Pension Tracing

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members trace their rights if they have lost contact with the previous employers' scheme. The address for the Pension Tracing Service is:

The Pension Service 9,
Mail Handling Site A,
Wolverhampton,
WV98 1LU'

0800 731 0193 www.thepensionsservice.gov.uk

(ii) Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Scheme's administration office. In the event that a complaint cannot be resolved members can make a formal complaint using the Scheme's Internal Dispute Resolution (IDR) procedure details of which can be obtained from the Trustee office.

The Money and Pensions Service (MaPS) can assist members in taking their complaint through the IDR procedure. MaPS is an independent organisation which can help members of the public deal with pension problems. The name and address of the local MaPS adviser can be obtained from any local Citizens Advice Bureau or from:

Money and Pensions Service
120 Holborn
London
EC1N 2TD
Pensions Helpline: 0800 011 3797
Overseas helpline: +44 207 932 5780

You can also submit a complaint form online:

www.pensions-ombudsman.org.uk/our-service/make-a-complaint/

If the complaint is not resolved satisfactorily, the Government appointed Pensions Ombudsman can investigate complaints of injustice by bad administration either by the Trustee or the Scheme Administrators, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
E14 4PU
Local helpline: 0800 917 4487
Overseas helpline: +44 207 630 2200
Website: <https://www.moneyhelper.org.uk>

Helpline for Self Employed: 0345 602 7021

(iii) The Pensions Regulator

The Pensions Regulator (TPR) is the UK regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applied to occupational pensions.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify Trustees for acting unlawfully, and can impose fines on wrongdoers.

TPR can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

0345 600 1011
www.thepensionsregulator.gov.uk

- (iv) The Pensions Compensation Scheme was introduced to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the scheme assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Compensation Scheme is funded by a retrospective levy on occupational pension schemes.

(v) Scheme information

The Trust Deed and Rules, the Scheme details and a copy of the Payment Schedule and Statement of Investment Principles are available for inspection, free of charge, by contacting the Trustee at the address shown for enquiries in this report.

Any information relating to the members' own pension position, including estimates of transfer value, should be requested from the administrators of the Scheme at the address detailed in this report.

Appendix 1 STATEMENT OF INVESTMENT PRINCIPLES

AIB Group UK Defined Contribution Scheme Statement of Investment Principles – November 2022

1. Background

This Statement of Investment Principles ('the Statement') sets down the principles governing decisions about investments for the AIB Group UK Defined Contribution Scheme ('the Scheme'). This Statement has been prepared in accordance with the requirements of Section 35 and 36 of the Pensions Act 1995, as amended by the Pensions Act 2004 and The Occupational Pension Schemes (Investment) Regulations 2005, as updated.

In preparing this Statement, the Trustee has consulted with AIB Group (UK) plc. ('the Sponsoring Employer') and obtained and considered advice from Aon Solutions UK Limited ('Aon') on the appropriateness of this statement. Aon is authorised and regulated by the Financial Conduct Authority in respect of a range of investment business activities.

In accordance with the above noted requirements the Statement is reviewed:

- at least every three years; and
- without any delay after any significant change in investment policy.

The Trustee's investment responsibilities are governed by the Scheme's trust deed and this Statement takes full regard of its provisions. A copy of the Scheme's trust deed is available for inspection upon request.

2. Investment Policy

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. For example, former members of the AIB DB scheme may have different goals and objectives for their DC investments than 'pure DC' members. The Trustee also recognises that members have different attitudes to risk, and also that different members may wish to target different forms of benefit at retirement.

The Trustee believes that members should be able to make their own investment decisions based on their individual circumstances. The Trustee regards its duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs, if they so wish. In addition, the Trustee recognises that some members may not wish to tailor or manage their own investment strategy and has therefore decided to make a range of 'Lifestyle' options available alongside individual fund options.

3. The decision-making process

The Trustee has appointed Aon to provide investment advice. The Trustee seeks advice on all investment issues and makes investment decisions on the basis of the advice provided. In order to ensure that such decisions are taken efficiently, the Trustee uses other bodies either through direct delegation or in an advisory capacity. In particular the Trustee has established the following decision-making structure:

Trustee

- Sets structures and processes for carrying out its role

- Selects and monitors the Scheme's investment strategy, lifestyle options and fund range
- Selects and monitors the Scheme's platform provider and the underlying fund managers
- Selects and monitors the Scheme's investment adviser
- Appoints Investment Sub-Committee
- Considers recommendations from the Investment Sub-Committee

Investment Sub-Committee

- Makes recommendations to the Trustee on:
 - Selection of investment adviser, platform provider and underlying fund managers
 - Investment strategy, including lifestyle options and fund range
 - Any other investment related issues
- Monitors the investment adviser, platform provider and underlying fund managers

Investment Adviser

- Advises on the investment strategy for the Scheme, including lifestyle options and fund range
- Advises on the selection of the platform provider and underlying fund managers
- Advises on the performance of the platform provider and the underlying fund managers
- Advises on this Statement
- Provides training on investment matters, where required

Platform Provider

- Operates within the terms of this Statement and their written contract
- Manages the allocation of certain of the funds between underlying fund managers, in accordance with agreed benchmarks and rebalancing protocols

4. Risk

The Trustee has considered risk from a number of perspectives.

The investment options made available to members have been chosen with the aim of enabling members to control the following risks:

- **Inflation risk.** The risk that the investment returns over members' working lives will not keep pace with inflation and will not, therefore, secure an adequate retirement benefit.
- **Volatility risk.** The risk of significant short-term fluctuations in the value of members' invested capital which some members may be concerned about.
- **Capital risk.** The risk of a significant fall in the value of members' invested capital as they approach retirement.
- **Conversion risk.** The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in benefits secured.

A number of other risks have also been considered when deciding on the investment options to make available to members:

- **Default option risk.** The risk of the default option being unsuitable for the requirements of some members. The Trustee has provided additional Lifestyle and individual fund options in addition to the default and has communicated to members the need to review their own requirements and circumstances before making any investment decisions.
- **Investment Manager Risk.** The risk that the selected investment managers underperform their objectives. The Trustee regularly reviews each fund's investment performance and takes ongoing advice from the investment adviser on the ongoing suitability of the funds and investment managers. The Trustee also provides passive options that avoid active management risk.

- **Diversification Risk.** The Trustee has chosen funds that are constructed from well diversified portfolios of assets to reduce the asset allocation and stock specific risk faced by the Scheme.
- **Liquidity.** Being forced to sell investments to pay benefits in unfavourable financial market conditions. The Trustee has invested in unitised pooled funds which are easily redeemable.
- **Credit Risk.** The risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The credit risk the scheme is exposed to arises from both holdings in the underlying funds, and through the investment in the Legal & General platform. The investment adviser has provided advice on the suitability of the funds and the platform provider, and this has included advice on the security of the Scheme assets in relation to credit risk.

- **Market Risk.** The Scheme is subject to currency, interest rate and other price risk associated with the underlying investments on the Legal & General platform. These risks can impact the valuations of the funds. The Trustee has selected a wide range of funds to be available to allow members to suitably diversify their investments to manage these risks. This is also considered when setting the lifestyle strategies. Further, the Trustee closely monitors the performance of the funds and receives formal quarterly reports from the investment adviser giving views on their continuing appropriateness, and that of the underlying fund managers.

- **Environmental, Social and Governance (ESG) Risk (including climate change).** The value of investments may be negatively impacted if ESG risks are not understood and evaluated properly. The Trustee considers ESG risk by taking advice from its investment advisors when setting the Scheme's strategy, selecting managers and monitoring performance having regard to the appropriate time horizon for the Scheme. More detail is included later in the Statement.

Due to the complex and interrelated nature of these risks, the Trustee generally considers these risks in a qualitative rather than quantitative manner as part of an ongoing review process. Some aspects of these risks may be modelled more explicitly, in particular the Trustee commissioned an analysis of various demographic variables of the Scheme's members to ensure the range of Lifestyle and other investment options was sufficient to meet members' needs.

5. Investment strategy

The Trustee believes that their investment policy and the risks identified above are best met by offering members a range of investment options from which to choose, covering 'Lifestyle' and individual fund options. The range offered will be reviewed periodically and change in response to member demand.

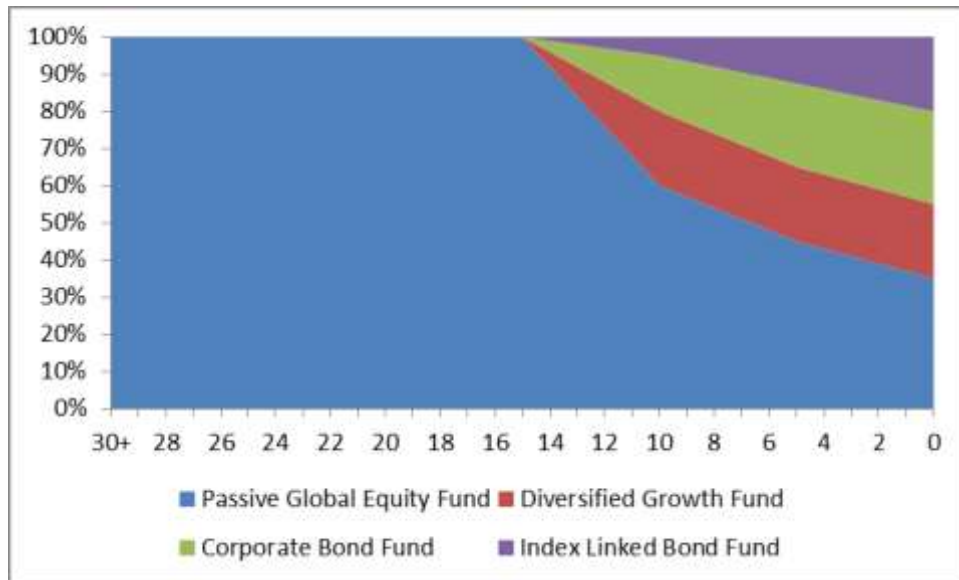
The following individual funds are available to members:

- **Total Equity Fund** (active return seeking fund provided to help manage inflation risk)
- **Passive UK Equity Fund** (passive return seeking fund provided to help manage inflation risk)
- **Passive Global Equity Fund** (passive return seeking fund provided to help manage inflation risk)
- **Diversified Growth Fund** (active fund invested in a broad spread of different asset classes provided to help manage inflation and volatility risks)
- **Passively Managed Fund** (passive predominantly return seeking fund provided to help manage inflation risk)
- **Index-Linked Bond Fund** (passive fund predominantly invested in inflation linked bond assets provided to help inflation and conversion risks)
- **Bond Fund** (provided to manage conversion risk by investing in assets that reflect the investments underlying a typical non-inflation linked pension annuity product)
- **Corporate Bond Fund** (passive fund predominantly invested in corporate bond assets provided to help manage volatility and conversion risks)
- **Cash Fund** (provided to manage capital risk)

Three distinct asset allocation strategies are offered to members, which target different benefits at retirement, namely drawdown, annuity purchase and cash.

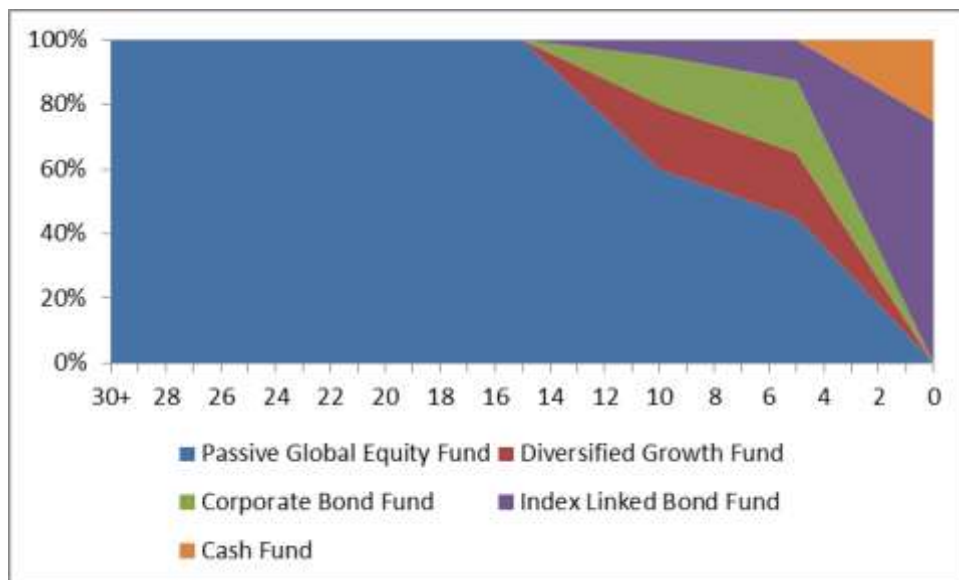
Lifestyle 1 – The Drawdown Lifestyle Fund (Default Fund)

This fund is invested in the Passive Global Equity Fund until 15 years before a member's chosen retirement age. At that time, assets are transitioned to the Index Linked Bond Fund, Corporate Bond Fund and Diversified Growth Fund, with a portion remaining in the Passive Global Equity Fund. At retirement the asset is invested in a broad mix of asset classes, with the aim of providing a real income during the post-retirement phase whilst protecting the value of the investments.



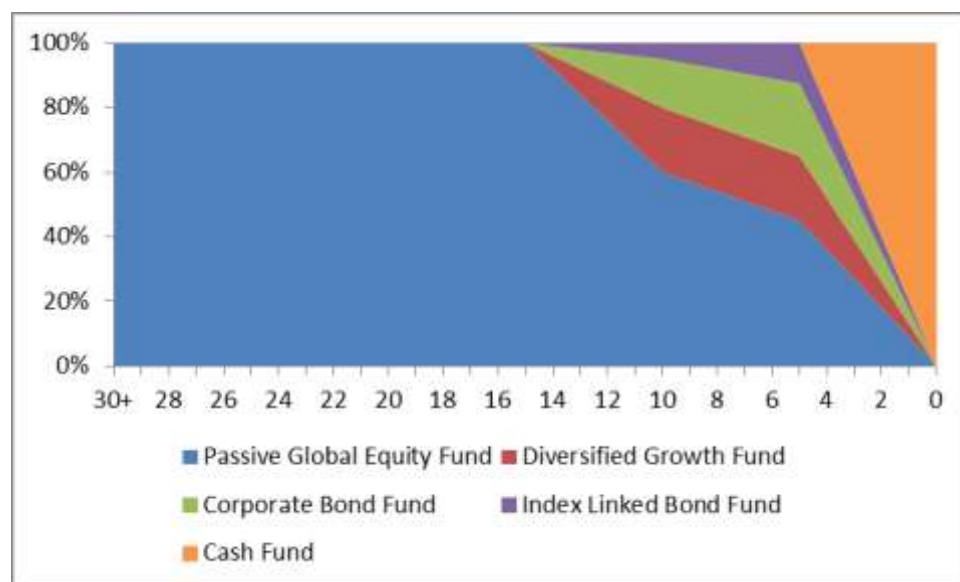
Lifestyle 2 – The Annuity Lifestyle Fund

This fund is invested in the Passive Global Equity Fund until 15 years before a member's chosen retirement age. At that time, assets are transitioned to the Index Linked Bond Fund, Corporate Bond Fund and Diversified Growth Fund. Then, from 5 years to retirement, the fund is gradually switched into a mixture of the Index Linked Bond Fund and the Cash Fund, with the aim of protecting the value of the investments relative to movements in annuity prices and cash.



Lifestyle 3 – The Cash Lifestyle Fund

This Fund is invested in the Passive Global Equity Fund until 15 years before a member's chosen retirement age. At that time, assets are transitioned to the Index Linked Bond Fund, Corporate Bond Fund and Diversified Growth Fund. Then, from 5 years to retirement, the fund gradually switches to the Cash Fund. The aim is to reduce the investment risk for taking cash at retirement



Members may choose to invest **either** in one of the Lifestyle options **or** in a combination of individual funds. Where an individual member fails to make an investment decision their contributions will be invested in the Lifestyle 1 – Drawdown Lifestyle Fund.

The individual funds are described in more detail in the Appendix.

6. Day-to-Day Management of the assets

All of the fund options available to members are managed by underlying fund managers chosen by the Trustee with the advice of the investment adviser. The Trustee believes that each fund contains a suitably diversified portfolio of investments given each fund's particular objectives.

Each of the Lifestyle options invests in the appropriate underlying individual funds, with switching being carried out automatically by the Scheme Administrator in accordance with the process agreed with the Trustee.

7. Additional Voluntary Contributions

The Trustee makes available all the open options described in Section 5 and the Appendix for the investment of Additional Voluntary Contributions ('AVCs'). There are no other assets apart from those described above.

8. Trustee policies on cost and transparency

Asset managers are remunerated by the deduction of set percentages of assets under management, which is in line with market practice. This avoids a short-term approach to investment performance that may be the result of any performance-related fees.

It is the Trustee's view that long term performance, net of fees, is the most important metric on which to evaluate their asset managers.

The Trustee therefore believes it is important to understand all costs and charges, which include:

- the annual management charge ('AMC'), representing fund manager remuneration
- additional expenses that are disclosed by fund managers as part of the Total Expense Ratio ('TER')
- implicit charges, i.e. portfolio turnover costs (transaction costs) borne within a fund. The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within a fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.
- other costs of running the scheme include administration, communication, and adviser costs.

The Trustee collects information on these costs and charges on an annual basis, where available, and set these out in the Scheme's Annual Statement, which is made available to members via the AIB website.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects the investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Annual Chair Statement exercise.

In general, the Trustee believes that low-cost passive funds offer good value for money for members, and also that there can be opportunities for active managers to add value. Accordingly, both types of investment are used in the default strategy and also made available on a self-select basis.

9. Trustee policies on arrangements with asset managers

Before appointment of a new asset manager, the Trustee will consider the extent to which the new investment aligns with the Trustee's policies. The Trustee will seek to express their expectations to the asset managers to try to achieve greater alignment. The Trustee believes that this together with regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium and long-term financial and non-financial performance.

The Trustee monitors those investments used by the Scheme to consider the extent to which the investment approach and decisions of the asset managers remain aligned with the Trustee's policies as set out in this Statement of Investment Principles, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by their investment consultant.

Where asset managers are considered to be making decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although appointments are reviewed at least every three years.

10. Environmental, Social and Governance ('ESG') considerations

The Trustee believes that ESG considerations are financially material across all asset classes in which they invest. The Trustee considers that its fiduciary duty requires ESG considerations to be

factored into the investment decision making process in relation to both the default option and self-select funds. The Trustee is concerned about the impact climate change, in particular, may have on investment returns and believes that investments that have a positive social impact have the potential to generate robust risk adjusted returns and that poorly governed companies are likely to underperform.

In setting the Scheme's default 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. Given the above stated policy, risks considered include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly.

Following consideration of the Sponsoring Employer's position on sustainability, and its ambition to transition towards net zero, the Trustee has set a number of ESG related ambitions. The Trustee's ability to meet these ambitions are subject to the prevailing investment universe and investment managers' policies and practices regarding ESG:

- The Trustee will proactively future proof investments and capture sustainability opportunities through the funds offered to members, including those used in the default strategy.
- Given the requirement for material evolution in the investment universe, the Trustee has not stated specific carbon reduction ambitions or associated timescales.
- The Trustee will maximise the leverage that it has to drive positive change with the Scheme's investment managers and the companies that they invest in. In particular, the Trustee will ensure that robust active ownership behaviours are being followed and will undertake proportionate actions where this is not the case.
- Following receipt of any ESG related feedback from members, the Trustee will consider these views and determine whether they should be reflected in the Scheme's investment strategy.
- The Trustee will fully incorporate the ESG approach into the member engagement strategy, including proactively sharing policies, actions and developments with members and other stakeholders. This could be aligned with the Sponsoring Employer's sustainability messaging.

In addition to the above stated ambitions, the Trustee is taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme's assets.
- The Trustee considers ESG risks by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.
- 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 gathers information from both the investment consultant and the investment managers to gain a greater insight on each investment managers' approach to integrating ESG factors and how their decision making is influenced by long term factors. In particular, the Trustee will review each investment manager's reporting on ESG related risks and stewardship annually and, based on that review, consider inviting each investment manager to explain their recent activity and future plans at Trustee meetings.

The Trustee will fully incorporate their ESG approach into the way that they engage and communicate with members; proactively sharing policies, actions and developments with members and other stakeholders

Stewardship – Voting and Engagement

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to, where appropriate:

- engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries. The Trustee also recognises that these issues may be of particular interest to members.

The Trustee reviews the suitability of the Scheme's appointed asset managers, particularly those used within the Scheme's default investment strategy, and takes advice from the investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in this Statement, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews the stewardship activities of their asset managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of their policies to those of the Scheme's asset managers and ensure the investment managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Trustee will engage with the investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be commented on in the annual Implementation Statement.

With regard to transparency over voting, the Trustee expects to receive reporting on voting actions and rationale for those votes, where relevant to the Scheme; for example, where votes were cast against management, where votes against management generally were significant (more than 20%), or where votes were abstained.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage with an asset manager. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

The Trustee has started a process for capturing the views of Scheme members and beneficiaries, in relation to ethical views, social and environmental impact matters and present and future quality of life matters (defined as "non-financial factors"¹). The Trustee will consider these views when making future decisions on the Scheme's investments. The Trustee's current view is that the underlying funds

¹ The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

that make up the default fund and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision.

11. Realisation of investments

The Scheme's assets are invested in daily priced pooled investment funds, and the vast majority of the underlying assets are invested in quoted markets. The platform provider can be required to realise investments as soon as it becomes appropriate to do so.

12. Mandates for advisers and platform provider

The investment adviser and platform provider have agreed in writing with the Trustee the services to be provided and, where appropriate, the performance to be achieved and how that performance will be measured.

Fees are covered under section 8 above.

13. Reporting and performance monitoring

The platform provider will prepare reports to the Trustee as requested, including periodic valuation and performance reports for all investments held for the Scheme.

The investment adviser will also provide the advice needed to allow the Trustee to review and update this Statement as required and will also provide an independent assessment of the performance of the funds being held by the Scheme.

The Trustee will monitor compliance with this Statement on a regular basis and will formally review the content of the Statement following any significant change in investment policy or on not less than a triennial basis.

14. Default Investment

The Trustee is required to designate a default arrangement into which members who are automatically enrolled are invested. The Trustee has designated Lifestyle 1 - The Drawdown Lifestyle Fund (as outlined in section 5) as the default arrangement for the Scheme.

The Trustee, with the investment adviser, has assessed the suitability of the default Lifestyle strategy in the light of the new regulations governing the ways in which members can access their benefits at retirement. This assessment took into account an analysis of the membership profile and expected fund values at retirement. The default Lifestyle strategy was constructed following analysis of the membership of the Scheme. This analysis took into account factors such as age, salary, contribution level, accumulated fund values and term to retirement to identify different types of members in order to test alternative investment strategies. The design of the default Lifestyle strategy reflects this analysis having carried out multiple simulations of future economic and investment scenarios.

The aim of the default Lifestyle strategy is to provide members with the potential for higher levels of growth during the accumulation of their retirement savings through exposure to equity and diversified growth funds and then to gradually diversify their investments in the years approaching retirement, in order to provide a real income during the post-retirement phase whilst protecting the value of members' investments.

The asset allocation throughout the default Lifestyle strategy and the phasing of the gradual switching of investments takes into account members' greater capacity for risk early on and reduced capacity for risk in later years.

The default Lifestyle strategy will be reviewed periodically in the future with reference to the manner in which members are expected to take their benefits from the Scheme. This periodic review will also take into account any significant changes in the demographic profile of the relevant members.

The Trustee's policies in relation to the default arrangement in respect of matters set out in Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005, as amended, are those set out in the previous sections.

The Statement of Investment Principles is available to members on request and made available through the AIB website.

Signed on behalf of the Trustee of the AIB Group UK Defined Contribution Scheme

Approved by the Trustee

23 November 2022

AIB DC Pensions (UK) Limited

Investment Fund	Performance Target	Benchmark Index	Annual Management Charge	Investment Objective and Characteristics
Total Equity	To outperform the benchmark by 3% p.a. over rolling 3 year periods	MSCI All Country World Index	0.730% p.a.	The Fund seeks to achieve long-term capital growth through investing in equities from around the world. The Fund is actively managed and aims to outperform its benchmark by 3% p.a. over rolling 3-year periods. The Fund invests in a number of underlying global equity funds chosen by the Trustees with advice from the Scheme's Investment Adviser. The underlying funds may be changed over time.
Passive UK Equity	To perform within +/- 0.5% p.a. of the benchmark in normal market conditions	FTSE All Share Index	0.100% p.a.	The Fund seeks to achieve long-term capital growth through investing in equities from UK companies. The Fund is higher risk than a managed fund but has the potential for higher returns over the longer term. The Fund invests in an underlying index-tracking fund managed by Legal & General Investment Management and seeks to track the FTSE All Share Index to within 0.5% p.a. in normal market conditions, by employing a consistent investment process.
Passive Global Equity	To perform within +/- 0.5% p.a. of the benchmark in normal market conditions	FTSE World Index	0.1625% p.a.	The Fund seeks to achieve long-term capital growth through investing in equities from around the world. The Fund is higher risk than a managed fund but has the potential for higher returns over the longer term. The Fund invests in an underlying index-tracking fund managed by Legal & General Investment Management and seeks to track the FTSE World Index to within 0.5% p.a. in normal market conditions, by employing a consistent investment process.

Investment Fund	Performance Target	Benchmark Index	Annual Management Charge	Investment Objective and Characteristics
Diversified Growth Fund	The Fund aims to achieve returns around 3-4% a year higher than prevailing bank interest rates over the long term	0% Bank of England Base Rate + 3.5% p.a. / 50% Sterling 1-month LIBOR + 4% p.a.	0.700% p.a.	The Fund seeks to achieve long-term capital growth through investing in a diverse range of asset classes, including equities, bonds, property, cash and other "alternative" assets. The Fund aims to deliver return within a lower risk framework than a more traditional managed or equity-based fund. The Fund aims to achieve returns around 3-4% a year higher than prevailing bank interest rates over the long term. The Fund invests in a number of underlying diversified funds chosen by the Trustees with advice from the Scheme's Investment Adviser. The underlying funds may be changed over time.
Passively Managed Fund	To closely track the benchmark in normal market conditions	75% FTSE World Index 7.7% FTSE A Government (All Stocks) Index 7.7% FTSE A Government Index-Linked (All Stocks) Index 7.7% iBoxx £ Non-Gilt (All Stocks) Index 2% 7-Day LIBID	0.138% p.a.	This Fund seeks to achieve long-term capital growth through investment in equities, bonds and cash. The allocation to each type of asset has been set by the Trustees on the advice of the Investment Advisors of the Scheme, and allocations may change over time. The Fund invests in a number of underlying funds managed by Legal & General Investment Management and overall aims to closely track its benchmark.
Index-linked Bond Fund	To perform within +/- 0.25% p.a. of the benchmark in normal market conditions	FTSE Index-Linked Gilt All Stock Index	0.090% p.a.	The Fund invests in index-linked government bonds and invests in an underlying index-tracking fund managed by Legal & General Investment Management. It seeks to track the FTSE A Index-Linked All Stocks Index to within 0.25% p.a. in normal market conditions, by employing a consistent investment process.
Bond Fund	To closely track the benchmark of the fund as determined by Legal & General Investment Management	Composite of gilts and corporate bond funds	0.150% p.a.	The Fund invests in an underlying fund managed by Legal & General Investment Management and aims to invest in assets that reflect the investments underlying a typical non-inflation linked pension annuity product. The asset allocation of the Fund is determined by Legal & General and may change over time.

Investment Fund	Performance Target	Benchmark Index	Annual Management Charge	Investment Objective and Characteristics
Corporate Bond Fund	To perform within +/- 0.5% p.a. of the benchmark in normal market conditions	iBoxx £ Non-Gilts (All Stocks) Index	0.130% p.a.	The Fund invests in investment-grade corporate bonds and invests in an underlying index-tracking fund managed by Legal & General Investment Management. It seeks to track the iBoxx £ Non-Gilts (All Stocks) Index to within 0.5% p.a. in normal market conditions, by employing a consistent investment process.
Cash Fund	To achieve a return close to that of the benchmark over rolling 3 year periods	7 Day LIBID	0.100% p.a.	The Fund objective is to provide capital stability, liquidity and income through investment in a diversified portfolio of high credit quality short term fixed income and variable rate securities including but not limited to certificate of deposit, fixed and floating rate notes, fixed rate commercial paper and bonds listed or traded on one or more Recognised Exchanges. The Fund invests in an underlying fund managed by Legal & General Investment Management.

Appendix 2 – Charges

The requirement for fund managers to calculate and disclose transaction costs using a method prescribed by the Financial Conduct Authority was introduced on 3 January 2018. Fund managers calculate transaction costs at fund-level not scheme-level therefore we have requested (and provided) details of transaction costs for the 2018, 2019, 2020, 2021 and 2022 Scheme years from LGIM, the Scheme's platform provider.

Fund	TER (%)	Transaction costs over period				
		1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021	1 January 2020 to 31 December 2020	1 January 2019 to 31 December 2019	1 January 2018 to 31 December 2018
LGIM AIB Total Equity	0.74%	0.0177%	0.0551%	0.0323%	-0.0128%	0.0300%
LGIM AIB Diversified Growth	0.74%	0.3933%	0.3933%	0.0806%	0.1244%	0.2100%
LGIM AIB Passive Global Equity	0.16%	0.1246%	0.0128%	0.0395%	0.0178%	0.0300%
LGIM AIB Bond	0.15%	0.0799%	-0.0214%	0.0251%	0.0015%	0.0200%
LGIM AIB Cash	0.11%	0.0574%	-0.0084%	-0.1504%	-0.0311%	0.0000%
LGIM AIB Passively Managed	0.14%	0.0848%	-0.0050%	0.0051%	0.0036%	0.0000%
LGIM AIB Index-Linked Bond	0.09%	0.1806%	0.0367%	0.0926%	0.0603%	0.0400%
LGIM AIB Passive UK Equity	0.18%	0.0376%	0.0179%	-0.0340%	-0.0259%	-0.0100%
LGIM AIB Corporate Bond	0.13%	-0.0128%	-0.0332%	-0.0438%	-0.0212%	-0.0300%

Minimum transaction costs are assumed to be zero in any specified period for modelling purposes.

Appendix 3 – Assumptions

Scope

The projections used in this analysis are deterministic i.e. one future condition is modelled for in the projection.

The assumptions set out below relate to the illustrations of the impact of costs and charges on member's cumulative estimated fund values, for the Chair's Statement dated 31 December 2022.

Return assumptions

We have relied on the Financial Assumptions provided in Mercer's Statutory Money Purchase Illustration in their paper dated July 2021.

Zedra Inside Pensions have confirmed that there has been no change to the Financial Assumptions within the Scheme year and we therefore consider their use to be appropriate.

For avoidance of doubt, we have not used any Mortality Assumptions in producing this illustration.

Fund Type	Specific funds for the Scheme	TM1 prescribed inflation assumption plus (p.a.)		Investment Return Assumption before expense deductions at 1 April 2021 (p.a.)	
		2021	2020	2021	2020
Gilt and cash	Cash Fund	-1.75%	-1.0%	0.75%	1.5%
	Index-Linked Bond Fund				
Corporate bond	Corporate Bond Fund	-0.75%	0.25%	1.75%	2.75%
Diversified growth	Diversified Growth Fund	2.5%	2.5%	5.0%	5.0%
Equity	Passive UK Equity Fund Passive Global Equity Fund Total Equity Fund	3.0%	3.0%	5.5% for passive and 6.2% for active ¹	5.5% for passive and 6.2% for active ¹
Mixed	Bond Fund (68% corporate bond; 32% government bond)	Proportionate based on fund mix		1.43%	2.25%
	Passively Managed Fund (76% equity; 15% government bond; 7% corporate bonds; 2% cash)			4.43%	4.5%
Lifestyle funds	Drawdown Lifestyle	Age specific assumptions which average out the assumed return on the different fund types over the period up to a member's retirement.		Ranges from: 3.98% p.a. (closest to retirement) to 5.50% p.a. (furthest from retirement)	

¹ Showing a slightly higher expected investment return for actively managed funds, but also allowing for a higher expense assumption, will result in the same net return for both actively and passively managed equity funds, and avoids the potentially misleading situation of a passively managed equity fund having a higher expected investment return than an actively managed equity fund.

Salary growth assumption

For consistency we have made a pre-retirement salary growth assumption equal to Mercer's post-retirement inflation assumption.

Contributions

The contribution rates provided in the data are based on the contribution structure in place before April 2020, shown below. For the purpose of the fund projections, we have assumed:

- The youngest member will contribute the lowest level of contributions until age 40, at which point they will pay the highest matching level up to retirement
- The typical active member will contribute the highest level of matching contributions until retirement
- The typical deferred member will contribute no further

Age	Employee contribution	Employer contribution	Employer matching contribution	Maximum total contribution
Up to 39	2%	10%	2%	14%
40 to 49	5%	10%	5%	20%
50 or over	8%	10%	8%	26%

Lifestyle strategy

The projections for all members are based on the Scheme's current Flexible Lifestyle (default arrangement), with the matrix as set out in the table below. Totals may not sum to exactly 100 due to rounding.

The asset allocations are assumed to be annually rebalanced to the lifestyle strategy.

Fund	Years to retirement															
	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0
Passive Global Equity Fund	100%	92%	84%	76%	68%	60%	57%	54%	51%	48%	45%	43%	41%	39%	37%	35%
Diversified Growth Fund	0%	4%	8%	12%	16%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Corporate Bond Fund	0%	3%	6%	9%	12%	15%	17%	18%	20%	21%	23%	23%	24%	24%	25%	25%
Index-Linked Bond Fund	0%	1%	2%	3%	4%	5%	7%	8%	10%	11%	13%	14%	16%	17%	19%	20%
Cash Fund	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Appendix 4 – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

Baillie Gifford – Long Term Global Growth Fund	Company name	Tesla, Inc.
	Date of vote	4-Aug-2022
	How the manager voted	Against Management (Supporting Shareholder resolution)
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	Shareholder Resolution – Social
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~7.8%
	Outcome of the vote	Fail
	Rationale for the voting decision	We supported the resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. We believe quantitative disclosure would help us understand and monitor the company's efforts.
	Implications of the outcome	We have been engaging with the company on their approach to human capital management for a number of years. While our engagement indicates that they are committed to addressing these issues are investing in human capital management, we believe that additional quantitative disclosure would help us understand and monitor the company's efforts. While a standalone report may not be necessary, we would like to encourage the company to continue to enhance their disclosures on this topic via their annual Impact Report. Following the submission of our votes we reached out to the company to outline our voting rationale and encourage improvements to their disclosures.
	Criteria on which the vote is considered significant?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
BlackRock – DC Diversified Growth Fund	Company name	J Sainsbury Plc
	Date of vote	07-Jul-2022
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	<i>Not provided</i>
	Summary of the resolution	Shareholder Resolution on Living Wage Accreditation
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Outcome of the vote	Fail
	Rationale for the voting decision	Proposal is not in shareholders' best interests
	Implications of the outcome	<i>Not provided</i>
	Criteria on which the vote is considered significant?	Vote Bulletin
Epoch – Global Equity Fund	Company name	Coca-Cola Europacific Partners
	Date of vote	27-May-2022
	How the manager voted	Supported Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	Approve Remuneration Report

	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~0.9%
	Outcome of the vote	Accepted
	Rationale for the voting decision	The company has performed well through the pandemic and the remuneration committee using discretion for payouts tied to the 2019 LTIP ⁱ is not unwarranted.
	Implications of the outcome	Epoch will continue to monitor proxy proposals on a case-by-case basis, supporting those which align with their own ESG focus issues and investment beliefs. Where beneficial, they may increase the levels of communication with management regarding proxy voting decisions.
	Criteria on which the vote is considered significant?	"Deviation from our proxy voting provider (ISS). Vote rationale incorporates an ESG factor - Governance"
Harris – Global Equity Fund	Company name	Glencore Plc
	Date of vote	April-2022
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	Re-elect Peter Coates as Director
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~2.3%
	Outcome of the vote	Pass
	Rationale for the voting decision	At its 2022 AGM, Glencore asked shareholders to elect eight directors, leading to 75% board independence. All seven non-executive members were nominated for membership of the Nominating Committee, including Peter Coates, the former CEO of Glencore Coal. We believe that nominating committees should be 100% independent, and our policy indicates a vote against non-independent directors joining the committee. Given the overall independence of the board and this committee, we opted to vote FOR this director's re-election in this case. We also informed Glencore of our views on nominating committee independence and asked that they reconsider the membership for 2023. Our FOR vote was in line with the recommendation of ISS in this case.
	Implications of the outcome	We will re-assess our position on this issue for the 2023 shareholder meeting.
	Criteria on which the vote is considered significant?	Vote against policy
LGIM – World Equity Index Fund (GBP Hedged & Unhedged)	Company name	Amazon.com, Inc.
	Date of vote	25-May-2022
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Summary of the resolution	Elect Director Daniel P. Huttenlocher
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~1.8%
	Outcome of the vote	Pass
	Rationale for the voting decision	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.
	Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	Criteria on which the vote is considered significant?	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.

LGIM – UK Equity Index Fund	Company name	Royal Dutch Shell Plc
	Date of vote	24-May-2022
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Summary of the resolution	Approve the Shell Energy Transition Progress Update
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~6.7%
	Outcome of the vote	Pass
	Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
	Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	Criteria on which the vote is considered significant?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.
Nordea – Stable Returns Strategy	Company name	Microsoft Corporation
	Date of vote	13-Dec-2022
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	Report on tax transparency
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~3.6%
	Outcome of the vote	Fail
	Rationale for the voting decision	Nordea voted for the shareholder proposal as the proposed GRI Tax Standard would enhance the company's transparency in communicating its tax practices to investors globally.
	Implications of the outcome	Nordea will continue to support shareholder proposals on this issue as long as it is needed.
Criteria on which the vote is considered significant?	Significant votes are those that are severely against Nordea's principles, and where they feel the need to enact change in the company.	

Source: Managers

ⁱ A long-term incentive plan (LTIP) is a company policy that rewards employees for reaching specific goals that lead to increased shareholder value.